

**Peters Township School District
Financial Statements
June 30, 2020**

**Peters Township School District
Table of Contents**

| | Exhibit | Page No. |
|---|---------|----------|
| FINANCIAL SECTION | | |
| Independent Auditor’s Report | | 1 - 3 |
| Management’s Discussion and Analysis | | 4 - 16 |
| Basic Financial Statements | | |
| Government-Wide Financial Statements | | |
| Statement of Net Position | 1 | 17 |
| Statement of Activities | 2 | 18 |
| Fund Financial Statements | | |
| Balance Sheet – Governmental Funds | 3 | 19 |
| Reconciliation of the Governmental Funds | | |
| Balance Sheet to the Statement of Net Position | 4 | 20 - 21 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 5 | 22 |
| Reconciliation of the Governmental Funds | | |
| Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities | 6 | 23 - 24 |
| Statement of Net Position – Proprietary Funds | 7 | 25 |
| Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Funds | 8 | 26 |
| Statement of Cash Flows – Proprietary Funds | 9 | 27 - 28 |
| Statement of Net Position – Fiduciary Funds | 10 | 29 |
| Statement of Changes in Net Position – Fiduciary Funds | 11 | 30 |
| Notes to Financial Statements | | 31 - 59 |
| Required Supplementary Information | | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual | | 60 - 67 |
| Note to the Required Supplementary Information | | 68 |
| Schedule of Changes in the Total OPEB Liability and Related Ratios | | 69 |
| Schedule of School District’s Contributions – PSERS | | 70 |
| Schedule of School District’s Proportionate Share of the Net Pension Liability – PSERS | | 71 |
| Schedule of School District’s Contributions – PSERS OPEB Plan | | 72 |
| Schedule of School District’s Proportionate Share of the Net OPEB Liability – PSERS OPEB Plan | | 73 |

**Peters Township School District
Table of Contents**

SINGLE AUDIT SECTION

| | | |
|--|---|---------|
| Letter of Transmittal | | 74 |
| 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 <i>Government Auditing Standards</i> | A | 75 - 76 |
| Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance | B | 77 - 78 |
| Schedule of Findings and Questioned Costs | C | 79 - 80 |
| Schedule of Expenditures of Federal Awards | D | 81 - 82 |
| List of Report Distribution | E | 83 |

HOSACK, SPECHT, MUETZEL & WOOD LLP
CERTIFIED PUBLIC ACCOUNTANTS
2 PENN CENTER WEST, SUITE 326
PITTSBURGH, PENNSYLVANIA 15276
PHONE - 412-343-9200
FAX - 412-343-9209
HSMW@HSMWCPA.COM
WWW.HSMWCPA.COM

Independent Auditor's Report

Members of the Board
Peters Township School District
McMurray, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Peters Township School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Peters Township School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Peters Township School District, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, post-employment benefit information and pension information as shown in the table of contents, 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.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2021 on our consideration of Peters Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Peters Township 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 Peters Township School District's internal control over financial reporting and compliance.

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
February 23, 2021

**Peters Township School District
Management's Discussion and Analysis
June 30, 2020**

The discussion and analysis of Peters Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. Comparative information has been obtained from audited financial reports.

Financial Highlights

During the 2019/2020 fiscal year, Peters Township School District experienced a decrease in student population of 74 students. The District embarked on a facility study that included a demographic study component. These projections show a leveling of enrollment in 2019/2020 around 3,800. While the District has seen a decline in enrollment it has been at a lesser rate. Current District enrollment projections show a leveling of 3,900 to 4,000 students through 2024-2025.

During the 2019/2020 fiscal year, Capital Projects Fund expenditures include \$46,331,949 related to the construction of the New High School. The District also purchased one new seventy-two passenger school bus, one new forty-eight passenger school bus, one new van and two new maintenance trucks for use by the transportation and maintenance departments for \$337,586.

Expenditures in the General Fund increased by \$1,944,200 compared to the 2018/2019 school year. This increase is attributed to an increase in salary, benefits and debt service. Employee salary costs increased by \$599,661 or 1.97%, while benefit costs increased by \$550,447. The benefit increase was driven by the increased employer retirement contribution. With the additional debt service attributed to the construction of the New High School, debt service increased by \$1,255,605 in 2019/2020.

Peters Township School District revenues increased by \$1,963,813 compared to the 2018/2019 school year. Interest earnings increased by \$265,685 from the 2018/2019 collections. Local assessed value grew generating additional local property taxes, but less than the historic average of the past fifteen years. Local real estate tax collections increased by \$1,431,424 as a direct result of a 0.35 mill tax increase.

Using the Annual Financial Report

The Annual Financial Report consists of a financial section and a single audit section which is issued to comply with federal guidelines as required in the Government Auditing Standards and the Uniform Grant Guidance. Within the financial section are the management's discussion and analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand Peters Township School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the statement of net position and the statement of activities. These provide both long-term and short-term information about the School District's overall financial status.

**Peters Township School District
Management's Discussion and Analysis
June 30, 2020**

The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements. The governmental funds statements tell how general School District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that the School District operates like a business. For this School District, this is our food service fund. Fiduciary fund statements provide information about financial relationships where the School District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes to explain some of the information in the financial statements and provide more detailed data.

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

Figure A – 1
Required Components of
Peters Township School District's
Financial Report

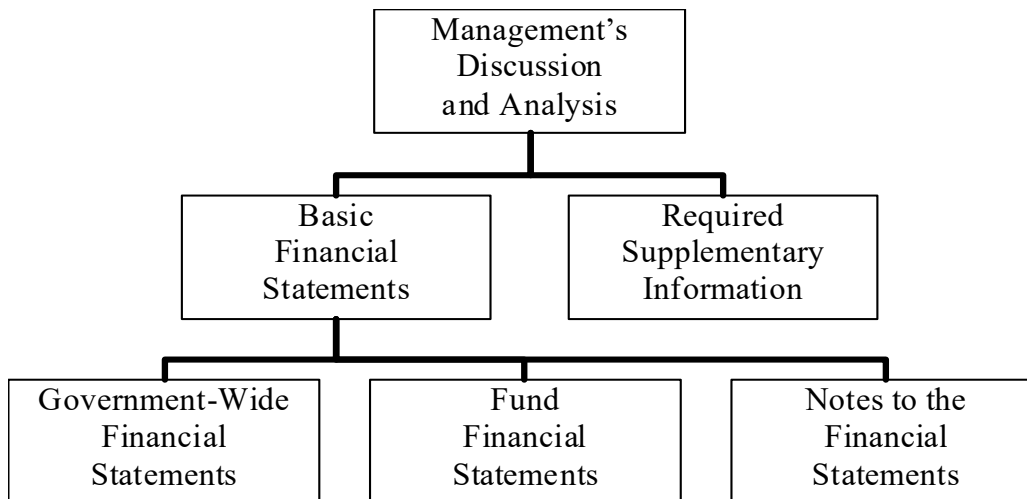


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents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

**Peters Township School District
Management's Discussion and Analysis
June 30, 2020**

Figure A – 2
Major Features of Peters Township School District's
Government-Wide and Fund Financial Statements

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

**Peters Township School District
Management's Discussion and Analysis
June 30, 2020**

Overview of Financial Statements

Government-Wide Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and how they have changed. Net position, the difference between the School District's assets and liabilities, is one way to measure the School District's financial health or position.

Over time, increases or decreases in the School District's net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the School District, you need to consider additional non-financial factors, such as changes in the School District's property tax base and the performance of the students.

The government-wide financial statements of the School District are divided into two categories:

- Governmental activities - All of the School District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- Business type activities - The School District operates a food service operation and charges fees to staff, students, and visitors to help it cover the costs of the food service operation. The food service operation did receive financial support from the general fund in the 2019/2020 school year in the amount of \$127,232.

Fund Financial Statements

The School District's fund financial statements, which begin with Exhibit 3 of the annual financial report, provide detailed information about the most significant funds - not the School District as a whole. Some funds are required by state law and by bond requirements.

Governmental funds - Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

**Peters Township School District
Management's Discussion and Analysis
June 30, 2020**

Proprietary funds - These funds are used to account for the School District activities that are similar to business operation in the private sector, or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the School District charges customers for services it provides - whether to outside customers or to other units in the School District - these services are generally reported in proprietary funds. The food service fund is the School District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

Fiduciary funds - The School District is the trustee, or fiduciary, for certain student activity funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position on Exhibit 10 and changes in net position on Exhibit 11. We exclude these activities from the School District's other financial statement because the School District cannot use these assets to finance its operations.

Financial Analysis of the School District as a Whole

The School District's total net position was a deficit \$(84,859,790) at June 30, 2020 and a deficit \$(85,057,342) at June 30, 2019.

Table A - 1
Years Ended June 30, 2020 and 2019
Net Position

| | 2020 | | | 2019 | | |
|--------------------------------|----------------------------|---------------------------------|--------------------|----------------------------|---------------------------------|--------------------|
| | Governmental Activities | Business- Type Activities | Totals | Governmental Activities | Business- Type Activities | Totals |
| Current and Other Assets | \$ 71,443,639 | \$ 153,044 | \$ 71,596,683 | \$ 94,698,552 | \$ 337,621 | \$ 95,036,173 |
| Capital Assets | <u>123,374,383</u> | <u>66,430</u> | <u>123,440,813</u> | <u>79,854,600</u> | <u>52,953</u> | <u>79,907,553</u> |
| Total Assets | <u>194,818,022</u> | <u>219,474</u> | <u>195,037,496</u> | <u>174,553,152</u> | <u>390,574</u> | <u>174,943,726</u> |
| Deferred Outflows of Resources | <u>15,060,228</u> | <u>151,068</u> | <u>15,211,296</u> | <u>16,458,350</u> | <u>181,432</u> | <u>16,639,782</u> |
| Current and Other Liabilities | 17,331,078 | (63,434) | 17,267,644 | 17,001,714 | 102,818 | 17,104,532 |
| Noncurrent Liabilities | | | | | | |
| Due Within One Year | 3,595,000 | - | 3,595,000 | 1,690,000 | - | 1,690,000 |
| Due in More Than One Year | <u>266,811,400</u> | <u>1,270,118</u> | <u>268,081,518</u> | <u>253,429,003</u> | <u>1,297,674</u> | <u>254,726,677</u> |
| Total Liabilities | <u>287,737,478</u> | <u>1,206,684</u> | <u>288,944,162</u> | <u>272,120,717</u> | <u>1,400,492</u> | <u>273,521,209</u> |

**Peters Township School District
Management's Discussion and Analysis
June 30, 2020**

Table A - 1
Years Ended June 30, 2020 and 2019
Net Position

| | 2020 | | | 2019 | | |
|----------------------------------|----------------------------|---------------------------------|------------------------|----------------------------|---------------------------------|------------------------|
| | Governmental Activities | Business- Type Activities | Totals | Governmental Activities | Business- Type Activities | Totals |
| Deferred Inflows of Resources | <u>6,099,092</u> | <u>65,328</u> | <u>6,164,420</u> | <u>3,072,238</u> | <u>47,403</u> | <u>3,119,641</u> |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 15,528,208 | 66,430 | 15,594,638 | 12,598,286 | 52,953 | 12,651,239 |
| Restricted | 1,158,574 | - | 1,158,574 | 1,142,253 | - | 1,142,253 |
| Unrestricted | <u>(100,645,102)</u> | <u>(967,900)</u> | <u>(101,613,002)</u> | <u>(97,921,992)</u> | <u>(928,842)</u> | <u>(98,850,834)</u> |
| Total Net Position | <u>\$ (83,958,320)</u> | <u>\$ (901,470)</u> | <u>\$ (84,859,790)</u> | <u>\$ (84,181,453)</u> | <u>\$ (875,889)</u> | <u>\$ (85,057,342)</u> |

Most of the School District's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position is a combination of designated and undesignated amounts. The designated balances are amounts set aside to fund future purchases, debt service, or capital projects as planned by the School District.

The results of this year's operations as a whole are reported in the statement of activities on Exhibit 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School District's activities that are supported by other general revenues. The largest general revenues are the local taxes (property and earned income) assessed to community taxpayers.

Table A-2 takes the information from that statement, rearranges it slightly, so you can see our total revenues for the year.

**Peters Township School District
Management's Discussion and Analysis
June 30, 2020**

Table A - 2
Years Ended June 30, 2020 and 2019
Change in Net Position

| | 2020 | | | 2019 | | |
|--|----------------------------|---------------------------------|------------------------|----------------------------|---------------------------------|------------------------|
| | Governmental Activities | Business- Type Activities | Totals | Governmental Activities | Business- Type Activities | Totals |
| Revenues and Transfers | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ - | \$ 701,034 | \$ 701,034 | \$ - | \$ 924,120 | \$ 924,120 |
| Operating Grants and Contribs. | 10,736,142 | 285,880 | 11,022,022 | 10,363,910 | 311,370 | 10,675,280 |
| Capital Grants and Contribs. | 662,038 | - | 662,038 | 386,941 | - | 386,941 |
| General Revenues | | | | | | |
| Property Taxes | 42,683,857 | - | 42,683,857 | 41,347,653 | - | 41,347,653 |
| Other Taxes | 7,391,208 | - | 7,391,208 | 7,217,288 | - | 7,217,288 |
| Grants, Subsidies and Contribs. | | | | | | |
| Unrestricted | 6,358,407 | - | 6,358,407 | 6,287,274 | - | 6,287,274 |
| Investment Earnings | 1,771,684 | 6,564 | 1,778,248 | 2,338,578 | 8,758 | 2,347,336 |
| Miscellaneous Income | 146,116 | - | 146,116 | 130,947 | - | 130,947 |
| Transfers | (127,232) | 127,232 | - | - | - | - |
| Total Revenues and Transfers | 69,622,220 | 1,120,710 | 70,742,930 | 68,072,591 | 1,244,248 | 69,316,839 |
| Expenses | | | | | | |
| Instruction | 43,253,398 | - | 43,253,398 | 43,524,997 | - | 43,524,997 |
| Instructional Student Support | 5,522,957 | - | 5,522,957 | 4,949,099 | - | 4,949,099 |
| Admin. and Fin. Support Svcs. | 5,438,764 | - | 5,438,764 | 5,779,870 | - | 5,779,870 |
| Operation and Maintenance | | | | | | |
| of Plant Services | 5,551,595 | - | 5,551,595 | 5,566,461 | - | 5,566,461 |
| Pupil Transportation | 3,059,409 | - | 3,059,409 | 3,184,322 | - | 3,184,322 |
| Student Activities | 1,885,786 | - | 1,885,786 | 1,993,036 | - | 1,993,036 |
| Community Services | 3,694 | - | 3,694 | 4,455 | - | 4,455 |
| Interest on Long-Term Debt | 4,683,484 | - | 4,683,484 | 4,091,625 | - | 4,091,625 |
| Food Service | - | 1,146,291 | 1,146,291 | - | 1,242,233 | 1,242,233 |
| Total Expenses | 69,399,087 | 1,146,291 | 70,545,378 | 69,093,865 | 1,242,233 | 70,336,098 |
| Increase (Decrease) in Net Position | 223,133 | (25,581) | 197,552 | (1,021,274) | 2,015 | (1,019,259) |
| Beginning Net Position | (84,181,453) | (875,889) | (85,057,342) | (83,160,179) | (877,904) | (84,038,083) |
| Ending Net Position | <u>\$ (83,958,320)</u> | <u>\$ (901,470)</u> | <u>\$ (84,859,790)</u> | <u>\$ (84,181,453)</u> | <u>\$ (875,889)</u> | <u>\$ (85,057,342)</u> |

**Peters Township School District
Management's Discussion and Analysis
June 30, 2020**

The tables below present the expenses of both the governmental activities and the business-type activities of the School District.

