

**TYRONE AREA SCHOOL DISTRICT**

**FINANCIAL REPORT**

**JUNE 30, 2021**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of School Directors  
Tyrone Area School District  
Tyrone, 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 the Tyrone Area School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the 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 *Italicize*, 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 of 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 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 Tyrone Area School District, as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As disclosed in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 84 Fiduciary Activities, as of July 1, 2020. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages 4 through 16 and the required supplementary information as listed in the 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.

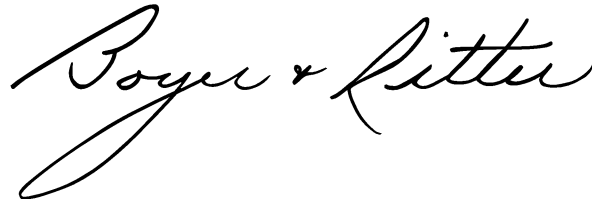
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tyrone Area School District’s basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal 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 January 19, 2022, on our consideration of Tyrone Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 Tyrone Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering Tyrone Area School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

State College, Pennsylvania  
January 19, 2022

# **TYRONE AREA SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2021**

This discussion and analysis of Tyrone Area School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance overall. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the basic financial statements and the notes to the financial statements.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Government Accounting Standards Board (GASB) in its Statement No. 34 issued in June 1999.

## **Background**

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.

Previous standards (pre GASB 34) required modified accrual (no receivables/accruals beyond 60 days), no capital asset depreciation and no reports of combined net position. GASB 34 requires fixed asset accounting, properly combining of multiple funds and the realization of the depreciation expense as part of the Statement of Net Position and Statement of Activities.

Various statements required under GASB 34 are:

- ◆ Statement of Net Position
- ◆ Statement of Activities
- ◆ Balance Sheet of Governmental Funds
- ◆ Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
- ◆ Statement of Revenues, Expenditures, and Changes in Fund Balances
- ◆ Reconciliation of Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities
- ◆ Statement of Revenues, Expenditures and Changes in Fund Balance

## **Overview of the Financial Statements**

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Tyrone Area School District include most of the School District's basic services, such as regular and special education, administration and transportation. Property taxes and formula-based state aid finance most of these activities. The Food Service Fund is the sole business-type activity for Tyrone Area School District.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Tyrone Area School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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



**Proprietary funds.** Tyrone Area School District maintains two proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Tyrone Area School District uses an enterprise funds to account for its Food Service Fund and Day Care Fund. *Internal Service funds* (the other type of proprietary fund) are used to report activities that provide supplies and services for the government's other programs and activities. The School District currently does not have any internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Food Service Fund, which is considered to be a major fund of the School District, and the Day Care Fund.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the operations of the Tyrone Area School District. The accounting used for fiduciary funds is much like that used for proprietary funds.

Tyrone Area School District maintains two fiduciary funds, a Consolidated Scholarship Trust Fund and a Student Activities Fund.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*.

**Table A-1** summarizes the major features of the District’s financial statements, including the portion of the District they cover and the types of information they contain. The remainder to this overview section of MD&A explains the structure and contents of the statements.

**Table A-1**  
**Major Features of Southern Fulton School District’s**  
**Government-Wide and Fund Financial Statements**

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<b>Scope</b>	Entire District (except fiduciary funds)	Activities of the District <b>that are not proprietary or fiduciary</b> , such as education, administration and community services	Activities the District operates similar to private business - <b>Food Service Day Care</b>	Activities in which the District is the trustee or agent for another party’s resources - <b>Scholarship Fund Student Activities Fund</b>
<b>Required Financial Information</b>	Statement of Net Position  Statement of Activities	Balance Sheet  Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position  Statement of Revenues, Expenses and Changes in Position  Statement of Cash Flows	Statement of Fiduciary Net Position  Statement of Changes in Fiduciary Net Position
<b>Accounting Basis and Measurement Focus</b>	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
<b>Type of asset/liability information</b>	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
<b>Type of inflow/outflow information</b>	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

## **Entity-Wide Statements**

The entity-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The two entity-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's overall financial position.

- Increases or decreases in the District's net position is one indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the District's additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, should be considered.

In the entity-wide financial statements, the District's activities are divided into two categories:

- Governmental activities - Most of the District's basic services are included here, such as regular and special education, transportation, support services, community programs and administration. Property taxes and state formula aid finance most of these activities.
- Business-type activities - The District charges fees and received federal and state reimbursements to cover the costs of its food service operation. The financial activities of this program are reported as a business-type activity.

## **Financial Highlights - Entity-Wide Statements**

The District's financial status, as reflected in total net position, decreased by (\$438,028) for the current fiscal period. Net position of governmental activities decreased (\$495,498). Business-type activities increased \$57,470 mainly as a result of Covid related legislation and funding.

Business-type activities had a net decrease in capital assets of (\$20,955) and governmental activities had a net decrease of (\$679,055) in capital assets as a result of depreciation outpacing acquisition of new equipment/capital assets.

On the Statement of Activities, the District had a total of \$28,080,234 of program revenues, general revenues, and charge for services and \$28,518,262 of expenses that resulted in the (\$438,028) decrease in net position. Operating grants and contributions and charge for services provided \$11,040,569 (39.32%), grants, subsidies and contributions \$9,423,356 (33.56%); property and other taxes \$7,527,088 (26.81%), and other revenues accounted for \$89,221 (0.32%).

In governmental activities, general tax revenues are primarily comprised of property taxes that accounted for \$5,846,157 or 77.67% of tax revenue, while all other taxes accounted for \$1,680,931 or 22.33%. The District does not levy any per capita tax or realty transfer tax.

The school food service program one of the District's business-type activities, had a total \$1,040,620 of expenses, of which \$76,027 was financed by charges for services and \$983,440 with federal and state subsidies. The overall net position of the food service program was (\$436,326) as of June 30, 2021. The day care had a total of \$449,396 in expenses, of which \$227,138 was financed by charges for services and \$260,437 with federal and state subsidies. The overall net position of the day care program was (\$147,739) as of June 30, 2021.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has three kinds of funds:

- Governmental funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Consequently, the government funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental fund information does not report on long-term commitments as is reported on the District-wide statements. Therefore, an explanation of the differences between the governmental funds and the District-wide statements is included as a separate statement.
- Proprietary funds - The food service fund, and activity for which the District charges a fee and for which revenues are expected to cover all expenses is reported as a proprietary fund. Proprietary funds are reported in the same way as the District-wide statements.
- Fiduciary funds - The District serves as a trustee, or fiduciary, for student organizations. The assets of these organizations belong to the organization, and not the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those whom the assets belong. These activities are excluded from the District-wide financial statements because the District cannot use these assets to finance its operations.

## **Financial Highlights - Fund Financial Statements**

The general fund ending unassigned fund balance of \$1,783,894 equates to 6.64% of the adjusted operating budget of \$26,872,950. This includes a \$600,000 transfer to the capital reserve fund. This is in line with the goal stated in Board Policy 620 which directs the school District to strive to maintain an unassigned general fund balance of not less than six percent (2%) and not more than eight percent (8%) of the budgeted expenditures for the fiscal year.

- Total general fund revenues were \$2,104,345 or 8.59% more than budgeted.
- Total general fund expenses were \$427,547 or 1.59% less than budgeted.

The net change in fund balance of all governmental funds was \$190,391. This is comprised of the results from general operations of the General Fund Account \$134,686; Capital Reserve (#32) Account (\$55,705). The ending fund balance for Capital Projects was \$2,947,210.

The General Fund had an ending fund balance of \$8,948,541 of which \$1,783,894 is unassigned. This includes athletic activities.

A portion of the District's Fund Balance has been identified as restricted and assigned through board action as follows:

Restricted: Future Retirement	\$ 1,000,000
Assigned:	
Projected State and Federal Funding Shortfall	2,000,000
Future Technology Needs	2,000,000
Capital Project Needs	2,164,647
	<hr/>
	\$ 7,164,647
	<hr/>

The Capital Reserve fund had an ending fund balance of \$2,947,210. This entire amount is committed to debt service payments and capital repairs, or improvements as defined in Municipal Code Section 1431.

## **Government-wide Financial Analysis**

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Tyrone Area School District, assets exceeded liabilities by \$7,061,916 at the close of most recent fiscal year.

By far the largest portion of the School District's assets reflects its investment in capital assets (e.g., land, buildings, furniture and equipment, construction-in-progress). The Tyrone Area School District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. The largest portion of the School District's liabilities is its long-term liabilities related to pension and other post-employment benefits.

An additional portion of the District’s net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the government’s ongoing obligations.

The Net Position as of June 30, 2021 and 2020, for Tyrone Area School District is summarized below in Table A-2. At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Table A-2  
Tyrone Area School District  
Net Position  
June 30,

	2021			2020		
	Governmental Activities	Business-Type Activities	Total School District	Governmental Activities	Business-Type Activities	Total School District
<b>Assets</b>						
Current and other assets	\$ 15,822,560	\$ 806,436	\$ 16,628,996	\$ 16,531,409	\$ 632,746	\$ 17,164,155
Capital assets	33,804,256	98,293	33,902,549	34,483,311	119,248	34,602,559
<b>Total assets</b>	<b>\$ 49,626,816</b>	<b>\$ 904,729</b>	<b>\$ 50,531,545</b>	<b>\$ 51,014,720</b>	<b>\$ 751,994</b>	<b>\$ 51,766,714</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 6,787,000</b>	<b>\$ 250,000</b>	<b>\$ 7,037,000</b>	<b>\$ 5,747,642</b>	<b>\$ 219,358</b>	<b>\$ 5,967,000</b>
<b>Liabilities</b>						
Long-term liabilities outstanding	\$ 43,166,904	\$ 1,622,508	\$ 44,789,412	\$ 41,704,045	\$ 1,515,417	\$ 43,219,462
Other liabilities	3,465,931	51,286	3,517,217	4,304,380	34,928	4,339,308
<b>Total liabilities</b>	<b>\$ 46,632,835</b>	<b>\$ 1,673,794</b>	<b>\$ 48,306,629</b>	<b>\$ 46,008,425</b>	<b>\$ 1,550,345</b>	<b>\$ 47,558,770</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 2,135,000</b>	<b>\$ 65,000</b>	<b>\$ 2,200,000</b>	<b>\$ 2,612,458</b>	<b>\$ 62,542</b>	<b>\$ 2,675,000</b>
<b>Net Position</b>						
Invested in capital assets, net of related debt	\$ 33,804,256	\$ 98,293	\$ 33,902,549	\$ 34,483,311	\$ 119,248	\$ 34,602,559
Restricted	2,947,210	-	2,947,210	2,891,505	-	2,891,505
Unrestricted	(29,105,485)	(682,358)	(29,787,843)	(29,233,337)	(760,783)	(29,994,120)
<b>Total net position</b>	<b>\$ 7,645,981</b>	<b>\$ (584,065)</b>	<b>\$ 7,061,916</b>	<b>\$ 8,141,479</b>	<b>\$ (641,535)</b>	<b>\$ 7,499,944</b>

**Changes in Net Position.** The results of this year’s operations as a whole are reported in the Statement of Activities in the basic financial statements. Table A-3 takes the information from that Statement and rearranges it slightly so that you can see total revenues for the year. The two largest general revenues are the formula-based state aid received from the Commonwealth of Pennsylvania and the local taxes assessed to property owners.

Table A-3  
Tyrone Area School District  
Changes in Net Position  
June 30,

	2021			2020		
	Governmental Activities	Business-Type Activities	Total School District	Governmental Activities	Business-Type Activities	Total School District
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 53,126	\$ 303,165	\$ 356,291	\$ 135,106	\$ 647,907	\$ 783,013
Operating grants and contributions	9,440,401	1,243,877	10,684,278	8,096,336	861,259	8,957,595
General revenues						
Property taxes	5,846,157	-	5,846,157	5,801,688	-	5,801,688
Formula-based state aid	9,423,356	-	9,423,356	9,423,360	-	9,423,360
Other	1,769,708	444	1,770,152	1,915,787	1,115	1,916,902
<b>Total revenues</b>	<b>26,532,748</b>	<b>1,547,486</b>	<b>28,080,234</b>	<b>25,372,277</b>	<b>1,510,281</b>	<b>26,882,558</b>
<b>Expenses</b>						
Instruction	16,931,635	-	16,931,635	15,950,960	-	15,950,960
Instructional student support	2,300,326	-	2,300,326	2,002,479	-	2,002,479
Admin. and financial support	3,798,949	-	3,798,949	3,409,278	-	3,409,278
Operation and maint. of plant svcs.	2,126,779	-	2,126,779	2,199,463	-	2,199,463
Pupil transportation	1,277,391	-	1,277,391	1,308,119	-	1,308,119
Food service	-	1,040,620	1,040,620	-	1,160,210	1,160,210
Day care	-	449,396	449,396	-	439,307	439,307
Other	593,166	-	593,166	512,134	-	512,134
<b>Total expenses</b>	<b>27,028,246</b>	<b>1,490,016</b>	<b>28,518,262</b>	<b>25,382,433</b>	<b>1,599,517</b>	<b>26,981,950</b>
<b>Changes in net position</b>	<b>\$ (495,498)</b>	<b>\$ 57,470</b>	<b>\$ (438,028)</b>	<b>\$ (10,156)</b>	<b>\$ (89,236)</b>	<b>\$ (99,392)</b>

## Capital Asset and Debt Administration

**Capital assets.** The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2021 and 2020, is summarized in Table A-4 below:

Table A-4  
Tyrone Area School District  
Capital Assets - Net of Depreciation  
(in thousands of dollars)

	Governmental Activities	Business-Type Activities	Total School District
2021			
Construction-in-progress	\$ 282,940	\$ -	\$ 282,940
Land and improvements	2,378,893	-	2,378,893
Buildings and building improvements	30,200,410	-	30,200,410
Furniture and equipment	942,013	98,293	1,040,306
<b>Total capital assets - net of depreciation</b>	<b>\$ 33,804,256</b>	<b>\$ 98,293</b>	<b>\$ 33,902,549</b>
2020			
Construction-in-progress	\$ 591,200	\$ -	\$ 591,200
Land and improvements	2,533,342	-	2,533,342
Buildings and building improvements	30,201,993	-	30,201,993
Furniture and equipment	1,156,776	119,248	1,276,024
<b>Total capital assets - net of depreciation</b>	<b>\$ 34,483,311</b>	<b>\$ 119,248</b>	<b>\$ 34,602,559</b>

### Long-Term Debt

At the end of the current fiscal year, Tyrone Area School District had no debt outstanding.

### Strategic Plan

Tyrone Area School District is operating under the 2019-2022 Comprehensive Plan, as required by the PA Department of Education. The plan was developed through a collaborative process involving District and school administrators, teachers, parents, and community leaders. This new comprehensive plan was approved by the board during the month of October 2018. The District's mission statement, "We establish high standards of learning and expect all students to achieve. Our goal is to facilitate collaboration among staff, parents, and community to create an environment that supports, engages, and challenges students to achieve high levels of success," outlines the culture of high expectations and collaboration toward which the District strives.



Currently known circumstances that will impact the District’s financial status in the future are:

- COVID-19 has had a profound impact on the District's finances. Unbudgeted expenditures occurred due to increased costs including charter school costs and students learning virtually through the District's online academy for 2020-21. Charter school expenses were \$363,347 more than the prior fiscal year. Cyber teacher wages and benefits were \$134,078. Other expenditures for services, personal protective equipment, sanitation and cleaning supplies, etc. were necessary to provide students the support in order to limit the educational deficiency due to Covid-19 and provide a safe learning environment.

Grant funds have been made available federally, and currently negate most of the overall impact that Covid has had on the District's financial status. The District received or is slated to receive the following Covid funding. However, with the uncertainty of the pandemic moving forward, this could change the financial impact on the District. Grant periods vary in range with the latest funds to be expensed by September 30, 2024.