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

Table A - 3
Years Ended June 30, 2020 and 2019
Governmental Activities

| | 2020 | | 2019 | |
|--|--|--------------------------------------|--|--------------------------------------|
| | Total Cost (Expense) of Services | Net Cost (Expense) of Services | Total Cost (Expense) of Services | Net Cost (Expense) of Services |
| Functions/Programs | | | | |
| Instruction | \$ 43,253,398 | \$ 35,906,028 | \$ 43,524,997 | \$ 36,292,546 |
| Instructional Student Support | 5,522,957 | 4,558,480 | 4,949,099 | 4,247,487 |
| Admin. and Fin. Support Svcs. | 5,438,764 | 4,930,240 | 5,779,870 | 5,272,403 |
| Operation and Maintenance of Plant Services | 5,551,595 | 5,152,009 | 5,566,461 | 5,176,017 |
| Pupil Transportation | 3,059,409 | 2,050,079 | 3,184,322 | 2,224,257 |
| Student Activities | 1,885,786 | 1,413,872 | 1,993,036 | 1,455,976 |
| Community Services | 3,694 | 3,694 | 4,455 | 4,455 |
| Interest on Long-Term Debt | <u>4,683,484</u> | <u>3,986,505</u> | <u>4,091,625</u> | <u>3,669,873</u> |
| Total Governmental Activities | <u>\$ 69,399,087</u> | 58,000,907 | <u>\$ 69,093,865</u> | 58,343,014 |
| Less: | | | | |
| Unrestricted Grants, Subsidies | | <u>(6,358,407)</u> | | <u>(6,287,274)</u> |
| Total Needs from Local Taxes and Other Revenues | | <u>\$ 51,642,500</u> | | <u>\$ 52,055,740</u> |

**Peters Township School District
Management's Discussion and Analysis
June 30, 2020**

Table A-4 reflects the activities of the food service program, the only business-type activity of the School District.

Table A - 4
Years Ended June 30, 2020 and 2019
Business-Type Activities

| Functions/Programs | 2020 | | 2019 | |
|--------------------------------|--|--------------------------------------|--|--------------------------------------|
| | Total Cost (Expense) of Services | Net Cost (Expense) of Services | Total Cost (Expense) of Services | Net Cost (Expense) of Services |
| Food Service | <u>\$1,146,291</u> | \$ 159,377 | <u>\$1,242,233</u> | \$ 6,743 |
| Add/Less: | | | | |
| Investment Earnings | | <u>(6,564)</u> | | <u>(8,758)</u> |
| Total Business-Type Activities | | <u>\$ 152,813</u> | | <u>\$ (2,015)</u> |

The statement of revenues, expenses and changes in fund net position for this proprietary fund shown on Exhibit 8 will further detail the actual results of operations.

School District Funds

On June 30, 2020, the School District's General Fund reported a fund balance of \$11,012,904, which is an increase of \$49,158 from the previous year's balance. Overall expenditures were more than budgeted amounts by \$86,503 while revenues exceeded budget by \$135,661.

General Fund Budget

During the fiscal year, the administration recommends that the Board of School Directors authorize revisions to the original budget to accommodate actual expenditures. These budget transfers reallocate unencumbered funds designated for one purpose to another part of the budget to be used for a different purpose. Subsequent to June 30, 2020, year-end budget transfers, not prohibited by state law, were approved. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the supplementary information section of the financial statements.

The School District received \$78,018 more than the budgeted amount for real estate taxes and \$46,067 more in real estate transfer taxes than the budgeted amount. Due to the COVID-19 pandemic, delinquent tax collections were \$217,123 less than budgeted. The net result of local revenues compared to the budgeted amount was a decrease over budget by \$190,315.

**Peters Township School District
Management's Discussion and Analysis
June 30, 2020**

The School District received final approval for reimbursement of the New High School construction project that was not included in the budget. This resulted in an increase of \$392,398 in Rentals & Sinking Fund Payments. The District received \$297,141 less than budgeted for State Social Security and Retirement reimbursement due to lower than anticipated salary expenditures. They also received \$87,118 less than budgeted for Transportation Reimbursement. Overall, the District received \$164,403 more in state revenue than the budgeted amounts and an increase from 2018/2019 of \$687,833.

The budgetary reserve account includes amounts funded by the assigned fund balances for future debt service, retirement and COVID-19 related expenditure increases. These amounts are normally only appropriated into expenditure categories if the fiscal results of the prior year end with a positive addition to the fund balance, or if one-time revenues are realized during the fiscal year. Without a significant improvement in the local economy or increases in state funding, tax increases will be needed in future budgets.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2020, the School District's governmental funds had \$123,374,383 invested in a broad range of capital assets, including land, land improvements, buildings, furniture and equipment and construction in progress. The amount represents a net increase (including additions, deletions, and depreciation) of \$43,519,783 from June 30, 2019 as outlined in Table A-5.

Table A - 5
Governmental Activities
Capital Assets - Net of Depreciation

| | 2020 | 2019 |
|-------------------------------------|-------------|-------------|
| Land and Land Improvements | \$6,742,568 | \$6,742,568 |
| Buildings and Building Improvements | 36,034,463 | 38,952,695 |
| Furniture and Equipment | 2,870,354 | 2,764,288 |
| Construction in Progress | 77,726,998 | 31,395,049 |

Debt Administration

As of July 1, 2019, the School District had total outstanding bond and note principal of \$123,665,000. The School District retired debt of \$1,540,000, issued new bonds in the amount of \$26,380,000, and refunded bonds in the amount of \$12,405,000 during the year resulting in a total outstanding bond principal balance as of June 30, 2020, of \$136,100,000 as outlined in Table A-6.

**Peters Township School District
Management's Discussion and Analysis
June 30, 2020**

Table A - 6
Outstanding Debt

| General Obligation Bonds/Notes | As of 06/30/20 | As of 06/30/19 |
|--------------------------------|----------------|----------------|
| Series of 2006 | \$ 125,000 | \$ 360,000 |
| Series of B 2010 | 440,000 | 495,000 |
| Series of 2012 | 18,065,000 | 18,080,000 |
| Series of 2013A | - | 2,975,000 |
| Series of 2014 | - | 9,685,000 |
| Series of 2017 Bonds | 42,825,000 | 42,935,000 |
| Series of 2017 Notes | 4,245,000 | 5,100,000 |
| Series of 2018A | 1,805,000 | 1,810,000 |
| Series of 2018B | 1,985,000 | 1,990,000 |
| Series of 2018C | 40,230,000 | 40,235,000 |
| Series of 2020A | 16,225,000 | - |
| Series of 2020B | 10,155,000 | - |

Other obligations include capital leases and accrued vacation pay and sick leave for specific employees of the School District. More detailed information about our long-term liabilities is included in the notes to the financial statements.

Bond Rating

The School District's general obligation bond rating is a stand-alone unsecured Moodys Aa2. Security for the bonds is provided by the Commonwealth of Pennsylvania Act 150 School District Intercept Program and an insurance policy provided by Financial Security Assurance, Inc. The Act provides for undistributed state aid to be diverted to bond holders in the event of default.

Economic Factors and Next Year's Budget and Rates

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

- Enrollment - The School District expects a slight decrease in enrollment over the next two years with projected increases in the future. Enrollment has decreased by more than 451 students over the past ten (10) years, from 4,440 in June 2009 to 3,989 in June 2020. Student population decline in specific grade levels will impact staffing, current building utilization, future building needs and programming and may require building alterations or additions. Enrollment will continue to be monitored to identify future needs. Enrollment declines in the elementary program could result in staff reductions and savings in the future. The School District had a demographics study done in 2016/2017 to help guide the decisions regarding future facility needs. The "most likely scenario" showed continued decline to an eventual leveling of School District enrollment around 3,800 students. Current District projections have District enrollment fluctuating between 3,900 and 4,000 students.

**Peters Township School District
Management's Discussion and Analysis
June 30, 2020**

- Staffing - The School District projects reduction in both professional and support staff to adjust for enrollment changes while maintaining a quality educational program. The School District's teachers' contract expires in June 2024, custodial/maintenance contract that will expire in August 2025 and the clerical/paraprofessional/bus driver contract will expire in June 2024.
- Facilities - The School District has approved the construction of a new high school building scheduled to open in January 2021. The old high school building has been approved to be renovated and converted to a middle school for the 2021-2022 school year.
- Act 1 Real Estate Tax - Act 1 limits the School District's ability to increase real estate taxes above a state imposed index. This restricts the School District's ability to replace revenues lost from state funding cuts. The School District will have to seriously consider increasing the millage rate to balance future budgets.

The School District expects the historical trend for greater local tax effort to fund instructional programs and services to continue as state and federal funding for public education are expected to decline. The Commonwealth of Pennsylvania provided only 23.9% of total revenue sources to fund costs supporting the School District's educational programs during fiscal 2020. Local sources of revenue, primarily property taxes, now support 75.3% of the costs for educational programs and services in Peters Township School District. The federal government provided 0.8% of the funds to support general operations.

Securities and Exchange Commission Continued Disclosure

In accordance with the Securities and Exchange Commission Rule 15c2-12, the School District must annually disclose certain financial information and operating data.

Real Estate Tax Collection Data

| Year | Assessed Valuation | Current Levy | Current Collections | Total Collections | Total Collections as a % of Levy |
|-----------|-----------------------|-----------------|------------------------|----------------------|---|
| 2010-2011 | 317,000,000 | 30,172,060 | 28,558,454 | 29,314,460 | 97.2% |
| 2011-2012 | 323,540,027 | 31,224,848 | 29,563,055 | 30,104,871 | 96.4% |
| 2012-2013 | 330,313,614 | 33,130,458 | 31,477,139 | 31,986,179 | 96.5% |
| 2013-2014 | 335,437,888 | 34,214,665 | 32,480,832 | 33,210,133 | 97.1% |
| 2014-2015 | 339,595,594 | 36,384,951 | 34,713,972 | 35,446,858 | 97.4% |
| 2015-2016 | 345,534,706 | 38,267,969 | 36,491,895 | 37,221,766 | 97.3% |
| 2016-2017 | 348,925,348 | 39,568,134 | 37,702,466 | 38,378,500 | 97.0% |
| 2017-2018 | 3,089,723,092 | 40,658,273 | 39,286,363 | 40,109,832 | 98.6% |
| 2018-2019 | 3,109,626,148 | 41,979,953 | 40,614,891 | 41,169,200 | 98.1% |
| 2019-2020 | 3,123,572,701 | 43,136,539 | 42,055,614 | 42,367,246 | 98.2% |

Tax Anticipation Borrowing

The School District has not recently issued tax and revenue anticipation notes.

**Peters Township School District
Management's Discussion and Analysis
June 30, 2020**

Contacting the School District Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Business Office, Peters Township School District, 631 East McMurray Road, McMurray, PA 15317.