PCCD - Covid Safety & Security	\$188,765
ESSER I (CARES Act)	\$395,816
PCCD - School Safety & Continuity of Education	\$54,622
Pre-K Counts CARES Covid Relief	\$18,590
Special Education Covid Impact Mitigation Grant	\$8,075
Governor’ Emergency Education Relief Fund	\$55,521
Early Learning Resource Center CARES Funds	\$189,620
ESSER II (CRRES Covid Relief Funds)	\$1,848,203
American Rescue Plan - Homeless	\$18,964
American Rescue Plan - IDEA	\$28,093
American Rescue Plan 7% Set-Asides (Learning Loss)	\$290,556
American Rescue Plan (ESSER III)	\$3,738,381

- The labor agreement with the Tyrone Area Education Association is being negotiated for the 2022-25 fiscal years. Prior contract negotiations resulted in the following outcomes:

<u>Fiscal Year</u>	<u>Average Increase Per Teacher</u>	<u>%</u>
2019-20	\$1,745	3.20
2020-21	\$1,801	3.20
2021-22	\$1,859	3.20

- The collective bargaining agreement for TAESPA support staff will expire on June 30, 2023. The contract was extended for two years in 2020 with no changes to the current CBA negotiations resulting in the following outcomes:

<u>Fiscal Year</u>	<u>Increase Per Employee</u>
2018-19	\$0.40 per hour
2019-20	\$0.38 per hour
2020-21	\$0.38 per hour
2021-22	\$0.38 per hour
2022-23	\$0.38 per hour

- The District is mandated to participate in the Pennsylvania Public School Employees Retirement System (PSERS). The Commonwealth reimburses the school entity for 50% of the Employer Contributions due amount for their existing employees (Initial PSERS Membership date is earlier than 07/01/1994). and Employer Contributions multiplied by the employer's income/aid ratio (or 50%, whichever is greater) for new employees (hired on or after 07/01/1994). All Aid Ratios are calculated by the Department of Education. The Market Value/Personal Income Aid Ratio for 2020-21 is .6546. The following reflects the rate and rate changes over the past ten years, the current year and the next fiscal year.

PSERS Historical Rates

	<u>Rate</u>	<u>% Change</u>
2011-2012	8.65%	53.4%
2012-2013	12.36%	42.9%
2013-2014	16.93%	37.0%
2014-2015	21.40%	26.4%
2015-2016	25.84%	20.8%
2016-2017	30.03%	16.2%
2017-2018	32.57%	8.46%
2018-2019	33.43%	2.60%
2019-2020	34.29%	2.57%
2020-2021	34.51%	0.64%
2021-2022	34.94%	1.25%
2022-2023	35.79%	2.43%

Act 5 of 2017 made the following changes to the pension plan:

1. Maintains the defined benefit plan for existing employees but implemented a choice of three options for new employees: two defined benefit/defined contribution plans and a defined contribution plan only option.
2. Implemented a shared risk/gain provision wherein member's rate can increase or decrease 3% below or 3% above member's basic contribution rate, in increments of 0.75%.
3. Affects new members as of July 1, 2019. Current members who were active on July 1, 2019 had a one-time, irrevocable right to elect into any of the three new plans within 90 days after notice.
4. Defines the actuarially required contribution as the normal cost plus the amount to fully amortize the unfunded liability in accordance with actuarial standards of practice.

- The District is a member of the Blair County Health Insurance Consortium for the purpose of providing health insurance to employees in accordance with labor agreements. The rate increase for 2020-21 was 5.00% for the consortium. Increases are set in the spring of each year and are dependent on claims, expenses and reserves. Renewal history for the consortium is as follows:

<u>Year</u>	<u>Increase</u>	<u>Year</u>	<u>Increase</u>
2011-12	7.25%	2016-17	4.00%
2012-13	4.00%	2017-18	4.00%
2013-14	4.00%	2018-19	4.00%
2014-15	5.75%	2019-20	3.00%
2015-16	5.25%	2020-21	5.00%

- Enrollment Projections - Projected enrollments are a key factor in determining the District's class size and staffing needs. These enrollment projections are included below. Tyrone Area School District enrollment levels have leveled off for the last two years. Prior to this, enrollment had been declining slightly for the last ten years as indicated below:

	<u>Total Enrollment</u>
2009-10	1850
2010-11	1778
2011-12	1785
2012-13	1770
2013-14	1723
2014-15	1751
2015-16	1737
2016-17	1742
2017-18	1759
2018-19	1746
2019-20	1774
2020-21	1778

The current enrollment for 2020-21 increased slightly to 1,778 students. The District initiated a Pre-Kindergarten 4-year-old program in 2004-2005, which served approximately 72 students in the 2019-20-year. During the 2007-2008 year, a Pre-Kindergarten 3-year-old program was established serving 65 students. The Pre-Kindergarten students are not reflected in the totals above. The District operates a Licensed Day Care program for the community which serves 126 students in the audited year. Parents are charged a fee for service in this program. The program operates under a separate Proprietary fund.

## **Request for Information**

This financial report is designed to provide a general overview of the finances of Tyrone Area School District for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Faith Swanson, Business Administrator, 701 Clay Avenue, Tyrone, Pennsylvania 16686. [Email-fmswanson@tyrone.k12.pa.us](mailto:fmswanson@tyrone.k12.pa.us).

**TYRONE AREA SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**June 30, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 10,237,807	\$ 589,980	\$ 10,827,787
Investments	2,869,948	-	2,869,948
Receivables			
Taxes - net of allowance for uncollectible taxes of \$44,085	623,935	-	623,935
Other	165	901	1,066
Due from other governments	2,090,705	160,812	2,251,517
Inventories	-	14,743	14,743
Deposits	-	40,000	40,000
Capital assets			
Construction-in-progress	282,940	-	282,940
Land and site improvements - net	2,378,893	-	2,378,893
Building and building improvements - net	30,200,410	-	30,200,410
Furniture and equipment - net	942,013	98,293	1,040,306
Total capital assets	<u>33,804,256</u>	<u>98,293</u>	<u>33,902,549</u>
<b>Deferred Outflows of Resources</b>			
Deferred amounts on pension liability	5,869,000	244,000	6,113,000
Deferred amounts on OPEB liabilities	918,000	6,000	924,000
<b>Total deferred outflows of resources</b>	<u>6,787,000</u>	<u>250,000</u>	<u>7,037,000</u>
<b>Total assets and deferred     outflows of resources</b>	<u>\$ 56,413,816</u>	<u>\$ 1,154,729</u>	<u>\$ 57,568,545</u>

See Notes to Financial Statements.

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Accounts payable	\$ 79,292	\$ 4,007	\$ 83,299
Accrued salaries and benefits	1,733,245	23,167	1,756,412
Payroll deductions and withholdings	1,652,983	3,167	1,656,150
Unearned revenues	411	3,722	4,133
Deposits	-	17,223	17,223
Long-term liabilities			
Due in more than one year	614,904	7,508	622,412
Net pension liability	37,768,000	1,574,000	39,342,000
OPEB obligations	4,784,000	41,000	4,825,000
<b>Total liabilities</b>	<b>46,632,835</b>	<b>1,673,794</b>	<b>48,306,629</b>
Deferred Inflows of Resources			
Deferred amounts on pension liability	1,548,000	64,000	1,612,000
Deferred amounts on OPEB liabilities	587,000	1,000	588,000
<b>Total deferred inflows of resources</b>	<b>2,135,000</b>	<b>65,000</b>	<b>2,200,000</b>
<b>Net Position</b>			
Invested in capital assets - net of related debt	33,804,256	98,293	33,902,549
Restricted for capital projects	2,947,210	-	2,947,210
Unrestricted	(29,105,485)	(682,358)	(29,787,843)
<b>Total net position</b>	<b>7,645,981</b>	<b>(584,065)</b>	<b>7,061,916</b>
<b>Total liabilities, deferred inflows of resources and net position</b>			
	<b>\$ 56,413,816</b>	<b>\$ 1,154,729</b>	<b>\$ 57,568,545</b>