Peters Township School District
Net Position
June 30, 2020

| | Governmental Activities | Business-type Activities | Exhibit 1 Total |
|---|----------------------------|-----------------------------|---------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 66,475,805 | \$ 127,125 | \$ 66,602,930 |
| Taxes Receivable, Net | 1,802,247 | - | 1,802,247 |
| Due From Other Governments | 2,583,810 | 15,295 | 2,599,105 |
| Other Receivables | 32,294 | - | 32,294 |
| Inventories | - | 10,624 | 10,624 |
| Prepaid Items | 549,483 | - | 549,483 |
| Capital Assets not Being Depreciated | | | |
| Land | 6,742,568 | - | 6,742,568 |
| Construction in Progress | 77,726,998 | - | 77,726,998 |
| Capital Assets, Net of Accumulated Depreciation | | | |
| Building & Building Improvements | 36,034,463 | - | 36,034,463 |
| Furniture & Equipment | 2,870,354 | 66,430 | 2,936,784 |
| TOTAL ASSETS | 194,818,022 | 219,474 | 195,037,496 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Charge on Refunding | 406,978 | - | 406,978 |
| Amounts Related to OPEB - District | 1,686,709 | - | 1,686,709 |
| Amounts Related to OPEB - PSERS | 497,731 | 5,828 | 503,559 |
| Amounts Related to Pension | 12,468,810 | 145,240 | 12,614,050 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 15,060,228 | 151,068 | 15,211,296 |
| LIABILITIES | | | |
| Internal Balances | 196,047 | (196,047) | - |
| Accounts Payable | 9,710,983 | 29,520 | 9,740,503 |
| Accrued Salaries and Benefits | 5,148,148 | - | 5,148,148 |
| Payroll Deductions and Withholdings | 153,948 | - | 153,948 |
| Unearned Revenues | - | 10,624 | 10,624 |
| Accrued Interest | 2,024,258 | - | 2,024,258 |
| Other Current Liabilities | 97,694 | 92,469 | 190,163 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 3,595,000 | - | 3,595,000 |
| Due in More Than One Year: | | | |
| Notes Payable | 23,010,000 | - | 23,010,000 |
| Termination Payments | 449,050 | - | 449,050 |
| Compensated Absences | 2,703,567 | 25,935 | 2,729,502 |
| Bonds Payable | 125,173,070 | - | 125,173,070 |
| Other Post-Employment Benefits - District | 10,194,896 | - | 10,194,896 |
| Other Post-Employment Benefits - PSERS | 4,577,898 | 54,102 | 4,632,000 |
| Net Pension Liability | 100,702,919 | 1,190,081 | 101,893,000 |
| TOTAL LIABILITIES | 287,737,478 | 1,206,684 | 288,944,162 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Amounts Related to OPEB - District | 571,183 | - | 571,183 |
| Amounts Related to OPEB - PSERS | 213,313 | 2,522 | 215,835 |
| Amounts Related to Pension | 5,314,596 | 62,806 | 5,377,402 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 6,099,092 | 65,328 | 6,164,420 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 15,528,208 | 66,430 | 15,594,638 |
| Restricted for: | | | |
| Debt Service | 1,158,574 | - | 1,158,574 |
| Unrestricted | (100,645,102) | (967,900) | (101,613,002) |
| TOTAL NET POSITION | \$ (83,958,320) | \$ (901,470) | \$ (84,859,790) |

See Accompanying Notes

**Peters Township School District
Statement of Activities
Year Ended June 30, 2020**

Exhibit 2

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|----------------------|----------------------------|--|--|--|---------------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business- Type Activities | Total |
| Governmental Activities: | | | | | | | |
| Instruction | \$ 43,253,398 | \$ - | \$ 7,347,370 | \$ - | \$ (35,906,028) | \$ - | \$ (35,906,028) |
| Instructional Student Support | 5,522,957 | - | 964,477 | - | (4,558,480) | - | (4,558,480) |
| Administrative and Financial Support Services | 5,438,764 | - | 508,524 | - | (4,930,240) | - | (4,930,240) |
| Operation and Maintenance of Plant Services | 5,551,595 | - | 399,586 | - | (5,152,009) | - | (5,152,009) |
| Pupil Transportation | 3,059,409 | - | 1,009,330 | - | (2,050,079) | - | (2,050,079) |
| Student Activities | 1,885,786 | - | 471,914 | - | (1,413,872) | - | (1,413,872) |
| Community Services | 3,694 | - | - | - | (3,694) | - | (3,694) |
| Interest on Long-Term Debt | 4,683,484 | - | 34,941 | 662,038 | (3,986,505) | - | (3,986,505) |
| Total Governmental Activities | 69,399,087 | - | 10,736,142 | 662,038 | (58,000,907) | - | (58,000,907) |
| Business-type Activities: | | | | | | | |
| Food Service | 1,146,291 | 701,034 | 285,880 | - | - | (159,377) | (159,377) |
| Total Primary Government | \$ 70,545,378 | \$ 701,034 | \$ 11,022,022 | \$ 662,038 | (58,000,907) | (159,377) | (58,160,284) |
| General Revenues and Transfers | | | | | | | |
| Taxes | | | | | | | |
| Property Taxes Levied for General Purposes, Net | | | | | 42,683,857 | - | 42,683,857 |
| Earned Income Taxes | | | | | 6,376,320 | - | 6,376,320 |
| Real Estate Transfer Taxes | | | | | 925,047 | - | 925,047 |
| Other Taxes Levied for General Purposes, Net | | | | | 89,841 | - | 89,841 |
| Grants, Subsidies and Contributions not Restricted | | | | | 6,358,407 | - | 6,358,407 |
| Investment Earnings | | | | | 1,771,684 | 6,564 | 1,778,248 |
| Miscellaneous Income | | | | | 146,116 | - | 146,116 |
| Transfers | | | | | (127,232) | 127,232 | - |
| Total General Revenues and Transfers | | | | | 58,224,040 | 133,796 | 58,357,836 |
| Change in Net Position | | | | | 223,133 | (25,581) | 197,552 |
| Net Position - July 1, 2019 | | | | | (84,181,453) | (875,889) | (85,057,342) |
| Net Position - June 30, 2020 | | | | | \$ (83,958,320) | \$ (901,470) | \$ (84,859,790) |

See Accompanying Notes

**Peters Township School District
Balance Sheet
Governmental Funds
June 30, 2020**

Exhibit 3

| | General Fund | Capital Projects Fund | Non Major Fund | Total Governmental Funds |
|---|-----------------------------|-----------------------------|----------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 17,607,829 | \$ 47,709,402 | \$ 1,158,574 | \$ 66,475,805 |
| Taxes Receivable, Net | 1,802,247 | - | - | 1,802,247 |
| Due from Other Funds | 1,508 | 1,900,000 | - | 1,901,508 |
| Due from Other Governments | 2,583,810 | - | - | 2,583,810 |
| Other Receivables | 30,786 | - | - | 30,786 |
| Prepaid Items | 549,483 | - | - | 549,483 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL ASSETS | <u>\$ 22,575,663</u> | <u>\$ 49,609,402</u> | <u>\$ 1,158,574</u> | <u>\$ 73,343,639</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Due to Other Funds | \$ 2,096,047 | \$ - | \$ - | \$ 2,096,047 |
| Accounts Payable | 3,476,498 | 6,234,485 | - | 9,710,983 |
| Accrued Salaries and Benefits | 5,148,148 | - | - | 5,148,148 |
| Payroll Deductions and Withholdings | 153,948 | - | - | 153,948 |
| Other Current Liabilities | 97,694 | - | - | 97,694 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Liabilities | <u>10,972,335</u> | <u>6,234,485</u> | <u>-</u> | <u>17,206,820</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable Revenues - Property Taxes | 590,424 | - | - | 590,424 |
| Fund Balances | | | | |
| Nonspendable | 549,483 | - | - | 549,483 |
| Restricted | - | 41,474,917 | 1,158,574 | 42,633,491 |
| Committed | - | 1,900,000 | - | 1,900,000 |
| Assigned | 8,500,000 | - | - | 8,500,000 |
| Unassigned | 1,963,421 | - | - | 1,963,421 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Fund Balances | <u>11,012,904</u> | <u>43,374,917</u> | <u>1,158,574</u> | <u>55,546,395</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 22,575,663</u> | <u>\$ 49,609,402</u> | <u>\$ 1,158,574</u> | <u>\$ 73,343,639</u> |

See Accompanying Notes

**Peters Township School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020**

Exhibit 4

Total Fund Balances - Governmental Funds \$ 55,546,395

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$210,456,280 and the accumulated depreciation is \$87,081,897 123,374,383

Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures and, therefore, are not reported as assets in governmental funds. 590,424

Premiums and discounts on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position. (15,528,070)

Deferred charges on refunding bonds issued are amortized over the life of the bonds as deferred outflows of resources in the statement of net position. 406,978

Long-term liabilities, including bonds and capital leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

| | | |
|-------------------------------|--------------------|---------------|
| Bonds Payable | \$ (110,000,000) | |
| Accrued Interest on the Bonds | (2,024,258) | |
| Termination Payments | (499,050) | |
| Notes Payable | (26,100,000) | |
| Compensated Absences | <u>(2,803,567)</u> | (141,426,875) |

Some liabilities, including net pension obligations and OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

| | | |
|---------------------------|----------------------|---------------|
| OPEB Liability - District | (10,194,896) | |
| OPEB Liability - PSERS | (4,577,898) | |
| Net Pension Liability | <u>(100,702,919)</u> | (115,475,713) |

**Peters Township School District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2020**

Exhibit 4

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

| | | |
|---|------------------|------------------|
| Deferred Outflows of Resources Related to Pensions | 12,468,810 | |
| Deferred Inflows of Resources Related to Pensions | (5,314,596) | |
| Deferred Outflows of Resources Related to OPEB - District | 1,686,709 | |
| Deferred Inflows of Resources Related to OPEB - District | (571,183) | |
| Deferred Outflows of Resources Related to OPEB - PSERS | 497,731 | |
| Deferred Inflows of Resources Related to OPEB - PSERS | <u>(213,313)</u> | <u>8,554,158</u> |

| | | |
|--|--|-------------------------------|
| Total Net Position - Governmental Activities | | <u><u>\$ (83,958,320)</u></u> |
|--|--|-------------------------------|

See Accompanying Notes

**Peters Township School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020**

Exhibit 5

| | General Fund | Capital Projects Fund | Non Major Fund | Total Governmental Funds |
|--|----------------------|-----------------------------|----------------------|--------------------------------|
| Revenues | | | | |
| Local Sources | \$ 51,397,451 | \$ 1,267,715 | \$ 14,427 | \$ 52,679,593 |
| State Sources | 16,332,290 | - | - | 16,332,290 |
| Federal Sources | 548,637 | - | - | 548,637 |
| Total Revenues | <u>68,278,378</u> | <u>1,267,715</u> | <u>14,427</u> | <u>69,560,520</u> |
| Expenditures | | | | |
| Instruction | 39,190,811 | - | - | 39,190,811 |
| Support Services | 18,882,820 | 337,586 | 173,290 | 19,393,696 |
| Noninstructional Services | 1,603,299 | - | - | 1,603,299 |
| Capital Outlay | - | 46,331,949 | - | 46,331,949 |
| Debt Service (Principal & Interest) | - | - | 6,516,828 | 6,516,828 |
| Refunds of Prior Year's Receipts | 25,272 | - | - | 25,272 |
| Total Expenditures | <u>59,702,202</u> | <u>46,669,535</u> | <u>6,690,118</u> | <u>113,061,855</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>8,576,176</u> | <u>(45,401,820)</u> | <u>(6,675,691)</u> | <u>(43,501,335)</u> |
| Other Financing Sources (Uses) | | | | |
| Issuance of Bonds | - | - | 16,225,000 | 16,225,000 |
| Issuance of Refunding Bonds | - | - | 10,155,000 | 10,155,000 |
| (Discount) Premium on Bonds Issued | - | - | 6,359,142 | 6,359,142 |
| Transfers In | - | 21,906,913 | 6,518,722 | 28,425,635 |
| Sale/Compensation for Fixed Assets | 18,936 | - | - | 18,936 |
| Payment to Refunded Bond Escrow Agent | - | - | (12,558,939) | (12,558,939) |
| Transfers Out | (8,545,954) | - | (20,006,913) | (28,552,867) |
| Total Other Financing Sources (Uses) | <u>(8,527,018)</u> | <u>21,906,913</u> | <u>6,692,012</u> | <u>20,071,907</u> |
| Net Change in Fund Balances | 49,158 | (23,494,907) | 16,321 | (23,429,428) |
| Fund Balances - July 1, 2019 | <u>10,963,746</u> | <u>66,869,824</u> | <u>1,142,253</u> | <u>78,975,823</u> |
| Fund Balances - June 30, 2020 | <u>\$ 11,012,904</u> | <u>\$ 43,374,917</u> | <u>\$ 1,158,574</u> | <u>\$ 55,546,395</u> |

See Accompanying Notes

**Peters Township School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
June 30, 2020**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds \$ (23,429,428)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the period.

| | | |
|----------------------|-------------------|------------|
| Depreciation Expense | \$ (3,382,717) | |
| Capital Outlays | <u>46,902,500</u> | 43,519,783 |

Because some property taxes and other revenues will not be collected within the current financial resources measurement focus period, they are not considered as "available" revenues in the governmental funds. Unavailable revenues increased by this amount this year. 169,996

Repayment of bond and note payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,540,000

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide financial statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. The proceeds were: (26,380,000)

In the statement of activities, certain operating expenses-compensated absences (sick pay and vacations) and other post-employment benefits (OPEB) are measured by the amounts earned during the year. In governmental funds, however, expenditures for the items are measured by the amount of financial resources used (essentially, the amounts actually paid).

| | | |
|---|---------------|-----------|
| Compensated Absences | (144,922) | |
| Termination Payments | (42,645) | |
| Other Post-Employment Benefits - District | (683,138) | |
| Other Post-Employment Benefits - PSERS | <u>30,085</u> | (840,620) |

**Peters Township School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
June 30, 2020**

Exhibit 6

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.

| | | |
|---|--|-----------|
| Net Change in Accrued Interest on Bonds | | (324,845) |
|---|--|-----------|

The School Districts' bonded debt was also reduced by an advance refunding of debt. Resources of (\$12,558,939) were paid to the escrow agent for the advance refunding of outstanding bonds (\$12,405,000). The difference between those amounts plus the net book value of refunded bond discounts was \$175,487 and will be amortized as an adjustment of interest expense in the statement of activities over the remaining life of the new debt.

| | | |
|--|--|------------|
| | | 12,558,939 |
|--|--|------------|

Bond issuance cost, discount, and premium are reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the bonds in the statement of activities.

| | | |
|---|-------------|-------------|
| Bond Premium | (6,359,142) | |
| Amortization of Discount, Premium and Deferred Loss on Refunding | 618,189 | (5,740,953) |

Governmental funds report School District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense.

| | | |
|---|--------------|-----------|
| District Pension Contributions to PSERS | 10,072,133 | |
| Cost of Benefits Earned | (10,921,872) | (849,739) |

| | | |
|---|--|------------|
| Change in Net Position of Governmental Activities | | \$ 223,133 |
|---|--|------------|

See Accompanying Notes

**Peters Township School District
Statement of Net Position
Proprietary Funds
June 30, 2020**

Exhibit 7

| | Food Service Fund |
|---|-------------------------|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | \$ 127,125 |
| Due From Other Funds | 196,047 |
| Due From Other Governments | 15,295 |
| Inventories | <u>10,624</u> |
| Total Current Assets | <u>349,091</u> |
| Noncurrent Assets | |
| Machinery and Equipment, Net | <u>66,430</u> |
| TOTAL ASSETS | <u>415,521</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Amounts Related to OPEB | 5,828 |
| Amounts Related to Pensions | <u>145,240</u> |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>151,068</u> |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | 29,520 |
| Unearned Revenues | 10,624 |
| Other Current Liabilities | <u>92,469</u> |
| Total Current Liabilities | <u>132,613</u> |
| Noncurrent Liabilities | |
| Long-Term Portion of Compensated Absences | 25,935 |
| OPEB Liability | 54,102 |
| Net Pension Liability | <u>1,190,081</u> |
| Total Noncurrent Liabilities | <u>1,270,118</u> |
| TOTAL LIABILITIES | <u>1,402,731</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Amounts Related to OPEB | 2,522 |
| Amounts Related to Pensions | <u>62,806</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>65,328</u> |
| NET POSITION | |
| Invested in Capital Assets | 66,430 |
| Unrestricted | <u>(967,900)</u> |
| TOTAL NET POSITION | <u>\$ (901,470)</u> |

See Accompanying Notes

Peters Township School District
Statement of Revenues, Expenses and Changes
in Net Position
Proprietary Funds
Year Ended June 30, 2020

Exhibit 8

| | Food Service Fund |
|--|-------------------------|
| Operating Revenues | |
| Food Service Revenue | \$ 701,034 |
| Operating Expenses | |
| Salaries | 380,602 |
| Employee Benefits | 187,789 |
| Other Purchased Services | 495,520 |
| Supplies | 70,509 |
| Depreciation | 11,871 |
| Total Operating Expenses | 1,146,291 |
| Operating Income (Loss) | (445,257) |
| Nonoperating Revenues (Expenses) | |
| Earnings on Investments | 6,564 |
| State Sources | 91,299 |
| Federal Sources | 194,581 |
| Total Nonoperating Revenues (Expenses) | 292,444 |
| Income (Loss) Before Transfers | (152,813) |
| Transfers In | 127,232 |
| Change in Net Position | (25,581) |
| Net Position - July 1, 2019 | (875,889) |
| Net Position - June 30, 2020 | \$ (901,470) |

See Accompanying Notes

**Peters Township School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020**

Exhibit 9

| | Food Service Fund |
|--|--------------------------|
| Cash Flows From Operating Activities | |
| Cash Received from Users | \$ 734,485 |
| Cash Payments to Employees for Services | (735,548) |
| Cash Payments to Suppliers for Goods and Services | <u>(511,529)</u> |
| Net Cash Provided by (Used for) Operating Activities | <u>(512,592)</u> |
| Cash Flows From Non-Capital Financing Activities | |
| State Sources | 90,348 |
| Federal Sources | 113,346 |
| Operating Transfers In | <u>127,232</u> |
| Net Cash Provided by Non-Capital Financing Activities | <u>330,926</u> |
| Cash Flows From Capital and Related Financing Activities | |
| Facilities Acquisition/Const./Imp.Serv | <u>(25,348)</u> |
| Cash Flows From Investing Activities | |
| Earnings on Investments | <u>6,564</u> |
| Net Increase (Decrease) in Cash and Cash Flows | (200,450) |
| Cash and Cash Equivalents - July 1, 2019 | <u>327,575</u> |
| Cash and Cash Equivalents - June 30, 2020 | <u><u>\$ 127,125</u></u> |

**Peters Township School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020**

Exhibit 9

| | | Food Service Fund |
|---|--------|-------------------------|
| Operating Income (Loss) | \$ | (445,257) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities | | |
| Depreciation and Net Amortization | | 11,871 |
| Change in Pension and OPEB Liabilities | | 25,581 |
| Donated Commodities | | 70,509 |
| (Increase) Decrease in Inventories | | (4,196) |
| Increase (Decrease) in Accounts Payable | | (16,009) |
| Increase (Decrease) in Accrued Salaries Benefits | | (4,848) |
| Increase (Decrease) in Advances from Other Funds | | (187,890) |
| Increase (Decrease) in Deferred Revenue | | 4,196 |
| Increase (Decrease) in Other Current Liabilities | | <u>33,451</u> |
| Total Adjustments | | <u>(67,335)</u> |
| Cash Provided by (Used for) Operating Activities | \$ | <u>(512,592)</u> |

Noncash Non-Capital Financing Activities

During the year ended June 30, 2020, the School District received \$74,704 of U.S.D.A Donated Commodities in the food service fund.

See Accompanying Notes

**Peters Township School District
Statement of Net Position
Fiduciary Funds
June 30, 2020**

Exhibit 10

| | Private Purpose Trust Fund | Agency Fund |
|-----------------------------|-------------------------------|-------------------|
| ASSETS | | |
| Cash and Cash Equivalents | <u>\$ 27,099</u> | <u>\$ 270,936</u> |
| LIABILITIES | | |
| Due to Other Funds | - | 1,508 |
| Other Current Liabilities | <u>-</u> | <u>269,428</u> |
| TOTAL LIABILITIES | <u>-</u> | <u>270,936</u> |
| NET POSITION | | |
| Restricted for Scholarships | <u>\$ 27,099</u> | <u>\$ -</u> |

See Accompanying Notes

**Peters Township School District
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2020**

Exhibit 11

| | Private Purpose Trust Fund |
|------------------------------|-------------------------------|
| Additions | |
| Interest | \$ <u>124</u> |
| Deductions | <u>-</u> |
| Change in Net Position | 124 |
| Net Position - July 1, 2019 | <u>26,975</u> |
| Net Position - June 30, 2020 | <u><u>\$ 27,099</u></u> |

See Accompanying Notes

Peters Township School District
Notes to Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies

Peters Township School District, located in Washington County, Pennsylvania, provides public education, kindergarten through twelfth grade, to the residents of Peters Township. The School District operates under a nine-person elected Board of Directors.

A. Basic Financial Statements - Government-Wide Statements

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of Peters Township School District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. In the government-wide statement of net position, governmental activities are represented on a consolidated basis by column.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

B. Basic Financial Statements - Fund Financial Statements

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three categories: governmental; proprietary; and fiduciary.

The emphasis in fund financial statements is on the major funds in the governmental category. Nonmajor funds are summarized in a single column. The nonmajor funds are combined in a column in the fund financial statements.

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The School District reports these major governmental funds and fund types:

Peters Township School District
Notes to Financial Statements
June 30, 2020

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital projects fund* accounts for financial resources to be used for the acquisition of construction and finance other capital improvements in the School District.

The School District also reports as a nonmajor governmental fund the following:

The *debt service fund* accounts for bond proceeds received and for bond payments made.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The School District reports the following proprietary fund type:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The *food service fund* accounts for the revenues, food purchases and other costs and expenses for providing meals to students and/or faculty during the school year.

3. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and are therefore not available to support School District programs. The reporting focus is on net position and changes in net position. The School District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose, or agency). The School District reports the following fiduciary fund types:

The *private purpose trust fund* is used to account for resources of monies contributed to the School District for scholarships. The Esther Baird Scholarship Fund is considered a private purpose trust fund.

The *agency fund* represents the School District's student activity funds. These funds account for student activities in the high school and middle school.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e. the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Peters Township School District
Notes to Financial Statements
June 30, 2020

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements and proprietary 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, intergovernmental revenues, interest, rent and certain miscellaneous income associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

Peters Township School District
Notes to Financial Statements
June 30, 2020

D. Joint Venture

The School District is one of nine member school districts of the Western Area Career and Technology Center (“Western”). Western provides vocational-technical training and education to participating students of the member districts. Western is controlled and governed by the Joint Board, which is composed of all the school board members of all the member districts. Western’s operations are the responsibility of the Joint Committee, which consists of one representative from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of Western. The School District’s share of annual operating and capital costs for Western fluctuates, based on the percentage of enrollment of each member district in the school. The School District’s financial obligation to Western for the year ended June 30, 2020 was \$339,668, which was paid in the year ended June 30, 2020 to Western and reported in the School District’s general fund. The School District has no equity interest in Western as of June 30, 2020. Complete financial statements for Western can be obtained from the administrative offices at R.D. #1, Box 178A, Canonsburg, PA 15317.

In addition, the School District is one of six member school districts participating in the Washington County Alternative School (“Washington”). Washington provides a complete education to at-risk students of the member districts. Washington is controlled and governed by the Joint Board, which is composed of all the school board members of all the member districts. Direct oversight of Washington’s operations is the responsibility of the Joint Committee, which consists of one representative from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of Washington. The School District’s share of annual operating and capital costs for Washington fluctuates, based on the number of reserved enrollment slots of each member district in the school. The School District’s financial obligation to Washington for the year ended June 30, 2020 was approximately \$50,000 which has been reported in the School District’s general fund. The School District has no equity interest in Washington as of June 30, 2020. Complete financial statements for Washington can be obtained from the administrative offices at 524 East Beau Street; Washington, Pennsylvania 15301.

E. Cash and Cash Equivalents

The School District’s policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The market values of the funds approximate cost. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments are stated at fair value except that treasury and agency obligations that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost. Fair value is based on quoted market prices. Funds are invested pursuant to the Public School Code of 1949 and investment policy guidelines established by the School District and approved by the Members of the Board. The School Code states that authorized types of investments shall be: United States Treasury Bills; short-term obligations of the United States Government or its agencies or instrumentalities; deposits in savings accounts, time deposits or share accounts of institutions insured by the FDIC; obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States and the Commonwealth of Pennsylvania.

Peters Township School District
Notes to Financial Statements
June 30, 2020

G. Budgets

The School Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis of accounting for the general fund. This is the only fund for which a budget is required and for which taxes may be levied. The general fund is the only fund that has an annual budget that has been legally adopted by the School Board. The Public School Code allows the School Board to authorize budget transfer amendments during the year, but only during the last nine months of the fiscal year. The School Board approved various budget transfers throughout the school year. There were no supplemental budgetary appropriations made during the year ended June 30, 2020.

The final budget data reflected in the financial statements includes the effect of approved budget transfer amendments and, for comparative purposes the actual amounts have also been presented. The School District expenditures may not legally exceed the revised budget amounts by function. Function is defined as a program area such as instructional services. Management may amend the budget without seeking prior approval of the Board within a function. Amendments between functions require prior Board approval. Excess of expenditures over appropriations in the general fund is presented in the required supplementary information section.

H. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

I. Inventories

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

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the general fund, if considered material. There was no material inventory balance as of June 30, 2020.

The inventory of the food service fund consists of food supplies and government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2020 are reported as unearned revenue.

J. Prepaid Items

In both the government-wide and fund financial statements, certain payments to vendors reflect costs applicable to future accounting periods are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

K. Capital Assets

Capital assets, which include property, plant, equipment and land improvements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Peters Township School District
Notes to Financial Statements
June 30, 2020

Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|-----------------------|-------|
| Buildings | 40 |
| Building Improvements | 20 |
| Land Improvements | 40 |
| Furniture | 20 |
| Vehicles | 10-15 |
| Equipment | 10 |
| Computers/Software | 5-7 |

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 12 years.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 School District has four items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other ones in the government-wide statement of net position are related to the participation in the cost-sharing defined benefit pension plan and defined OPEB plans.

In addition to liabilities, the statement of financial 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 and so will *not* be recognized as an inflow of resources (revenue) until that time. The School District has three items reported in the government-wide statement of net position relating to the cost-sharing defined benefit pension plan and defined OPEB plans. The School District also has an item, which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category.

Peters Township School District
Notes to Financial Statements
June 30, 2020

Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as inflows of resources in the period that the amount becomes available.

M. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premium and discount are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premium and discount during the current period. The face amount of debt issued is reported as other financing sources while discount on debt issuances are reported as other financing uses.

N. Compensated Absences

The School District's policies regarding vacation and sick time are provided through various contracts. Employees can accumulate sick and/or vacation days which they are paid for upon retirement or termination of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the amount of reimbursable unused vacation or sick leave to employees who have terminated their employment as of the end of the fiscal year, while the proprietary funds report the liability as it is incurred.

O. Defining Operating Revenues and Expenses

The School District's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the School District's food service fund consist of charges for meals and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

P. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Peters Township School District
Notes to Financial Statements
June 30, 2020

Fund Statements - Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, fund balance reporting and governmental fund type definitions, the School District classifies governmental fund balances as follows:

Nonspendable - amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to remain intact.

Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payments and includes a legally enforceable requirement on the use of these funds.

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action, approval of a motion by the majority of the School Board. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially commit the money.

Assigned - reflects the School District's intent to use the money for a specific purpose but is not considered restricted or committed. The assignment of fund balance can be assigned by management in the business office.

Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.

The School District's policy is that it considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. It also considers committed amounts to be spent first when an expenditure is incurred for purposes for which both committed and unassigned fund balance could be used.

The nonspendable fund balance of \$549,483 in the General Fund is for prepaid expenses.

The purpose of the restricted fund balance of \$41,474,917 in the Capital Projects Fund is for future capital projects from unspent bond proceeds.

The purpose of the restricted fund balance of \$1,158,574 in the Debt Service Fund is for the retirement of debt.

The purpose of the committed fund balance of \$1,900,000 in the Capital Projects Fund is for future capital projects.

The assigned fund balance of \$8,500,000 in the General Fund is broken down as \$4,500,000 assigned for future debt service obligations, \$2,000,000 for future retirement obligations, and \$2,000,000 for future COVID-19 related obligations.

**Peters Township School District
Notes to Financial Statements
June 30, 2020**

Note 2 - Deposits and Investments

The deposit and investment policy of the School District adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School District.

It is the policy of the School District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the School District and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

Deposits with Financial Institutions

Custodial credit risk is the risk that in an event of a bank failure, the government’s deposits may not be returned to it. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution’s name. As of June 30, 2020, \$70,948,967 of the School District’s bank balance of \$71,476,066 was exposed to custodial credit risk as follows:

| | |
|---|---------------------|
| Uninsured and Collateral Held by Pledging Bank’s Agent not in the School District’s Name | <u>\$70,948,967</u> |
|---|---------------------|

Investments

Interest Rate Risk - In accordance with its investment policy, the School District limits its exposure by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed. The policy requires the School District to remain sufficiently liquid to meet all the operating requirements that are reasonably anticipated.

Credit Risks - The Pennsylvania Public School Code authorizes the types of investments allowed. These are described in Note 1F. The School District’s investment policy limits its investment choices to those as limited by law.

Concentration of Credit Risk - The School District places no limit on the amount it may invest in any one issue.