TYRONE AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021

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
<b>Governmental Activities:</b>							
Instruction	\$ 16,931,635	\$ 28,709	\$ 7,081,996	\$ -	\$ (9,820,930)	\$ -	\$ (9,820,930)
Instructional student support	2,300,326	-	797,453	-	(1,502,873)	-	(1,502,873)
Administration and financial support	3,798,949	-	380,723	-	(3,418,226)	-	(3,418,226)
Operation and maintenance of plant services	2,126,779	4,368	214,029	-	(1,908,382)	-	(1,908,382)
Pupil transportation	1,277,391	-	904,078	-	(373,313)	-	(373,313)
Student activities	584,640	20,049	62,122	-	(502,469)	-	(502,469)
Community services	8,526	-	-	-	(8,526)	-	(8,526)
<b>Total governmental activities</b>	<b>27,028,246</b>	<b>53,126</b>	<b>9,440,401</b>	<b>-</b>	<b>(17,534,719)</b>	<b>-</b>	<b>(17,534,719)</b>
<b>Business-type activities:</b>							
Food Service	1,040,620	76,027	983,440	-	-	18,847	18,847
Daycare	449,396	227,138	260,437	-	-	38,179	38,179
<b>Total business-type activities</b>	<b>1,490,016</b>	<b>303,165</b>	<b>1,243,877</b>	<b>-</b>	<b>-</b>	<b>57,026</b>	<b>57,026</b>
<b>Total School District</b>	<b>\$ 28,518,262</b>	<b>\$ 356,291</b>	<b>\$ 10,684,278</b>	<b>\$ -</b>	<b>\$ (17,534,719)</b>	<b>\$ 57,026</b>	<b>\$ (17,477,693)</b>
<b>General Revenues:</b>							
Property taxes, levied for general purposes, net					\$ 5,846,157	\$ -	\$ 5,846,157
Public Utility Realty, Transfer, Earned Income and Per Capita for General Purposes, Net					1,680,931	-	1,680,931
Grants subsidies and contributions not restricted					9,423,356	-	9,423,356
Investment earnings					52,433	444	52,877
Miscellaneous income					36,344	-	36,344
<b>Total general revenues</b>					<b>17,039,221</b>	<b>444</b>	<b>17,039,665</b>
<b>Change in net position</b>					<b>(495,498)</b>	<b>57,470</b>	<b>(438,028)</b>
<b>Net Position - July 1, 2020</b>					<b>8,141,479</b>	<b>(641,535)</b>	<b>7,499,944</b>
<b>Net Position - June 30, 2021</b>					<b>\$ 7,645,981</b>	<b>\$ (584,065)</b>	<b>\$ 7,061,916</b>

See Notes to Financial Statements.

**TYRONE AREA SCHOOL DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2021**

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 10,160,545	\$ 77,262	\$ 10,237,807
Investments	-	2,869,948	2,869,948
Receivables			
Taxes - net of allowance for uncollectible taxes of \$44,085	623,935	-	623,935
Other	165	-	165
Due from other governments	2,090,705	-	2,090,705
<b>Total assets</b>	<u>\$ 12,875,350</u>	<u>\$ 2,947,210</u>	<u>\$ 15,822,560</u>
<b>Liabilities</b>			
Accounts payable	\$ 79,292	\$ -	\$ 79,292
Accrued salaries and benefits	1,733,245	-	1,733,245
Payroll deductions and withholdings	1,652,983	-	1,652,983
Unearned revenue	411	-	411
<b>Total liabilities</b>	<u>3,465,931</u>	<u>-</u>	<u>3,465,931</u>
<b>Deferred Inflows of Resources</b>			
Delinquent tax revenue	460,878	-	460,878
<b>Fund Balances</b>			
Restricted for:			
Capital projects	-	2,947,210	2,947,210
Committed fund balance for:			
Future retirement	1,000,000	-	1,000,000
Assigned fund balance for:			
Projected state and federal funding shortfall	2,000,000	-	2,000,000
Future technology needs	2,000,000	-	2,000,000
Capital project needs	2,164,647	-	2,164,647
Unassigned	1,783,894	-	1,783,894
<b>Total fund balances</b>	<u>8,948,541</u>	<u>2,947,210</u>	<u>11,895,751</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 12,875,350</u>	<u>\$ 2,947,210</u>	<u>\$ 15,822,560</u>

See Notes to Financial Statements.

**TYRONE AREA SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2021**

<b>Total Fund Balances - Governmental Funds</b>	\$ 11,895,751
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 \$58,705,523 and the accumulated depreciation is \$24,901,267.	33,804,256
Taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred revenues in the funds.	460,878
Deferred inflows and outflows or resources related to pensions are applicable to future periods, and therefore, are not reported within the funds. Deferred inflows and outflows related to pensions are as follows (see footnote for detail).	
Deferred inflows	(1,548,000)
Deferred outflows	5,869,000
Deferred inflows and outflows or resources related to OPEB are applicable to future periods, and therefore, are not reported within the funds. Deferred inflows and outflows related to OPEB are as follows (see footnote for detail).	
Deferred inflows	(587,000)
Deferred outflows	918,000
Long-term liabilities, including bonds payable and compensated absences, 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:	
Other post-employment benefit obligations	(4,784,000)
Net pension liability	(37,768,000)
Compensated absences	(614,904)
	<u>(43,166,904)</u>
<b>Total net position - governmental activities</b>	<u><u>\$ 7,645,981</u></u>

See Notes to Financial Statements.



**TYRONE AREA SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended June 30, 2021**

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>			
Local sources	\$ 8,116,927	\$ 13,450	\$ 8,130,377
State appropriations	16,626,240	-	16,626,240
Federal appropriations	1,836,922	-	1,836,922
<b>Total revenues</b>	<b>26,580,089</b>	<b>13,450</b>	<b>26,593,539</b>
<b>Expenditures</b>			
Instructional	15,915,493	-	15,915,493
Support services	9,313,017	372	9,313,389
Noninstructional services	573,581	-	573,581
Capital outlay	43,312	557,373	600,685
<b>Total expenditures</b>	<b>25,845,403</b>	<b>557,745</b>	<b>26,403,148</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>734,686</b>	<b>(544,295)</b>	<b>190,391</b>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	-	600,000	600,000
Operating transfers out	(600,000)	-	(600,000)
<b>Total other financing sources (uses) - net</b>	<b>(600,000)</b>	<b>600,000</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>134,686</b>	<b>55,705</b>	<b>190,391</b>
Fund Balances - July 1, 2020	8,813,855	2,891,505	11,705,360
Fund Balances - June 30, 2021	<b>\$ 8,948,541</b>	<b>\$ 2,947,210</b>	<b>\$ 11,895,751</b>

See Notes to Financial Statements.

**TYRONE AREA SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021**

<b>Net changes in fund balances - all governmental funds</b>	<b>\$ 190,391</b>
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their useful lives as depreciation expense.</p>	
Capital outlays	782,333
Less depreciation expense	<u>(1,461,388)</u>
	(679,055)
<p>Because some property taxes will not be collected for several months after the District's fiscal year-ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year.</p>	
	(60,791)
<p>Governmental funds report District pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.</p>	
District pension and OPEB contributions (PSERS)	3,878,000
Cost of benefits earned net of employee contributions (pension expense)	<u>(3,745,347)</u>
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.</p>	
Change in compensated absences	103,304
Change in other post-employment benefits (District's Plan)	<u>(182,000)</u>
<b>Changes in net position of governmental activities</b>	<b><u><u>\$ (495,498)</u></u></b>

See Notes to Financial Statements.

**TYRONE AREA SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
Year Ended June 30, 2021**

	Budgeted Amount Original and Final	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>			
Local sources	\$ 7,246,632	\$ 8,116,927	\$ 870,295
State appropriations	16,105,649	16,626,240	520,591
Federal appropriations	1,123,463	1,836,922	713,459
<b>Total revenues</b>	<u>24,475,744</u>	<u>26,580,089</u>	<u>2,104,345</u>
<b>Expenditures</b>			
Instructional	15,666,381	15,915,493	(249,112)
Support services	9,407,185	9,313,017	94,168
Noninstructional services	678,884	573,581	105,303
Capital outlay	20,500	43,312	(22,812)
<b>Total expenditures</b>	<u>25,772,950</u>	<u>25,845,403</u>	<u>(72,453)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(1,297,206)	734,686	2,031,892
<b>Other Financing Uses</b>			
Operating transfers out	(600,000)	(600,000)	-
Budgetary reserve	(500,000)	-	500,000
<b>Total other financing uses</b>	<u>(1,100,000)</u>	<u>(600,000)</u>	<u>500,000</u>
<b>Net changes in fund balance</b>	<u>\$ (2,397,206)</u>	134,686	<u>\$ 2,531,892</u>
Fund Balance - July 1, 2020		8,813,855	
Fund Balance - June 30, 2021		<u>\$ 8,948,541</u>	

See Notes to Financial Statements.

**TYRONE AREA SCHOOL DISTRICT**

**STATEMENT OF NET POSITION - ALL PROPRIETARY FUNDS**

**June 30, 2021**

	Food Service	Day Care	Total
<b>Assets</b>			
Cash	\$ 252,962	\$ 337,018	\$ 589,980
Receivables - other	901	-	901
Due from other governments	160,812	-	160,812
Inventories	14,743	-	14,743
Deposits	40,000	-	40,000
Other capital assets, net of depreciation	98,293	-	98,293
<b>Total assets</b>	<b>\$ 567,711</b>	<b>\$ 337,018</b>	<b>\$ 904,729</b>
<b>Deferred Outflows of Resources</b>			
Deferred amounts on pension liability	\$ 168,000	\$ 76,000	\$ 244,000
Deferred amounts on OPEB liability	-	6,000	6,000
<b>Total deferred outflows of resources</b>	<b>\$ 168,000</b>	<b>\$ 82,000</b>	<b>\$ 250,000</b>
<b>Liabilities</b>			
Accounts payable	\$ 4,007	\$ -	\$ 4,007
Accrued salaries and benefits	8,577	17,757	26,334
Deferred revenues	3,722	-	3,722
Deposits	17,223	-	17,223
Long-term liabilities			
Compensated absences	7,508	-	7,508
Net pension liability	1,082,000	492,000	1,574,000
OPEB obligations	5,000	36,000	41,000
<b>Total liabilities</b>	<b>\$ 1,128,037</b>	<b>\$ 545,757</b>	<b>\$ 1,673,794</b>
<b>Deferred Inflows of Resources</b>			
Deferred amounts on pension liability	\$ 44,000	\$ 20,000	\$ 64,000
Deferred amounts on OPEB liability	-	1,000	1,000
<b>Total deferred inflows of resources</b>	<b>\$ 44,000</b>	<b>\$ 21,000</b>	<b>\$ 65,000</b>
<b>Net Position</b>			
Net investment in capital assets	\$ 98,293	\$ -	\$ 98,293
Unrestricted	(534,619)	(147,739)	(682,358)
<b>Total net position</b>	<b>\$ (436,326)</b>	<b>\$ (147,739)</b>	<b>\$ (584,065)</b>

See Notes to Financial Statements.

**TYRONE AREA SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
ALL PROPRIETARY FUNDS  
Year Ended June 30, 2021**

	Food Service	Day Care	Total
Operating Revenues			
Sales	\$ 76,027	\$ 227,138	\$ 303,165
Operating Expenses			
Food and milk	956,459	-	956,459
Labor, taxes and benefits	49,787	446,662	496,449
Supplies	11,069	2,734	13,803
Repairs and maintenance	2,350	-	-
Depreciation	20,955	-	20,955
<b>Total operating expenses</b>	<b>1,040,620</b>	<b>449,396</b>	<b>1,487,666</b>
<b>Operating loss</b>	<b>(964,593)</b>	<b>(222,258)</b>	<b>(1,186,851)</b>
Nonoperating Revenues			
Federal and state subsidies - net	983,440	260,437	1,243,877
Interest income	308	136	444
<b>Total nonoperating revenues - net</b>	<b>983,748</b>	<b>260,573</b>	<b>1,244,321</b>
<b>Changes in net position</b>	<b>19,155</b>	<b>38,315</b>	<b>57,470</b>
Net Position - July 1, 2020	(455,481)	(186,054)	(641,535)
Net Position - June 30, 2021	<u>\$ (436,326)</u>	<u>\$ (147,739)</u>	<u>\$ (584,065)</u>

See Notes to Financial Statements.

**TYRONE AREA SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS**  
**Year Ended June 30, 2021**

	Food Service	Day Care	Total
<b>Cash Flows From Operating Activities</b>			
Cash received from sales	\$ 82,079	\$ 231,673	\$ 313,752
Cash payments for goods and services	(857,815)	(4,073)	(861,888)
Cash payments to employees for services	(60,926)	(339,046)	(399,972)
<b>Net cash used in operating activities</b>	<b>(836,662)</b>	<b>(111,446)</b>	<b>(948,108)</b>
<b>Cash Flows From Noncapital Financing Activities</b>			
Interest received	308	136	444
Federal and state subsidies	814,777	260,437	1,075,214
<b>Net cash provided by noncapital financing activities</b>	<b>815,085</b>	<b>260,573</b>	<b>1,075,658</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(21,577)</b>	<b>149,127</b>	<b>127,550</b>
<b>Cash and Cash Equivalents:</b>			
July 1, 2020	274,539	187,891	462,430
June 30, 2021	<b>\$ 252,962</b>	<b>\$ 337,018</b>	<b>\$ 589,980</b>

(Continued)

**TYRONE AREA SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS (Continued)**  
**Year Ended June 30, 2021**

	Food Service	Day Care	Total
Reconciliation of Operating Loss to Net Cash Used in Operating Activities			
Operating loss	\$ (964,593)	\$ (222,258)	(1,186,851)
Adjustments to reconcile operating loss to net cash used in operating activities			
Depreciation	20,955	-	20,955
Value of donated commodities used	44,470	-	44,470
(Increase) decrease in assets:			
Receivables	46	4,535	4,581
Inventories	(1,575)	-	(1,575)
Deposits	75,047	-	75,047
Deferred outflow resources	(59,684)	29,042	(30,642)
(Decrease) increase in liabilities:			
Payables	(5,879)	(1,339)	(7,218)
Accrued salaries and benefits	224	17,346	17,570
Deferred revenues	2,072	-	2,072
Deposits	3,934	-	3,934
Compensated absences	666	(2,412)	(1,746)
Net pension liability	17,197	91,640	108,837
Net OPEB liability	-	-	-
Net OPEB liability	30,458	(28,000)	2,458
<b>Net cash used in operating activities</b>	<b>\$ (836,662)</b>	<b>\$ (111,446)</b>	<b>\$ (948,108)</b>
<b>Supplemental Disclosure</b>			
Noncash noncapital financing activity:			
USDA donated commodities	\$ 44,470	\$ -	\$ 44,470

See Notes to Financial Statements.

**TYRONE AREA SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2021**

	Consolidated Scholarship Trust Fund	Activities Fund
<b>Assets</b>		
Cash	\$ 262,180	\$ 160,578
<b>Total assets</b>	<b>\$ 262,180</b>	<b>\$ 160,578</b>
<b>Liabilities</b>		
Accounts payable	\$ 2,000	\$ -
<b>Total liabilities</b>	<b>2,000</b>	<b>-</b>
<b>Net Position</b>		
Restricted for		
Consolidated Scholarship Trust Fund	260,180	-
Student Activities	-	160,578
<b>Total liabilities and net position</b>	<b>\$ 262,180</b>	<b>\$ 160,578</b>

See Notes to Financial Statements.



**TYRONE AREA SCHOOL DISTRICT**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
CONSOLIDATED SCHOLARSHIP TRUST FUND  
Year Ended June 30, 2021**

	Combined Scholarship Trust Funds	Activity Fund
<hr/>		
Additions		
Contributions	\$ 36,608	\$ 111,500
Investment earnings	448	255
<b>Total additions</b>	<hr/> 37,056 <hr/>	<hr/> 111,755 <hr/>
 Deductions		
Scholarships and awards	13,612	-
Student Group expenditures	-	80,372
<b>Total deductions</b>	<hr/> 13,612 <hr/>	<hr/> 80,372 <hr/>
 <b>Change in net position</b>	 23,444	 31,383
 Net Position - July 1, 2020, as previously stated		
Prior period adjustment (see note 1)	236,736	-
Net Position - July 1, 2020, as restated	-	129,195
Net Position - June 30, 2021	<hr/> \$ 260,180 <hr/>	<hr/> \$ 160,578 <hr/>

See Notes to Financial Statements.

# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies

Tyrone Area School District operates one elementary school, one middle school, and one high school in Blair County, Pennsylvania. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania. The District operates under a locally elected nine-member Board form of government.