Note 3 - Real Estate Taxes

The municipal tax collectors bill and collect real estate taxes on behalf of the School District based upon assessed values provided by the County. The School District’s tax rate for all purposes in 2019/2020 was 13.81 mills (\$13.81 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied is as follows:

| | |
|---------------------|--------------------------------|
| Tax Levy Date | July 1, 2019 |
| 2% Discount Period | Through August 31, 2019 |
| Face Payment Period | September 1 - October 31, 2019 |
| 10% Penalty Period | Beginning November 1, 2019 |
| Lien Filing Date | January 15, 2020 |

Peters Township School District
Notes to Financial Statements
June 30, 2020

The amounts shown as delinquent real estate taxes receivable have not been recorded as revenue on the fund statements. These taxes are, however, recorded as deferred revenue on the balance sheet until they are received. The amounts reported for this receivable are reported on the balance sheet in the amount of \$590,424 net of estimated uncollectible amounts of \$196,808, along with other taxes receivable of \$1,211,823.

Note 4 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2020, the following amounts are due from other governmental units:

| | Governmental Funds | Business-Type Funds | Totals |
|-----------------------------|-----------------------|------------------------|--------------------|
| Federal (through the state) | \$ 37,086 | \$ 13,870 | \$ 50,956 |
| State | <u>2,546,724</u> | <u>1,425</u> | <u>2,548,149</u> |
| | <u>\$ 2,583,810</u> | <u>\$ 15,295</u> | <u>\$2,599,105</u> |

Note 5 - Capital Assets

For the year ended June 30, 2020, capital asset activity was as follows:

| | Balance 07/01/19 | Additions | Transfers | Balance 06/30/20 |
|--|---------------------|-------------------|-----------|---------------------|
| Governmental Activities | | | | |
| Capital Assets not Being Depreciated | | | | |
| Land | \$ 6,742,568 | \$ - | \$ - | \$ 6,742,568 |
| Construction in Progress | <u>31,395,049</u> | <u>46,331,949</u> | <u>-</u> | <u>77,726,998</u> |
| Total Capital Assets not Being Depreciated | <u>38,137,617</u> | <u>46,331,949</u> | <u>-</u> | <u>84,469,566</u> |
| Capital Assets Being Depreciated | | | | |
| Buildings and Building Improv. | 115,197,677 | - | - | 115,197,677 |
| Furniture and Equipment | <u>10,218,486</u> | <u>570,551</u> | <u>-</u> | <u>10,789,037</u> |
| Total Capital Assets Being Depreciated | <u>125,416,163</u> | <u>570,551</u> | <u>-</u> | <u>125,986,714</u> |
| Less Accumulated Depreciation | | | | |
| Buildings and Building Improv. | 76,244,982 | 2,918,232 | - | 79,163,214 |
| Furniture and Equipment | <u>7,454,198</u> | <u>464,485</u> | <u>-</u> | <u>7,918,683</u> |
| Total Accumulated Depreciation | <u>83,699,180</u> | <u>3,382,717</u> | <u>-</u> | <u>87,081,897</u> |

Peters Township School District
Notes to Financial Statements
June 30, 2020

| | Balance 07/01/19 | Additions | Transfers | Balance 06/30/20 |
|--|----------------------|----------------------|-------------|-----------------------|
| Total Capital Assets Being Depreciated, Net | <u>41,716,983</u> | <u>(2,812,166)</u> | <u>-</u> | <u>38,904,817</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 79,854,600</u> | <u>\$ 43,519,783</u> | <u>\$ -</u> | <u>\$ 123,374,383</u> |
| Business-Type Activities | | | | |
| Furniture and Equipment | \$ 238,540 | \$ 25,348 | \$ - | \$ 263,888 |
| Less Accumulated Depreciation and Equipment | <u>185,587</u> | <u>11,871</u> | <u>-</u> | <u>197,458</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 52,953</u> | <u>\$ 13,477</u> | <u>\$ -</u> | <u>\$ 66,430</u> |

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

| | |
|---|----------------|
| Instruction | \$ 2,803,258 |
| Instructional Student Support | 2,706 |
| Administration and Financial Support Services | 51,079 |
| Operation and Maintenance of Plant Services | 96,069 |
| Student Activities Services | 186,726 |
| Pupil Transportation | <u>242,879</u> |

Total Depreciation Expense \$ 3,382,717

Business-Type Activities - Food Service \$ 11,871

Note 6 - Interfund Balances

At June 30, 2020, interfund balances were:

| Fund | Interfund Receivable | Interfund Payable |
|-----------------------|-------------------------|----------------------|
| General Fund | \$ 1,508 | \$ 2,096,047 |
| Capital Projects Fund | 1,900,000 | - |
| Proprietary Fund | | |
| Food Service | 196,047 | - |
| Agency Fund | <u>-</u> | <u>1,508</u> |
| | <u>\$ 2,097,555</u> | <u>\$ 2,097,555</u> |

Peters Township School District
Notes to Financial Statements
June 30, 2020

Balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All the balances above are expected to be collected in the subsequent year.

Note 7 - Interfund Transfers

For the year ended June 30, 2020, interfund transfers consisted of the following:

| | Transfer From | | |
|-----------------------|-----------------|----------------------|---------------|
| | General Fund | Debt Service Fund | Totals |
| Transfers To | | | |
| Capital Projects Fund | \$ 1,900,000 | \$ 20,006,913 | \$ 21,906,913 |
| Debt Service Fund | 6,518,722 | - | 6,518,722 |
| Food Service Fund | 127,232 | - | 127,232 |
| | \$ 8,545,954 | \$ 20,006,913 | \$ 28,552,867 |

The transfer of \$1,900,000 from the general fund to the capital projects fund was for construction of the new high school.

The transfer of \$6,518,722 from the general fund to the debt service fund was to pay for the principal and interest on general obligation bonds and notes.

The transfer of \$127,232 from the general fund to the food service fund was to help support the operations of the food service fund.

The transfer of \$20,006,913 from the debt service fund to the capital projects fund was to provide the proceeds from the bonds that are to be used for future capital needs of the School District.

Peters Township School District
Notes to Financial Statements
June 30, 2020

Note 8 - Long-Term Debt

The following are changes in the long-term liabilities for the year ended June 30, 2020:

| | Balance 07/01/19 | Additions | Reductions | Balance 06/30/20 | Due Within One Year |
|-----------------------------|------------------------|-----------------------|-----------------------|------------------------|------------------------|
| Governmental Activities | | | | | |
| Bonds Payable | | | | | |
| General Obligation Bonds | \$ 96,685,000 | \$ 26,380,000 | \$ 13,065,000 | \$ 110,000,000 | \$ 355,000 |
| Plus: Bond Premium | 10,080,042 | 6,359,142 | 873,083 | 15,566,101 | - |
| Less: Bond Discount | <u>(69,783)</u> | <u>-</u> | <u>(31,752)</u> | <u>(38,031)</u> | <u>-</u> |
| Total Bonds Payable | <u>106,695,259</u> | <u>32,739,142</u> | <u>13,906,331</u> | <u>125,528,070</u> | <u>355,000</u> |
| Notes Payable | | | | | |
| General Obligation Notes | 26,980,000 | - | 880,000 | 26,100,000 | 3,090,000 |
| Other Long-Term Liabilities | 456,405 | 42,645 | - | 499,050 | 50,000 |
| Compensated Absences | <u>2,658,645</u> | <u>144,922</u> | <u>-</u> | <u>2,803,567</u> | <u>100,000</u> |
| Governmental Activities | | | | | |
| Long-Term Liabilities | <u>\$ 136,790,309</u> | <u>\$ 32,926,709</u> | <u>\$ 14,786,331</u> | <u>\$ 154,930,687</u> | <u>\$ 3,595,000</u> |

General Obligation Bonds

| | |
|---|-----------------------|
| Series of 2006 - Due in semi-annual installments through September 15, 2020; interest at 3.50% to 4.00% | \$ 125,000 |
| State Public School Building Authority QSCB Series B of 2010, due in annual installments of \$41,893; interest at 6.495%; BAB Credit of 86% | 440,000 |
| Series of 2017 - Due in semi-annual installments through September 1, 2035; interest at 3.00% to 5.00% | 42,825,000 |
| Series of 2018C - Due in semi-annual installments through September 1, 2040; interest at 3.00% to 5.00% | 40,230,000 |
| Series of 2020A - Due in semi-annual installments through January 15, 2038; interest at 4.00% to 5.00% | 16,225,000 |
| Series of 2020B - Due in semi-annual installments through September 15, 2028; interest at 4.00% to 5.00% | <u>10,155,000</u> |
| | <u>\$ 110,000,000</u> |

Peters Township School District
Notes to Financial Statements
June 30, 2020

General Obligation Notes

| | |
|---|-----------------------------|
| Series of 2012 - Due in semi-annual installments through September 1, 2026; interest at 1.210% to 3.310% | \$ 18,065,000 |
| Series of 2017 - Due in semi-annual installments through September 1, 2025; interest at 3.00% to 5.00% | 4,245,000 |
| Series of 2018A - Due in semi-annual installments through September 1, 2028; interest at 3.028% to 3.796% | 1,805,000 |
| Series of 2018B - Due in semi-annual installments through September 1, 2030; interest at 3.00% to 5.00% | <u>1,985,000</u> |
| | <u><u>\$ 26,100,000</u></u> |

The debt service source for the above debt is the general fund.

The annual requirements of School District funds to amortize all debt outstanding (excluding compensated absences) as of June 30, 2020, including interest, are as follows:

| Year Ended June 30, | General Obligation Bonds | | | General Obligation Notes | | |
|------------------------|--------------------------|---------------------|-------------------------------|--------------------------|---------------------|-----------------------|
| | Principal | Interest | Build America Bonds Credit | Principal | Interest | Totals |
| 2021 | \$ 355,000 | \$ 5,050,444 | \$ (37,191) | \$ 3,090,000 | \$ 820,845 | \$ 9,279,098 |
| 2022 | 505,000 | 5,090,125 | (37,191) | 3,460,000 | 699,110 | 9,717,044 |
| 2023 | 810,000 | 5,070,675 | (37,191) | 3,755,000 | 600,081 | 10,198,565 |
| 2024 | 1,290,000 | 5,030,100 | (37,191) | 3,715,000 | 488,215 | 10,486,124 |
| 2025 | 1,555,000 | 4,962,275 | (37,191) | 3,650,000 | 370,940 | 10,501,024 |
| 2026-2030 | 21,615,000 | 22,515,869 | (92,978) | 8,090,000 | 523,113 | 52,651,004 |
| 2031-2035 | 35,625,000 | 15,299,722 | - | 340,000 | 8,500 | 51,273,222 |
| 2036-2040 | 39,785,000 | 6,928,153 | - | - | - | 46,713,153 |
| 2041 | 8,460,000 | 211,500 | - | - | - | 8,671,500 |
| | <u>\$110,000,000</u> | <u>\$70,158,863</u> | <u>\$ (278,933)</u> | <u>\$26,100,000</u> | <u>\$ 3,510,804</u> | <u>\$ 209,490,734</u> |

Peters Township School District
Notes to Financial Statements
June 30, 2020

On February 12, 2020, the School District issued \$10,155,000 Series of 2020 B bonds with interest rates from 4.00% to 5.00% to currently refund the outstanding 2013 A general obligation bonds (\$2,970,000) with interest rates from 2.00% to 3.00% and the outstanding 2014 general obligation bonds (\$9,435,000) with interest rates from 2.00% to 2.88%. The net proceeds of \$12,592,745 (after bond premium and payment of issuance costs) were used to currently refund the above bonds and outstanding interest. As a result, those bonds are considered defeased and the liability for those bonds has been removed as a liability in these financial statements.

The School District currently refunded the 2013 A and 2014 Series bonds to reduce its total debt service payments over eight years by \$941,234 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$843,393.

Note 9 - Operating Leases

The School District is committed under various leases for photocopiers. These leases are considered, for accounting purposes, to be operating leases. Total payments made on these leases for the year ended June 30, 2020, were \$142,407. Future minimum payments for these leases are as follows:

| Year Ended June 30, | Amount |
|------------------------|------------------|
| 2021 | <u>\$ 71,204</u> |

Note 10 - Public School Employees' Retirement System (PSERS)

A. Summary of Significant Accounting Policies

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' 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.

B. General Information about the Pension Plan

1. Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. 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.

Peters Township School District
Notes to Financial Statements
June 30, 2020

2. Benefits Provided

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

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

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

3. Contributions

Member Contributions

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (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 7.50% (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 7.50% (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.

Peters Township School District
Notes to Financial Statements
June 30, 2020

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%.

Employer Contributions

The School District’s contractually required contribution rate for fiscal year ended June 30, 2020 was 33.36 % 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 School District were \$10,189,050 for the year ended June 30, 2020.

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

At June 30, 2020, the School District reported a liability of \$101,893,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. The School District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the School District’s proportion was 0.2178%, which was a decrease of 0.0011% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the School District recognized pension expense of \$11,063,922. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 561,000 | \$3,377,000 |
| Net difference between projected and actual investment earnings | - | 292,000 |
| Change in assumptions | 974,000 | - |
| Changes in proportions | 890,000 | 1,706,000 |
| Difference between employer contributions and proportionate share of total contributions | - | 2,402 |
| Contributions subsequent to the measurement date | <u>10,189,050</u> | <u>-</u> |
| | <u>\$12,614,050</u> | <u>\$5,377,402</u> |

Peters Township School District
Notes to Financial Statements
June 30, 2020

\$10,189,050 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | |
|------------------------|-----------------------|
| 2021 | \$ (77,436) |
| 2022 | (1,876,670) |
| 2023 | (1,166,352) |
| 2024 | <u>168,056</u> |
| | <u>\$ (2,952,402)</u> |

1. Actuarial Assumptions

The total pension liability as of June 30, 2019 was determined by rolling forward the System's total pension liability at June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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 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 of the benefits provided through the pension.