The financial statements of Tyrone Area School District (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

#### A. Reporting Entity

Tyrone Area School District's financial statements include the operations of all entities for which the School Board exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Tyrone Area School District is the lowest level of government which has oversight responsibility and control over all activities related to public-school education in the Commonwealth of Pennsylvania. The District receives funding from local, state, and Federal government sources and must comply with the requirements of these source entities. However, the District is not included in any other governmental "reporting entity" since the School Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. Additionally, the District does not exercise oversight responsibility over any other entities and, consequently, no other entities have been included in the accompanying financial statements.

The District is affiliated with the Greater Altoona Career and Technical Center (the Center), along with seven other member School Districts through a joint-venture agreement. The member Districts participated in providing oversight responsibility to the Center through the following:

- Appointing of Board members who are also board members of the participating schools
- Approval and funding of operating budgets

The District has an ongoing financial responsibility to fund its proportionate share of the operating budgets of the Center. It has no equity interest in the Center. Separate financial statements are prepared for and available from the Center.

# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate fund financial statements are provided in the report for all of the governmental funds, proprietary funds, and the fiduciary funds of the School District, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The School District complies with accounting principles generally accepted in the United States of America (GAAP) and applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 revenues as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the Statement of Net Position.

# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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. Revenues from Federal, state, and other grants designated for payment of specific school District expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. 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.

When both restricted and unrestricted (including committed, assigned and unassigned) resources are available for use, it is the District's policy to use the resources with the most stringent restrictions first, followed by resources in decreasing order of restriction, as funds are needed.

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition use and balances of the School District's expendable financial resources and the related liabilities (except those accounted for in Proprietary funds) are accounted for through governmental funds.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources except those required to be in another fund. Revenues are primarily derived from local property, earned income tax and state and Federal distributions. Many of the more important activities of the School District, including instruction, administration of the School District and certain non-instructional services are accounted for in this fund.

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District reports the following major enterprise fund:

The Food Service Fund accounts for the activities of the District's food service program.

The Day Care Fund accounts for the activities of the District's Day Care facilities.

# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

The School District does not attempt to allocate "building-wide costs" to the Food Service Fund or Day Care Fund. Thus, General Fund expenditures which partially benefit the Food Service Fund (utilities, janitorial services, insurance, etc.) are not proportionately recognized within the Food Service Fund and Day Care Fund; similarly, the Food Service Fund and Day Care Fund does not recognize a cost for the building space it occupies (no rental-of-facilities expense).

The Consolidated Scholarship Fund accounts for assets held by the District in a trustee capacity in a private-purpose trust fund. This fund accounts for activities in the various scholarship and trust accounts, whose sole purpose is to provide annual scholarships and other private goodwill activities to particular students as prescribed by donor stipulations.

The Activity Fund accounts for the monies authorized by Section 511 of the Public School Code of 1949 for school publications and organizations. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds are also accounted for using the modified accrual basis of accounting.

#### D. Budget and Budgetary Accounting

An operating budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required. The Pennsylvania School Code dictates specific procedures relative to adoption of the School District's budget and reporting of its financial statements, specifically:

The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.

The School District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within fifteen days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the School District.

Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the Board.

# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Budget and Budgetary Accounting (Continued)

Legal budgetary control is maintained at the sub-function/major object level. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity

Cash and Cash Equivalents: For purposes of the Statement of Cash Flows presented for the proprietary funds and the nonexpendable trust fund, the District considers all highly-liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investments: Investments are stated at fair value or at amortized costs, depending on the investment type, consistent with generally accepted accounting principles.

#### Allowances for Estimated Uncollectible Taxes and Deferred Revenues:

The allowance for estimated uncollectible taxes is based upon a historical estimate of delinquent taxes that will not be received within one year of the fiscal year-end. Deferred revenues are based upon a historical estimate of delinquent taxes expected to be received within one year of the fiscal year-end.

The portion of taxes receivable which is expected to be received within 60 days of June 30 is recorded as revenues in the current year. The remaining amount of taxes receivable which is expected to be received within one year from June 30 is recorded as deferred revenues. All other amounts in taxes receivable are written off as estimated uncollectible taxes.

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.

A physical inventory of the Food Service Fund food and supplies was taken as of June 30, 2021. The inventory consisted of government donated commodities which were valued at estimated fair market value, using the first-in, first-out (FIFO) method.

# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

Capital Assets and Depreciation: Capital assets, which include property, plant, and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are capitalized at the discretion of management, unless the assets are acquired by debt proceeds, in which case the asset is required to be capitalized. Management considers various factors in the capitalization of assets, including the asset's estimated useful life, cost, and the extent to which the asset is part of a larger capital project. The District's policy capitalizes library books, classroom texts, computer equipment, classroom furniture by groups. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation is provided for fixed assets on the straight-line basis over the estimated useful life of the asset or group of assets as determined by management.

Deferred Outflows of Resources - Deferred amounts on Refunding Debt: The District recognizes the difference between the re-acquisition price and the net carrying amount of the old debt as a deferred outflow, which is a component of interest expense over the remaining life of the old or new debt, whichever is shorter.

Deferred Outflows of Resources - Pensions: The District recognizes the difference between expected and actual experience, changes in assumptions, net difference between projected and actual investment earnings, changes in proportion, the difference between employer contributions and proportionate share of total contributions, and the contributions subsequent to the measurement date as deferred outflows of resources. These amounts are amortized over the average remaining service lives of active and inactive members.

Deferred Outflows of Resources - Other Post-Employment Benefits: The District recognizes changes in assumptions, net difference between projected and actual investment earnings, benefit payments subsequent to the measurement date and contributions subsequent to the measurement date as deferred outflows of resources. These amounts are amortized over the average remaining service lives of active and inactive members.

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 or business-type activity columns in the Statement of Net Position. Bond premium and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs 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 discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

Compensated Absences: Under the system of financial accounting and reporting for Pennsylvania School Systems, the School District accrues for certain accumulated employee benefits, such as unpaid vacation and sick pay. Calculation of this amount is determined by the appropriate vacation, sick and retirement lump-sum payments which would be available to employees if they would leave or retire from the School District and is adjusted for expected turnover rates of employees. Accrued-benefit days, multiplied by appropriate salary amounts, are reflected as a long-term liability unless retirements are likely within the upcoming fiscal year. Those costs determined to be current year cost are reflected as a liability of the General Fund.

Post-Employment Benefits: In the government-wide financial statements, the District recognizes the costs and liabilities associated with post-employment benefits other than pension compensation, which is funded through the District's contribution to the statewide Public School Employees' Retirement System, a governmental, cost-sharing, multiple-employer, defined-benefit pension plan. The District provides retiree-health, vision, dental, and prescription-drug coverage to eligible, retired employees and qualified spouses/beneficiaries. The District has estimated the cost of providing these benefits through an actuarial valuation.

The District also participates in a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) with PSERS for all eligible retirees who qualify and elect to participate. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



**TYRONE AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

Post-Employment Benefits (Continued):

The balances of the District's OPEB obligations and deferred outflow/inflow of resources at June 30, 2021, are as follows:

OPEB Obligations	Governmental Activities	Business-Type Activities	Total
PSERS Cost-Sharing Plan - OPEB Obligation (Note 10)	\$ 1,685,000	\$ 41,000	\$1,726,000
District Plan - OPEB Obligation (Note 9)	3,099,000	-	3,099,000
Total	\$ 4,784,000	\$ 41,000	\$4,825,000
<u>Deferred Outflows of Resources</u>			
PSERS Cost-Sharing Plan obligation	\$ 203,000	\$ 6,000	\$ 209,000
District OPEB Plan obligation	715,000	-	715,000
Total	\$ 918,000	\$ 6,000	\$ 924,000
<u>Deferred Inflows of Resources</u>			
PSERS Cost-Sharing Plan obligation	\$ 86,000	\$ 1,000	\$ 87,000
District OPEB Plan obligation	501,000	-	501,000
Total	\$ 587,000	\$ 1,000	\$ 588,000

Additional disclosures related to other post-employment benefits of the District's Single Employer Plan and PSERS Cost-Sharing Plan are in Notes 9 and 10, respectively.

# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

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

Interfund Transfers: Advances between funds that are not expected to be repaid are accounted for as transfers. In those cases when repayment is expected, the advances are accounted for through the various due from and due to accounts.