**Peters Township School District
Notes to Financial Statements
June 30, 2020**

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|----------------------|--|
| Global public equity | 20.0% | 5.6% |
| Fixed Income | 36.0% | 1.9% |
| Commodities | 8.0% | 2.7% |
| Absolute return | 10.0% | 3.4% |
| Risk parity | 10.0% | 4.1% |
| Infrastructure/MLPs | 8.0% | 5.5% |
| Real estate | 10.0% | 4.1% |
| Alternative investments | 15.0% | 7.4% |
| Cash | 3.0% | 0.3% |
| Financing (LIBOR) | <u>-20.0%</u> | 0.7% |
| | <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, 2019.

2. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

3. Sensitivity of School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

| | (In Thousands) | | |
|---|----------------|---------------|-----------|
| | 1.00% | Current | 1.00% |
| | Decrease | Discount Rate | Increase |
| | 6.25% | 7.25% | 8.25% |
| School District's proportionate share of the net pension liability | \$ 126,918 | \$ 101,893 | \$ 80,702 |

Peters Township School District
Notes to Financial Statements
June 30, 2020

4. Pension Plan Fiduciary Net Position

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

Note 11 - Contingent Liabilities

Peters Township School District participates in a number of federally assisted grant programs, principal of which is the IDEA and National School Lunch Program. The programs are subject to program compliance audits by the grantors or their representatives. The audits of some of these programs for and including the year ended June 30, 2020 have not yet been conducted. Accordingly, the School District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

The Covid-19 outbreak in the United States has caused business disruption and economic uncertainties. The School District's operations are heavily dependent on the ability to raise and collect taxes and assess fees. Additionally, access to grants and contracts from federal, state and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued adverse impact on economic and market conditions. This situation is expected to impact the School District's operating results and the fair value of its investments, however, the financial impact of these uncertainties is unknown at this time.

Note 12 - Other Post-Employment Benefit Plan

A. Plan Description

Peters Township School District administers a single-employer defined benefit healthcare plan ("the Supplemental Health Plan"). The plan provides benefits for teachers and administrators/supervisors. The benefits provided are for the eligible retirees and their spouses through the School District group health insurance plan which covers both active and retired members. Benefit provisions are mostly established through negotiations between the School District and union or group representing the employees. The plan does not issue a publicly available financial report.

The eligibility and the benefits for each group are as follows:

1) Teacher and Act 93 Administrators Eligibility Requirements

Upon retirement, a teacher or an administrator who has reached the criteria for an unreduced pension benefit under PSERS (age 62, age 60 and 30 years of service, or 35 years of service) and has 10 years of service with the School District shall be eligible to receive health benefits for themselves and their spouses until age 65.

**Peters Township School District
Notes to Financial Statements
June 30, 2020**

The School District will pay for this coverage up to the following amounts based on the year of retirement and the retiring teacher or administrator would be responsible to reimburse the School District \$100 per month for the PSERS benefit or the contract co-pay amount, whichever is greater:

| | |
|-----------|----------|
| 2015-2016 | \$48,000 |
| 2016-2017 | 48,000 |
| 2017-2018 | 50,000 |
| 2018-2019 | 50,000 |
| 2019-2020 | 52,000 |
| 2020-2021 | 52,000 |

2) Clerical, Cafeteria, and SEIU Local No. 3 Eligibility Requirements

Personnel from the above-mentioned groups retiring prior to being Medicare eligible shall have the right to remain the medical insurance group, at no cost to the School District, until such time as they become eligible for Medicare benefits.

B. Total OPEB Liability

The School District's total OPEB liability of \$10,194,896 was measured at June 30, 2020, and was determined by an actuarial valuation as of July 1, 2018. Standard roll-forward techniques were used to roll-forward the liability from the valuation date to the measurement date using updated assumptions.

C. Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Inflation | 2.60% |
| Salary Increases | 3.00% |
| Discount Rate | 2.21% |
| Healthcare Cost Trend Rates | 6.00% for 2019/2020, decreasing 0.50% per year to ultimate rate of 5.00% |

The discount rate was based on the Bond Buyers AA Index.

Mortality rates were based on the RP-2000 Combined Healthy with Scale BB.

The actuarial assumptions used in the July 1, 2018 valuation were selected using input from the School District based upon actual experience.

Peters Township School District
Notes to Financial Statements
June 30, 2020

D. Change in the Total OPEB Liability

| | Total OPEB Liability |
|-----------------------------------|-------------------------|
| Balance at June 30, 2019 | \$ 8,336,518 |
| Changes for the year: | |
| Service Cost | 391,428 |
| Interest | 303,652 |
| Differences (Expected vs. Actual) | 1,267,644 |
| Benefit Payments | <u>(104,346)</u> |
| Net Changes | <u>1,858,378</u> |
| Balance at June 30, 2020 | <u>\$ 10,194,896</u> |

E. Changes of Assumptions and Other Inputs

- Changed the discount rate from 3.50% to 2.21%

F. Sensitivity of the Total Liability to Changes in the Discount Rate

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

| | 1.00% Decrease | Current Discount Rate | 1.00% Increase |
|----------------------|-------------------|--------------------------|-------------------|
| | 1.21% | 2.21% | 3.21% |
| Total OPEB Liability | \$ 11,268,063 | \$ 10,194,896 | \$ 9,202,983 |

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

The following is the total OPEB liability to the School District, as well as the total OPEB liability using current medical inflation rates that are 1-percentage point lower or 1-percentage point higher than the current medical inflation rates:

| | 1.00% Decrease | Healthcare Cost Trend Rates | 1.00% Increase |
|----------------------|-------------------|--------------------------------|-------------------|
| Total OPEB Liability | \$ 8,644,209 | \$ 10,194,896 | \$ 12,055,335 |

Peters Township School District
Notes to Financial Statements
June 30, 2020

H. Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the School 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 |
|---|--------------------------------------|-------------------------------------|
| Change in assumptions | \$ - | \$ 344,909 |
| Differences between expected and actual experience | <u>1,686,709</u> | <u>226,274</u> |
| | <u>\$ 1,686,709</u> | <u>\$ 571,183</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30, | |
|------------------------|---------------------|
| 2021 | \$ 123,760 |
| 2022 | 123,760 |
| 2023 | 123,760 |
| 2024 | 123,760 |
| 2025 | 123,760 |
| Thereafter | <u>496,726</u> |
| | <u>\$ 1,115,526</u> |

Note 13 - Other Post-Employment Benefits - PSERS

A. Summary of Significant Accounting Policies

Other Post-Employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' 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.

Peters Township School District
Notes to Financial Statements
June 30, 2020

B. General Information about the Health Insurance Premium Assistance Program

1. Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. 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, 2019, there were no assumed future benefit increases to participating eligible retirees.

2. Premium Assistance Eligibility Criteria

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

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

3. 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.

4. 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, 2019, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2020 was 0.84% 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 School District were \$256,559 for the year ended June 30, 2020.

Peters Township School District
Notes to Financial Statements
June 30, 2020

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

At June 30, 2020, the School District reported a liability of \$4,632,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. The School 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, 2020, the School District's proportion was 0.2178%, which was a decrease of 0.0011% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the School District recognized OPEB expense of \$226,921. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 26,000 | \$ - |
| Net difference between projected and actual investment earnings | 8,000 | - |
| Changes in assumptions | 153,000 | 138,000 |
| Changes in proportions | 60,000 | 72,000 |
| Difference between employer contributions and proportionate share of total contributions | - | 5,835 |
| Contributions subsequent to the measurement date | 256,559 | - |
| | \$ 503,559 | \$ 215,835 |

\$256,559 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30, | | |
|------------------------|----|--------|
| 2021 | \$ | (79) |
| 2022 | | (79) |
| 2023 | | (66) |
| 2024 | | (611) |
| 2025 | | 19,000 |
| Thereafter | | 13,000 |
| | \$ | 31,165 |

Peters Township School District
Notes to Financial Statements
June 30, 2020

1. Actuarial Assumptions

The total OPEB liability as of June 30, 2019 was determined by rolling forward the System's total OPEB liability at June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2019.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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.

**Peters Township School District
Notes to Financial Statements
June 30, 2020**

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------|----------------------|--|
| Cash | 13.2% | 0.20% |
| US Core Fixed Income | 83.1% | 1.00% |
| Non-US Developed Fixed | <u>3.7%</u> | 0.00% |
| | <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, 2019.

2. Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.79%. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 2.79% which represents the S&P 20 year Municipal Bond Rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability.

3. Sensitivity of System Net OPEB Liability to Change 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, 2019, 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, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2019, 780 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

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

| | (In Thousands) | | |
|---------------------------|-------------------|----------|-------------------|
| | 1.00% Decrease | Current | 1.00% Increase |
| System net OPEB Liability | \$ 4,632 | \$ 4,632 | \$ 4,633 |

**Peters Township School District
Notes to Financial Statements
June 30, 2020**

4. Sensitivity of School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, calculated using the discount rate of 2.79%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.79%) or 1 percentage point higher (3.79%) than the current rate:

| | (In Thousands) | | |
|---|-------------------|-----------------|-------------------|
| | 1.00% Decrease | Current Rate | 1.00% Increase |
| | 1.79% | 2.79% | 3.79% |
| School District's proportionate share of the net OPEB liability | \$ 5,277 | \$ 4,632 | \$ 4,098 |

5. 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 14 - Risk Management

The School District was a member district to the Intermediate Unit 1 Health Insurance Consortium (the Consortium) through June 30, 2019. The Consortium is a cooperative joint venture to provide hospitalization, medical and surgical supplies, professional services and drug benefits to its member districts on a pooled risk basis. The School District paid an annual premium to the Consortium for its health and medical insurance coverage.

The agreement permits participating districts to withdraw from the Consortium which the School District did effective as June 30, 2019. Upon the withdrawal, the Articles of Agreement state that the School District is entitled to their respective share of the Consortium's net position. This is calculated by multiplying net position by the fraction of dividing the withdrawing member's total contributions over the last three years by the total of all member district contributions over the same time period. In the case of Intermediate Unit 1 as of June 30, 2019, there was a negative net position. Thus, the amount would be required to be paid within one year of the date of withdrawal. The School District paid their share of the net position in the current fiscal year and amounted to \$241,543, that amount was net of claims made through June 2020.

In September 2018, the School District authorized the establishment of new plan groups and the enrollment of all active and retired employees into the Allegheny County Schools Health Insurance Consortium for medical, drug, dental and vision plans effective July 1, 2019.

The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. Contributions to the Consortium totaled \$6,587,180 for the year ended June 30, 2020.

Peters Township School District
Notes to Financial Statements
June 30, 2020

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to or responsible for a proportionate share of the Consortium net position or deficiency in net position, respectively, as determined on the fiscal year-end date after withdrawal. As of June 30, 2020, the net position of the Consortium was \$75,471,061 of which \$1,236,768 is attributable to the School District. The School District's share would be reduced by amounts due under the applicable joinder agreement.

School District participates in an insurance program offered by a commercial insurance company. It purchases commercial insurance policies for risks of losses for casualty, workmen's compensation and liability claims.

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

Note 15 - On-Behalf Payments

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2020, were \$6,407,659.

This includes \$5,254,227 recognized for revenues and expenditures relating to pension contributions for its employees that the Commonwealth of Pennsylvania paid to the Public School Employees' Retirement System (PSERS) for pension and \$1,153,432 to the federal government for social security and Medicare taxes for the year ended June 30, 2020. The School District pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate share.

Note 16 - Termination Benefits

The School District has available certain early retirement enhancements to qualified employees. Regular full-time tenured professional employees may be eligible to receive these benefits provided that during the fiscal year of the employee's retirement, they had attained the age of 51 years and have completed 10 years of continuous full-time employment with the School District. The retiring employee shall receive compensation for every year of service in the School District at a rate based upon the year of retirement. For the 2019/2020 school year, the rate was \$500. As of June 30, 2020, forty-eight (48) employees were eligible to receive these benefits for a total liability of \$499,050.

Note 17 - Construction Commitment

As of June 30, 2020, the School District had construction commitments of approximately \$18,286,897 for the construction of the new high school, which is anticipated to be completed January 2021.

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

**Peters Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2020**

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Local Sources | | | | |
| Taxes | | | | |
| Current Real Estate Taxes | \$ 41,968,297 | \$ 41,968,297 | \$ 42,046,315 | \$ 78,018 |
| Interim Real Estate Taxes | 250,000 | 250,000 | 106,644 | (143,356) |
| Public Utility Realty Taxes | 45,000 | 45,000 | 43,446 | (1,554) |
| Local Services Taxes | 45,000 | 45,000 | 46,395 | 1,395 |
| Earned Income Taxes | 6,286,807 | 6,286,807 | 6,328,704 | 41,897 |
| Real Estate Transfer Taxes | 878,980 | 878,980 | 925,047 | 46,067 |
| Delinquencies on Taxes | 625,641 | 625,641 | 408,518 | (217,123) |
| Earnings on Investments | 450,000 | 450,000 | 489,542 | 39,542 |
| Other Local Revenues | | | | |
| Revenue from Student Activities | 291,041 | 291,041 | 275,255 | (15,786) |
| Other School District Activity Income | 13,000 | 13,000 | 11,316 | (1,684) |
| Federal Revenues from IU | 532,000 | 532,000 | 517,059 | (14,941) |
| Contributions & Donations from Private Sources | 10,000 | 10,000 | - | (10,000) |
| Rentals | 40,000 | 40,000 | 29,311 | (10,689) |
| Tuition from other LEAs | 100,000 | 100,000 | 60,880 | (39,120) |
| Transportation Fees | 10,000 | 10,000 | 11,150 | 1,150 |
| Refund of Prior Year's Expenditures | 30,000 | 30,000 | 61,558 | 31,558 |
| Miscellaneous Revenue | 12,000 | 12,000 | 36,311 | 24,311 |
| Total Revenues from Local Sources | <u>51,587,766</u> | <u>51,587,766</u> | <u>51,397,451</u> | <u>(190,315)</u> |
| State Sources | | | | |
| Basic Instructional & Oper. Subsidies | | | | |
| Basic Instructional Subsidy | 5,553,343 | 5,553,343 | 5,630,083 | 76,740 |
| Tuition | 5,000 | 5,000 | - | (5,000) |
| Subsidies for Spec. Educ. Programs | | | | |
| Special Education of Excep. Pupils | 1,620,745 | 1,620,745 | 1,657,860 | 37,115 |
| Subsidies for Noneduc. Programs | | | | |
| Transportation (Regular & Additional) | 950,000 | 950,000 | 862,882 | (87,118) |
| Rentals & Sinking Fund Payments | 269,640 | 269,640 | 662,038 | 392,398 |
| Ready to Learn Block Grant | 335,813 | 335,813 | 335,813 | - |
| Health Services | 75,000 | 75,000 | 73,652 | (1,348) |
| State Property Tax Reduction | 728,324 | 728,324 | 728,324 | - |
| Social Security Payments | 1,206,123 | 1,206,123 | 1,138,742 | (67,381) |
| State Retirement Revenue | 5,423,899 | 5,423,899 | 5,194,139 | (229,760) |
| Other State Revenue | - | - | 48,757 | 48,757 |
| Total Revenues from State Sources | <u>16,167,887</u> | <u>16,167,887</u> | <u>16,332,290</u> | <u>164,403</u> |

**Peters Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2020**

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-------------------|--------------------------------|---|
| | Original | Final | | |
| Federal Sources | | | | |
| Restricted Grants-In-Aid from the Fed. Gov't. through the Commonwealth | | | | |
| Title I | 175,000 | 175,000 | 130,100 | (44,900) |
| Title II | 60,000 | 60,000 | 56,312 | (3,688) |
| Title IV | - | - | 10,435 | 10,435 |
| ARRA Build America Bonds | 20,000 | 20,000 | 34,941 | 14,941 |
| School Based Access | 150,000 | 150,000 | 313,950 | 163,950 |
| Title XIX | - | - | 2,899 | 2,899 |
| Total Revenues from Federal Sources | <u>405,000</u> | <u>405,000</u> | <u>548,637</u> | <u>143,637</u> |
| Total Revenues | <u>68,160,653</u> | <u>68,160,653</u> | <u>68,278,378</u> | <u>117,725</u> |
| Other Financing Sources | | | | |
| Sale of Capital Assets | <u>1,000</u> | <u>1,000</u> | <u>18,936</u> | <u>17,936</u> |
| Total Revenues and Other Financing Sources | <u>68,161,653</u> | <u>68,161,653</u> | <u>68,297,314</u> | <u>135,661</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Regular Programs | | | | |
| Personal Services | | | | |
| Salaries | 18,788,185 | 18,788,185 | 18,734,693 | 53,492 |
| Employee Benefits | 11,774,608 | 11,774,608 | 11,693,899 | 80,709 |
| Purchased Prof. and Tech. Services | 51,050 | 51,050 | 21,541 | 29,509 |
| Purchased Property Services | 196,466 | 185,734 | 171,651 | 14,083 |
| Other Purchased Services | 537,333 | 544,333 | 495,794 | 48,539 |
| Supplies | 351,605 | 328,682 | 323,642 | 5,040 |
| Property | 418,626 | 412,882 | 397,921 | 14,961 |
| Other Objects | <u>20,950</u> | <u>21,285</u> | <u>12,496</u> | <u>8,789</u> |
| Total Regular Programs | <u>32,138,823</u> | <u>32,106,759</u> | <u>31,851,637</u> | <u>255,122</u> |

**Peters Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2020**

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|------------------------------------|-------------------------|-------------------|--------------------------------|---|
| | Original | Final | | |
| Special Programs | | | | |
| Personal Services | | | | |
| Salaries | 3,494,379 | 3,494,379 | 3,342,025 | 152,354 |
| Employee Benefits | 2,023,654 | 2,023,654 | 1,916,623 | 107,031 |
| Purchased Prof. and Tech. Services | 1,555,854 | 1,555,854 | 836,089 | 719,765 |
| Purchased Property Services | 24,600 | 24,600 | 17,848 | 6,752 |
| Other Purchased Services | 757,450 | 757,450 | 802,229 | (44,779) |
| Supplies | 28,521 | 28,533 | 19,281 | 9,252 |
| Property | 6,000 | 6,000 | 552 | 5,448 |
| Other Objects | 1,500 | 1,500 | 282 | 1,218 |
| Total Special Programs | <u>7,891,958</u> | <u>7,891,970</u> | <u>6,934,929</u> | <u>957,041</u> |
| Vocational Education Programs | | | | |
| Other Purchased Services | <u>234,450</u> | <u>234,450</u> | <u>340,815</u> | <u>(106,365)</u> |
| Other Instructional Programs | | | | |
| Personal Services | | | | |
| Salaries | 69,347 | 69,347 | 23,433 | 45,914 |
| Employee Benefits | 40,602 | 40,602 | 12,973 | 27,629 |
| Other Purchased Services | 500 | 500 | 1,882 | (1,382) |
| Other Objects | <u>-</u> | <u>-</u> | <u>3,709</u> | <u>(3,709)</u> |
| Total Other Instructional Programs | <u>110,449</u> | <u>110,449</u> | <u>41,997</u> | <u>68,452</u> |
| Nonpublic School Programs | | | | |
| Purchased Prof. and Tech. Services | <u>1,600</u> | <u>1,600</u> | <u>21,433</u> | <u>(19,833)</u> |
| Total Instruction | <u>40,377,280</u> | <u>40,345,228</u> | <u>39,190,811</u> | <u>1,154,417</u> |

**Peters Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2020**

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|------------------------------------|-------------------------|------------------|--------------------------------|---|
| | Original | Final | | |
| Support Services | | | | |
| Pupil Personnel | | | | |
| Personal Services | | | | |
| Salaries | 1,633,142 | 1,633,142 | 1,472,148 | 160,994 |
| Employee Benefits | 1,052,107 | 1,052,107 | 982,947 | 69,160 |
| Purchased Prof. and Tech. Services | 530 | 200 | 450,793 | (450,593) |
| Other Purchased Services | 2,855 | 2,920 | 3,721 | (801) |
| Supplies | 54,130 | 55,658 | 34,496 | 21,162 |
| Other Objects | 2,845 | 3,300 | 2,874 | 426 |
| Total Pupil Personnel | <u>2,745,609</u> | <u>2,747,327</u> | <u>2,946,979</u> | <u>(199,652)</u> |
| Instructional Staff | | | | |
| Personal Services | | | | |
| Salaries | 894,831 | 894,831 | 856,097 | 38,734 |
| Employee Benefits | 472,285 | 472,285 | 560,024 | (87,739) |
| Purchased Prof. and Tech. Services | 69,496 | 69,496 | 118 | 69,378 |
| Purchased Property Services | 77,314 | 76,996 | 63,529 | 13,467 |
| Other Purchased Services | 2,550 | 2,500 | 6,443 | (3,943) |
| Supplies | 197,209 | 196,176 | 192,838 | 3,338 |
| Property | 21,061 | 20,795 | 33,078 | (12,283) |
| Other Objects | 17,706 | 17,806 | 11,725 | 6,081 |
| Total Instructional Staff | <u>1,752,452</u> | <u>1,750,885</u> | <u>1,723,852</u> | <u>27,033</u> |
| Administration | | | | |
| Personal Services | | | | |
| Salaries | 2,045,997 | 2,045,997 | 1,983,130 | 62,867 |
| Employee Benefits | 1,279,816 | 1,279,816 | 1,195,155 | 84,661 |
| Purchased Prof. and Tech. Services | 274,724 | 274,724 | 301,239 | (26,515) |
| Purchased Property Services | 5,150 | 5,150 | 3,717 | 1,433 |
| Other Purchased Services | 115,555 | 113,945 | 57,106 | 56,839 |
| Supplies | 94,089 | 94,406 | 73,693 | 20,713 |
| Property | 3,459 | 8,527 | 389 | 8,138 |
| Other Objects | 47,369 | 47,169 | 31,012 | 16,157 |
| Total Administration | <u>3,866,159</u> | <u>3,869,734</u> | <u>3,645,441</u> | <u>224,293</u> |

**Peters Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2020**

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------|--------------------------------|---|
| | Original | Final | | |
| Pupil Health | | | | |
| Personal Services | | | | |
| Salaries | 405,160 | 405,160 | 428,261 | (23,101) |
| Employee Benefits | 255,075 | 255,075 | 272,292 | (17,217) |
| Purchased Prof. and Tech. Services | 8,750 | 7,875 | 6,539 | 1,336 |
| Purchased Property Services | 100 | 200 | - | 200 |
| Other Purchased Services | 350 | 400 | 478 | (78) |
| Supplies | 4,710 | 4,983 | 7,365 | (2,382) |
| Property | 2,050 | 2,150 | 135 | 2,015 |
| Other Objects | - | - | 525 | (525) |
| | <u>676,195</u> | <u>675,843</u> | <u>715,595</u> | <u>(39,752)</u> |
| Total Pupil Health | | | | |
| Business | | | | |
| Personal Services | | | | |
| Salaries | 312,636 | 312,636 | 264,174 | 48,462 |
| Employee Benefits | 192,591 | 192,591 | 182,429 | 10,162 |
| Purchased Prof. and Tech. Services | 10,750 | 10,750 | 750 | 10,000 |
| Purchased Property Services | 58,146 | 58,146 | 41,346 | 16,800 |
| Other Purchased Services | 12,850 | 12,850 | 12,286 | 564 |
| Supplies | 4,200 | 4,299 | 2,816 | 1,483 |
| Property | 500 | 500 | - | 500 |
| Other Objects | 2,050 | 2,050 | 1,239 | 811 |
| | <u>593,723</u> | <u>593,822</u> | <u>505,040</u> | <u>88,782</u> |
| Total Business | | | | |
| Oper. and Maint. of Plant Svcs. | | | | |
| Personal Services | | | | |
| Salaries | 2,027,649 | 2,027,649 | 1,943,618 | 84,031 |
| Employee Benefits | 1,490,496 | 1,490,496 | 1,434,302 | 56,194 |
| Purchased Prof. and Tech. Services | 246,000 | 246,000 | 274,705 | (28,705) |
| Purchased Property Services | 1,290,816 | 1,319,141 | 1,173,508 | 145,633 |
| Other Purchased Services | 117,300 | 117,300 | 150,417 | (33,117) |
| Supplies | 356,036 | 356,036 | 377,276 | (21,240) |
| Property | 10,500 | 10,500 | 798 | 9,702 |
| Other Objects | 9,000 | 9,000 | 6,688 | 2,312 |
| | <u>5,547,797</u> | <u>5,576,122</u> | <u>5,361,312</u> | <u>214,810</u> |
| Total Oper. and Maint. of Plant Svcs. | | | | |

**Peters Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2020**

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|--------------------------------|---|
| | Original | Final | | |
| Student Transportation Services | | | | |
| Personal Services | | | | |
| Salaries | 818,355 | 818,355 | 745,766 | 72,589 |
| Employee Benefits | 399,169 | 399,169 | 353,017 | 46,152 |
| Purchased Prof. and Tech. Services | 6,500 | 6,500 | 7,661 | (1,161) |
| Purchased Property Services | 4,500 | 4,500 | - | 4,500 |
| Other Purchased Services | 1,443,899 | 1,443,899 | 1,466,887 | (22,988) |
| Supplies | 251,500 | 251,500 | 223,997 | 27,503 |
| Property | 41,000 | 41,000 | 38,833 | 2,167 |
| Other Objects | 350 | 350 | 373 | (23) |
| | <u>2,965,273</u> | <u>2,965,273</u> | <u>2,836,534</u> | <u>128,739</u> |
| Total Student Transportation Services | | | | |
| Central | | | | |
| Personal Services | | | | |
| Salaries | 343,253 | 343,253 | 303,018 | 40,235 |
| Employee Benefits | 248,654 | 248,654 | 220,130 | 28,524 |
| Purchased Prof. and Tech. Services | 310,915 | 310,915 | 302,728 | 8,187 |
| Purchased Property Services | 135,236 | 135,236 | 121,415 | 13,821 |
| Other Purchased Services | 10,650 | 10,650 | 11,845 | (1,195) |
| Supplies | 33,956 | 33,956 | 40,748 | (6,792) |
| Property | 92,000 | 92,000 | 82,928 | 9,072 |
| Other Objects | 1,195 | 1,195 | 1,229 | (34) |
| | <u>1,175,859</u> | <u>1,175,859</u> | <u>1,084,041</u> | <u>91,818</u> |
| Total Central | | | | |
| Other | | | | |
| Other Purchased Services | 65,654 | 65,654 | 64,026 | 1,628 |
| | <u>65,654</u> | <u>65,654</u> | <u>64,026</u> | <u>1,628</u> |
| Total Support Services | <u>19,388,721</u> | <u>19,420,519</u> | <u>18,882,820</u> | <u>537,699</u> |

**Peters Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2020**

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------|--------------------------------|---|
| | Original | Final | | |
| Noninstructional Services | | | | |
| Student Activities | | | | |
| Personal Services | | | | |
| Salaries | 842,520 | 842,520 | 893,784 | (51,264) |
| Employee Benefits | 392,727 | 392,727 | 383,956 | 8,771 |
| Purchased Prof. and Tech. Services | 56,400 | 59,023 | 156,866 | (97,843) |
| Purchased Property Services | 26,272 | 29,039 | 28,172 | 867 |
| Other Purchased Services | 28,375 | 26,575 | 16,188 | 10,387 |
| Supplies | 110,191 | 105,815 | 105,853 | (38) |
| Property | 12,572 | 15,952 | 13,106 | 2,846 |
| Other Objects | 18,745 | 16,405 | 1,680 | 14,725 |
| Total Student Activities | <u>1,487,802</u> | <u>1,488,056</u> | <u>1,599,605</u> | <u>(111,549)</u> |
| Community Services | | | | |
| Other Purchased Services | <u>5,000</u> | <u>5,000</u> | <u>3,694</u> | <u>1,306</u> |
| Total Noninstructional Services | <u>1,492,802</u> | <u>1,493,056</u> | <u>1,603,299</u> | <u>(110,243)</u> |
| Debt Service | | | | |
| Refunds of Prior Years Receipts | - | - | 17,122 | (17,122) |
| Fiscal Agent Fees | <u>5,250</u> | <u>5,250</u> | <u>8,150</u> | <u>(2,900)</u> |
| Total Debt Service | <u>5,250</u> | <u>5,250</u> | <u>25,272</u> | <u>(20,022)</u> |
| Total Expenditures | <u>61,264,053</u> | <u>61,264,053</u> | <u>59,702,202</u> | <u>1,561,851</u> |
| Other Financing Uses | | | | |
| Fund Transfers | | | | |
| Food Service Fund | - | - | 127,232 | (127,232) |
| Capital Projects Fund | - | - | 1,900,000 | (1,900,000) |
| Debt Service Fund | <u>6,897,600</u> | <u>6,897,600</u> | <u>6,518,722</u> | <u>378,878</u> |
| Total Other Financing Uses | <u>6,897,600</u> | <u>6,897,600</u> | <u>8,545,954</u> | <u>(1,648,354)</u> |

**Peters Township School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2020**

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|-------------------------|----------------------|--------------------------------|---|
| | Original | Final | | |
| Total Expenditures and Other Financing Uses | <u>68,161,653</u> | <u>68,161,653</u> | <u>68,248,156</u> | <u>(86,503)</u> |
| Net Change in Fund Balance | - | - | 49,158 | 49,158 |
| Fund Balance - July 1, 2019 | <u>10,934,201</u> | <u>10,934,201</u> | <u>10,963,746</u> | <u>29,545</u> |
| Fund Balance - June 30, 2020 | <u>\$ 10,934,201</u> | <u>\$ 10,934,201</u> | <u>\$ 11,012,904</u> | <u>\$ 78,703</u> |

Peters Township School District
Note to the Required Supplementary Information
Budget Comparison
June 30, 2020

Note 1 – Budgetary Information

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at year-end.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budget during the year).