Internal and Interfund Balances and Activities: In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Deferred Inflows of Resources - Unearned Revenues: The District recognizes property tax revenues when they become available. Available includes those property taxes expected to be collected within 60 days after year-end. Those property taxes expected to be collected beyond 60 days after year-end are shown as deferred revenue in the fund financial statements. Governmental funds also defer revenues in connection with resources that have been received, but not yet earned.

Deferred Inflows of Resources - Pensions: The District recognizes their share of the difference between expected and actual experience and changes in proportion as deferred inflows of resources. These amounts are amortized over the average remaining services lives of active and inactive members.

Deferred Inflows of Resources - Other Post-Employment Benefits: The District recognizes the difference between projected earnings and actual investments of their plan and the changes in proportions in the pension plan as deferred inflows of resources. These amounts are amortized over the average remaining service lives of active and inactive members.

Fund Financial Statements - Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements, but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

Government-wide Financial Statements - Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statements of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statements of Activities.

#### Equity Classifications:

Government-Wide Statements - Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt - 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 borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position - consists of net position with constraints placed on the use of either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - all other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

It is the District’s policy to first use restricted balances prior to the use of unrestricted balances when an expense is incurred for purposes for which both restricted and unrestricted balances are available.

# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

##### Fund Balance:

Fund Financial Statements - Governmental fund equity is classified as fund balance. Proprietary fund equity and fiduciary fund equity is classified the same as in the government-wide statements.

The School District's fund balance classifications are defined and described as follows:

Non-spendable: Represents fund balance amounts that cannot be spent because they are not in a spendable form or are contractually required to be maintained intact.

Restricted: Represents fund balance amounts that are constrained for a specific purpose through restrictions of external parties, through constitutional provisions, or by enabling legislation.

Committed: Represents fund balance amounts that can only be used for specific purposes pursuant to the constraints imposed by formal action of the Board of School Directors, the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board removes the constraints or changes the specified purpose through the same action it used to commit the funds.

Assigned: Represents fund balance amounts that are constrained by the government's intent to be used for specific purpose but are neither restricted nor committed. Through Board Policy, the Board has delegated the authority to express intent to the District's Business Manager.

Unassigned: Represents fund balance amounts that have not been restricted, committed, or assigned to the specific purpose within the general fund.

The District has a board policy which prescribes fund balance guidelines. The District will strive to maintain an assigned and unassigned general fund balance of not less than 5 percent and not more than 10 percent of the budgeted expenditures for the year.

Use of Estimates: Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures.

Restatement of Net Position Beginning Balances: As of July 1, 2020, the District implemented Governmental Accounting Standards Board Statement GASB No. 84, Fiduciary Activities. The implementation of GASB No. 84 required the District to report the change in net position of student-sponsored activities, causing previously reported amounts due to student groups to be reported as net position. This change has resulted in a restatement of the fiduciary fund - activity fund net position increased by \$129,674.

# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through January 19, 2022, the date the financial statements were available to be issued.

### Note 2. Deposits and Investments

Under Section 440.1 of the Public School Code of 1949, as amended, the School District is permitted to invest funds consistent with sound business practices in the following types of investments:

- U.S. Treasury Bills
- Short-term obligations of the U.S. Government or its agencies or instrumentalities
- Deposits in savings accounts or time deposits or share accounts of institutions insured by:
  1. The Federal Deposit Insurance Corporation (FDIC), or
  2. The Federal Savings and Loan Insurance Corporation (FSLIC), or
  3. The National Credit Union Share Insurance Fund (NCUSIF) to the extent that such accounts are so insured, and for any amounts above maximum insurable limits, provided that approved collateral as provided by law shall be pledged by the depository

to the extent that such accounts are so insured, and for any amounts above maximum, provided that approved collateral as provided by law is pledged by the depository.

- Obligations of (a) the United States of America or its agencies or instrumentalities backed by full-faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or instrumentalities backed by the full-faith and credit of the political subdivision.
- Shares of investment companies whose investments are restricted to the above categories.

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

#### Deposits: Custodial-Credit Risk

Custodial-credit risk is the risk that in the event of a bank failure, the District's investments may not be returned to it. As of June 30, 2021, \$6,781,784, of the District's total bank balances of \$7,281,784 was exposed to custodial-credit risk as follows:

	Amount
Uninsured and collateralized by assets maintained in conformity with Act 72	\$ 6,781,784

Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledgor of the assets.

# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Deposits and Investments (Continued)

#### Deposits: Custodial-Credit Risk (Continued)

The District invests in Certificates of Deposit at a number of banks through a PSDLAF program. These investments are individually covered by FDIC as they are under the FDIC insurance threshold of \$250,000. The certificates are invested at the various banks and are held in the name of the District.

#### Investments

As of June 30, 2021, the District had the following investments:

#### Portfolio Assets

<u>Investment</u>	<u>Credit Rating</u>	<u>Weighted Average Maturities in days</u>	<u>Fair Values</u>
Pennsylvania School District Liquid Asset Fund (PSDLAF) PSDMAX	AAAm	71 days	\$ 1,445,284
Pennsylvania Local Government Investment Trust (PLGIT) PLGIT - Class shares	AAAm	99 days	2,178,603
PLGIT/PLUS - Class shares	AAAm	99 days	1,006,418
PLGIT/PLUS - CD Program	AAAm	164 days	744,000
			<u>\$ 5,374,305</u>

Certain external pool investments held by the District, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and the participating government levels consistent with GASB Statement No. 79. The District measures those investments, which include PSDMAX, at amortized cost.

The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities, and repurchase agreements, collateralized by such securities and contracted with highly-rated counterparties. Weighted-average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals.

PLGIT - This fund invests primarily in U.S. Treasury and Federal-agency securities and repurchase agreements, secured by such obligations, as well as certain municipal obligations and collateralized or insured certificates of deposit. The fund manager intends to comply with guidelines similar to those mandated for money-market funds as contained in Rule 2a-7 of the Investment Company Act of 1940. The fund maintains a weighted average maturity to reset of 60 days or less.

PLGIT-Class shares are a flexible option, within the PLGIT fund, which requires no minimum balance, no minimum initial investment requirement and has a minimum investment period of one day. Dividends are paid monthly.

# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **Note 2. Deposits and Investments (Continued)**

#### Portfolio Assets (Continued)

PLGIT/Plus-Class shares are an option within the PLGIT fund which requires a minimum investment of \$50,000, a minimum investment period of thirty (30) days and has a premature withdrawal penalty. Dividends are paid quarterly.

The District categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair values of assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant, other observable inputs; Level 3 inputs are significant, unobservable inputs. Presently, the investments held by the District are valued at amortized cost and are not subject to the fair value level disclosures.

#### Weighted Average Maturity

The weighted average maturity (WAM) method expresses investment time horizons, the time when investments become due and payable, in years or months, weighted to reflect the dollar size of individual investments within an investment type. In this illustration, WAMs are computed for each investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type.

#### Interest-Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increasing interest rates.

#### Credit Risk

As indicated above, Section 440.1 of the Public School Code of 1949, as amended, limits the composition of the District's investments, and the District has no investment policy that would further limit its investment choices.

#### Concentrations of Credit Risk

The District places no limit on the amounts invested in any one issuer. The District's investment in PSDLAF represents 27% of the District's total investments. The District's investment in PLGIT represents 73% of the District's total investments.

**TYRONE AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 3. Property Taxes**

Based upon assessed valuations provided by the Counties, the tax collector bills and collects property taxes on behalf of the School District. The schedule for property taxes levied for 2020-2021 was as follows:

July 1, 2020	tax levy date
Through August 31, 2020	2% discount
Through October 31, 2020	face payment period
November 1, 2020	10% penalty period
4th Monday, 2021	lien filing date
January 1, 2021	interim tax levy date

The School District's tax rate for all purposes in 2020-2021 was 6.87 mills, 24.5 mills, and 46.87 mills (\$6.87, \$26.50, \$46.87 per \$1,000 assessed valuation) for Blair, Centre and Huntingdon Counties respectively. Refunds on payments of prior year taxes are classified as Other Debt Service items under the Commonwealth of Pennsylvania accounting system.