**Peters Township School District
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability
and Related Ratios
Last Four Years**

| | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 |
|---|----------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | |
| Service cost | \$ 391,428 | \$ 374,899 | \$ 376,566 | \$ - |
| Interest | 303,652 | 305,111 | 277,065 | - |
| Change of benefit terms | - | - | (305,207) | - |
| Differences (Expected vs. Actual) | 1,267,644 | 616,564 | - | - |
| Changes of Assumptions | - | (407,620) | - | - |
| Benefit payments | <u>(104,346)</u> | <u>(123,093)</u> | <u>(280,885)</u> | <u>-</u> |
| Net Change in Total OPEB Liability | 1,858,378 | 765,861 | 67,539 | - |
| Total OPEB Liability - Beginning | <u>8,336,518</u> | <u>7,570,657</u> | <u>7,503,118</u> | <u>-</u> |
| Total OPEB Liability - Ending | <u>\$ 10,194,896</u> | <u>\$ 8,336,518</u> | <u>\$ 7,570,657</u> | <u>\$ 7,503,118</u> |
| Covered-Employee Payroll | \$ 26,441,485 | \$ 25,160,030 | \$24,083,545 | N/A |
| Total OPEB Liability as a Percentage of Covered-Employee Payroll | 38.56% | 33.13% | 31.43% | N/A |

Notes to Schedule:

GASB 75 was implemented beginning with fiscal year ended June 30, 2018.

Assumption Changes:

Discount rate used for fiscal year ending:

| | |
|------|-------|
| 2020 | 2.21% |
| 2019 | 3.50% |

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**Peters Township School District
Required Supplementary Information
Schedule of School District's Contributions
PSERS
Last Six Years**

| | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
|---|-------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually Required Contribution | \$ 10,276,282 | \$ 9,730,680 | \$ 9,272,264 | \$ 8,476,411 | \$ 6,892,047 | \$ 5,740,697 |
| Contributions in Relation to the Contractually Required Contribution | <u>10,276,282</u> | <u>9,730,680</u> | <u>9,272,264</u> | <u>8,476,411</u> | <u>6,892,047</u> | <u>5,740,697</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| School District's Covered Payroll | \$ 31,132,388 | \$ 30,042,068 | \$ 29,477,160 | \$ 29,593,076 | \$ 28,147,771 | \$ 28,739,793 |
| Contributions as a Percentage of Covered Payroll | 33.01% | 32.39% | 31.46% | 28.64% | 24.49% | 19.97% |

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

The covered-payroll amount reported for June 30, 2019 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2020.

**Peters Township School District
Required Supplementary Information
Schedule of School District's Proportionate Share
of the Net Pension Liability
PSERS
Last Seven Years
(Dollar Amount in Thousands)**

| | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 | June 30, 2013 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| School District's Proportion of the Net Pension Liability (Asset) | 0.2178% | 0.2189% | 0.2223% | 0.2174% | 0.2234% | 0.2173% | 0.2035% |
| School District's Proportionate Share of the Net Pension Liability (Asset) | \$ 101,893 | \$ 105,083 | \$ 109,790 | \$ 107,737 | \$ 96,766 | \$ 86,009 | \$ 83,305 |
| School District's Covered Payroll | \$ 30,042 | \$ 29,477 | \$ 29,593 | \$ 28,148 | \$ 28,739 | \$ 27,730 | \$ 26,110 |
| School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 339.17% | 356.49% | 371.00% | 382.75% | 336.71% | 310.17% | 319.05% |
| Plan Fiduciary Net Position as a Percentage of The Total Pension Liability | 55.66% | 54.00% | 51.84% | 50.14% | 54.36% | 57.24% | 54.49% |

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**Peters Township School District
Required Supplementary Information
Schedule of School District's Contributions
PSERS OPEB Plan
Last Three Years**

| | June 30, 2020 | June 30, 2019 | June 30, 2018 |
|---|------------------|------------------|------------------|
| Contractually Required Contribution | \$ 256,559 | \$ 246,945 | \$ 242,723 |
| Contributions in Relation to the Contractually Required Contribution | <u>256,559</u> | <u>246,945</u> | <u>242,723</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| School District's Covered Payroll | \$31,132,388 | \$29,854,461 | \$29,477,160 |
| Contributions as a Percentage of Covered Payroll | 0.82% | 0.83% | 0.82% |

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

The covered-payroll amount reported for June 30, 2019 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2020.

**Peters Township School District
Required Supplementary Information
Schedule of School District's Proportionate Share
of the Net OPEB Liability
PSERS OPEB Plan
Last Three Years
(Dollar Amount in Thousands)**

| | June 30, 2019 | June 30, 2018 | June 30, 2017 |
|--|------------------|------------------|------------------|
| School District's Proportion of the Net OPEB Liability (Asset) | 0.2178% | 0.2189% | 0.2223% |
| School District's Proportionate Share of the Net OPEB Liability (Asset) | \$ 4,632 | \$ 4,564 | \$ 4,529 |
| School District's Covered Payroll | \$ 30,042 | \$ 29,477 | \$ 29,593 |
| School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll | 15.42% | 15.48% | 15.30% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 5.56% | 5.56% | 5.73% |

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

SINGLE AUDIT SECTION

HOSACK, SPECHT, MUETZEL & WOOD LLP
CERTIFIED PUBLIC ACCOUNTANTS
2 PENN CENTER WEST, SUITE 326
PITTSBURGH, PENNSYLVANIA 15276
PHONE - 412-343-9200
FAX - 412-343-9209
HSMW@HSMWCPA.COM
WWW.HSMWCPA.COM

Members of the Board
Peters Township School District
McMurray, Pennsylvania

Dear Members:

The reports contained in this single audit section are required in addition to the financial statements. The various reports for Peters Township School District for the period ended June 30, 2020 were prepared to fulfill the requirements of the Government Auditing Standards and the Uniform Grant Guidance. A summary of the reports are as follows:

- A. 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*
- B. Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- C. Schedule of Findings and Questioned Costs
- D. Schedule of Expenditures of Federal Awards
- E. List of Report Distribution

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
February 23, 2021

HOSACK, SPECHT, MUETZEL & WOOD LLP
CERTIFIED PUBLIC ACCOUNTANTS
2 PENN CENTER WEST, SUITE 326
PITTSBURGH, PENNSYLVANIA 15276
PHONE - 412-343-9200
FAX - 412-343-9209
HSMW@HSMWCPA.COM
WWW.HSMWCPA.COM

EXHIBIT A

**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***

Members of the Board
Peters Township School District
McMurray, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Peters Township School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Peters Township School District's basic financial statements, and have issued our report thereon dated February 23, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
February 23, 2021

HOSACK, SPECHT, MUETZEL & WOOD LLP
CERTIFIED PUBLIC ACCOUNTANTS
2 PENN CENTER WEST, SUITE 326
PITTSBURGH, PENNSYLVANIA 15276
PHONE - 412-343-9200
FAX - 412-343-9209
HSMW@HSMWCPA.COM
WWW.HSMWCPA.COM

EXHIBIT B

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

Members of the Board
Peters Township School District
McMurray, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Peters Township School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Peters Township School District's major federal programs for the year ended June 30, 2020. Peters Township School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Peters Township School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Peters Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Peters Township School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Peters Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of 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.

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
February 23, 2021

**Peters Township School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

EXHIBIT C

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report was unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes ✓ no
- Significant deficiency(ies) identified? _____ yes ✓ none reported

Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes ✓ no
- Significant deficiency(ies) identified? _____ yes ✓ none reported

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

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

Identification of major programs:

| | |
|----------------|------------------------------------|
| CFDA Number(s) | Name of Federal Program or Cluster |
| 84.027 | Special Education Cluster |

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

Auditee qualified as low-risk auditee? ✓ yes _____ no

**Peters Township School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

EXHIBIT C

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were noted.

Section IV – Status of Prior Year’s Findings

No prior year’s findings.

Peters Township School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

EXHIBIT D

| Federal Grantor/ Pass Through Grantor/ Project Title | Source Code | Federal CFDA Number | Pass Through Grantor's Number | Grant Period Beginning/ Ending Date | Program or Award Amount | Total Received for the Year | Accrued or (Deferred) Revenue 07/01/19 | Revenue Recognized | Expendi- tures | Accrued or (Deferred) Revenue 06/30/20 |
|--|----------------|---------------------------|--|---|-------------------------------|--------------------------------------|---|-----------------------|-------------------|---|
| U.S. Department of Education | | | | | | | | | | |
| Passed through the Pennsylvania | | | | | | | | | | |
| Department of Education | | | | | | | | | | |
| Title I Improving Basic Programs | I | 84.010 | 013-200334 | 07/01/19-09/30/20 | \$ 118,510 | \$ 94,808 | \$ - | \$ 118,510 | \$ 118,510 | \$ 23,702 |
| Title I Improving Basic Programs | I | 84.010 | 013-190334 | 07/01/18-09/30/19 | 139,424 | 37,180 | 25,590 | 11,590 | 11,590 | - |
| | | | | | | <u>131,988</u> | <u>25,590</u> | <u>130,100</u> | <u>130,100</u> | <u>23,702</u> |
| Title II Improving Teacher Quality | I | 84.367 | 020-200334 | 07/01/19-09/30/20 | 56,312 | 44,663 | - | 56,312 | 56,312 | 11,649 |
| Title II Improving Teacher Quality | I | 84.367 | 020-190334 | 07/01/18-09/30/19 | 59,234 | 7,880 | 7,880 | - | - | - |
| | | | | | | <u>52,543</u> | <u>7,880</u> | <u>56,312</u> | <u>56,312</u> | <u>11,649</u> |
| Title IV Student Sup. and Acad. Enrichment | I | 84.424 | 144-200334 | 07/01/19-09/30/20 | 10,435 | 10,435 | - | 10,435 | 10,435 | - |
| Passed through the Intermediate Unit # 1 | | | | | | | | | | |
| IDEA B | I | 84.027 | N/A | 07/01/19-06/30/20 | 517,059 | 517,059 | - | 517,059 | 517,059 | - |
| Total Special Education Cluster | | | | | | <u>517,059</u> | <u>-</u> | <u>517,059</u> | <u>517,059</u> | <u>-</u> |
| Total U.S. Department of Education | | | | | | <u>712,025</u> | <u>33,470</u> | <u>713,906</u> | <u>713,906</u> | <u>35,351</u> |
| U.S. Department of Health and Human Services | | | | | | | | | | |
| Passed through the Pennsylvania | | | | | | | | | | |
| Department of Public Welfare | | | | | | | | | | |
| Medical Assistance Reimb. for Adm. Title 19 | I | 93.778 | N/A | 07/01/19-06/30/20 | 2,899 | 2,855 | 1,691 | 2,899 | 2,899 | 1,735 |
| U.S. Department of Agriculture | | | | | | | | | | |
| Passed through the Pennsylvania | | | | | | | | | | |
| Department of Education | | | | | | | | | | |
| National School Lunch Program | I | 10.555 | N/A | 07/01/19-06/30/20 | N/A | 113,346 | 3,144 | 124,072 | 124,072 | 13,870 |
| Passed through the Pennsylvania | | | | | | | | | | |
| Department of Agriculture | | | | | | | | | | |
| National School Lunch Program (Donated Commodities Non Cash Assistance) | I | 10.555 | N/A | 07/01/19-06/30/20 | N/A | 74,704 | (6,429) | 70,509 | 70,509 | (10,624) |
| Total U.S. Department of Agriculture and Child Nutrition Cluster | | | | | | <u>188,050</u> | <u>(3,285)</u> | <u>194,581</u> | <u>194,581</u> | <u>3,246</u> |
| Total Federal Financial Assistance | | | | | | <u>\$ 902,930</u> | <u>\$ 31,876</u> | <u>\$ 911,386</u> | <u>\$ 911,386</u> | <u>\$ 40,332</u> |

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**Peters Township School District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

EXHIBIT D

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Peters Township School District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Peters Township School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Peters Township School District.

Note B - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Peters Township School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C - Source Code

The Source Code (I) indicates funds received indirectly.

Note D - Reconciliation with Subsidy Confirmation

| | |
|------------------------------------|------------------------------|
| Amounts Received Per Schedule | \$ 902,930 |
| Less: Commodities Received | (74,704) |
| Less: Passage Through IU | (517,059) |
| Less: Title 19 | (2,855) |
| Add: Medical Assistance - Access | 313,950 |
| Add: State Funding on Confirmation | <u>25,291</u> |
| Per Subsidy Confirmation | <u><u>\$ 647,553</u></u> |

Note E - Subrecipients

The School District did not pass through any federal expenditures to subrecipients.

**Peters Township School District
List of Report Distribution
June 30, 2020**

EXHIBIT E

1 Copy – Bureau of Audits

1 Copy – Bureau of the Census