**Note 4. Taxes Receivable, Deferred Revenues and Estimated Uncollectible Taxes**

A summary of the taxes receivable and related accounts at June 30, 2021, follows:

	Amount
Uncollected taxes	\$ 668,020
Estimated uncollectible taxes	<u>44,085</u>
Taxes Receivable - Net	<u>\$ 623,935</u>
Taxes to be collected within 60 days	\$ 163,057
Deferred revenues - delinquent taxes	<u>460,878</u>
Taxes Receivable - Net	<u>\$ 623,935</u>
Deferred Inflows of Resources - General Fund	
Governmental Activities	
Delinquent taxes	<u>\$ 460,878</u>
Unearned Revenue - General Fund	
Federal subsidies	<u>\$ 411</u>
Business-Type Activities	
Unearned Revenue - Food Service Fund	
Federal subsidies	<u>\$ 3,722</u>



**TYRONE AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Interfund Accounts**

There were no individual fund receivable and payable balances at June 30, 2021.

Interfund balances result 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.

Interfund transfer activity for the year ending June 30, 2021, is as follows.

	Transfers In	Transfers Out
Governmental Activities		
Major governmental funds		
General Fund	\$ -	\$ 600,000
Capital Projects	600,000	-
Total governmental activities	<u>\$ 600,000</u>	<u>\$ 600,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to fund the statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**TYRONE AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6. General Fixed Assets**

Capital asset activity for the year ended June 30, 2021, was as follows:

	July 1, 2020	Increases	Decreases	June 30, 2021
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Construction-in-progress	\$ 591,200	\$ -	\$ (308,260)	\$ 282,940
Capital assets being depreciated				
Land and site improvements	4,137,953	19,915	-	4,157,868
Buildings and building improvements	49,514,546	981,870	-	50,496,416
Furniture and equipment	3,747,943	88,808	(68,452)	3,768,299
Total capital assets being depreciated	57,400,442	1,090,593	(68,452)	58,422,583
Less accumulated depreciation				
Land and site improvements	1,604,611	174,364	-	1,778,975
Buildings and building improvements	19,312,553	983,453	-	20,296,006
Furniture and equipment	2,591,167	303,571	(68,452)	2,826,286
Total Accumulated Depreciation	23,508,331	1,461,388	(68,452)	24,901,267
Total capital assets being depreciated, net	33,892,111	(370,795)	-	33,521,316
<b>Governmental Activities, Capital Assets - Net</b>	<b>\$ 34,483,311</b>	<b>\$ (370,795)</b>	<b>\$ (308,260)</b>	<b>\$ 33,804,256</b>
<b>Business-Type Activities</b>				
Furniture and equipment	\$ 643,972	\$ -	\$ -	\$ 643,972
Total Business-Type Activities Assets	643,972	-	-	643,972
Less accumulated depreciation				
Furniture and equipment	524,724	20,955	-	545,679
<b>Business-Type Activities, Capital Assets - Net</b>	<b>\$ 119,248</b>	<b>\$ (20,955)</b>	<b>\$ -</b>	<b>\$ 98,293</b>

**TYRONE AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6. General Fixed Assets (Continued)**

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

	Amount
Governmental Activities	
Instruction	\$ 1,013,948
Instructional student support	130,761
Administration and financial support	182,293
Operation and maintenance of plant services	102,479
Pupil transportation	2,163
Student activities	29,744
Total governmental activities	<u>1,461,388</u>
Business-Type Activities:	
Food Service	20,955
Total School District	<u><u>\$ 1,482,343</u></u>

**Note 7. Long-Term Obligations**

During the fiscal year ended June 30, 2021, general long-term debt changed as follows:

	Balances			Balances	
	July 1, 2020	Increases	Decreases	June 30, 2021	Due within one year
Governmental Activities					
Compensated absences	\$ 718,208	\$ -	\$ (103,304)	\$ 614,904	\$ -
Total Governmental Activities	<u>\$ 718,208</u>	<u>\$ -</u>	<u>\$ (103,304)</u>	<u>\$ 614,904</u>	<u>\$ -</u>
Business-Type Activities					
Compensated absences					
Food Service	\$ 6,842	\$ 666	\$ -	\$ 7,508	\$ -
Day Care	2,412	-	(2,412)	-	-
Total Business-Type Activities	<u>\$ 9,254</u>	<u>\$ 666</u>	<u>\$ (2,412)</u>	<u>\$ 7,508</u>	<u>\$ -</u>

## TYRONE AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 7. Long-Term Obligations (Continued)**

##### Compensated Absences

Under the terms of the School District's various employment agreements and employment contract's unused accumulated sick days will be paid at a fixed, per day amount to employees meeting certain criterion as described below.

##### Vacation

School District employees who are required to work on a twelve-month schedule are credited with vacation at rates which vary with length of service or job-classification. Vacation, for most employee categories, may be taken or paid within certain limits.

##### Accumulated Sick Days

Professional employees with five or more years of service with Tyrone Area School District shall be compensated for unused sick leave days at a rate of \$30.00 per day for all unused days. If the employee gives notice at least one semester prior to retirement, the employee shall receive \$50.00 per day.

Non-professionals with five or more years of service with Tyrone Area School District shall receive payment at a rate of one-half of their daily rate per day for any accumulated sick-leave, up to 150 days.

##### Other Post-Employment Benefits

As described in Notes 9 and 10, the District provides access to retiree health, and dental care benefits to eligible retired employees and qualified spouses/beneficiaries. The District has estimated the cost of providing these benefits through an actuarial valuation.

## TYRONE AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 8. Defined-Benefit Pension Plan

##### Plan Description

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

##### Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one 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 three 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.

# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 8. Defined-Benefit Pension Plan (Continued)

#### 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.

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 District's required contributions are based upon an actuarial valuation. For the fiscal year ended June 30, 2021, the District's rate of contribution was 34.51% of covered payroll. The 34.51% rate is composed of a pension contribution rate of 33.69% for pension benefits and 0.82% for healthcare-insurance premium assistance (OPEB Benefits).

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income-aid ratio (as defined in Act 29 of 1994), which is at least one half of the total District's rate. The District's contributions to the Plan for the years ended June 30, 2021, 2020, and 2019, were \$3,942,015, \$3,763,010, and \$3,652,237, respectively, and are equal to the required contributions for said years. For the year ended June 30, 2021, the District recognized retirement subsidy revenue from the Commonwealth in the amount of \$2,556,176.

**TYRONE AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 8. Defined-Benefit Pension Plan (Continued)**

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

At June 30, 2021, the District reported a liability of \$39,342,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was .0799%, which was a decrease of .0010% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$121,653. At June 30, 2021, the 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
Differences between expected and actual experience	\$ 103,000	\$ 943,000
Changes in assumptions	1,729,000	-
Changes in proportions	283,000	667,000
Difference between employer contributions and proportionate share of total contributions	56,000	2,000
Contributions subsequent to the measurement date	3,942,000	-
	<u>\$ 6,113,000</u>	<u>\$ 1,612,000</u>

# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 8. Defined-Benefit Pension Plan (Continued)

\$3,942,000 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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 Ending June 30:	Total
2022	\$ (457,000)
2023	97,000
2024	401,000
2025	519,000
2026	(1,000)
	<u>\$ 559,000</u>

### Actuarial Assumptions

The total pension liability as of June 30, 2020, was determined by rolling forward the System's total pension liability as of the June 30, 2019 to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurements:

- 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, 2020 valuation were based on the results of an actuarial experience study that was performed for the five-year the period ending June 30, 2016.



# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 8. Defined-Benefit Pension Plan (Continued)

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

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

<u>Asset Class</u>	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	15.0%	5.2%
Fixed income	15.0%	7.2%
Commodities	36.0%	1.1%
Absolute return	8.0%	1.8%
Risk parity	10.0%	2.5%
Infrastructure/MLPs	6.0%	5.7%
Real estate	10.0%	5.5%
Alternative investments	8.0%	3.3%
Cash	6.0%	-1.0%
Financing (LIBOR)	-(14.0%)	-7.0%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

#### 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.

# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 8. Defined-Benefit Pension Plan (Continued)

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	\$ 48,674,000	\$ 39,342,000	\$ 31,436,000

#### Pension Plan Fiduciary Net Position

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

#### Plan Payables

At June 30, 2021, the District has payables to the PSERS pension plan of \$1,555,373. This total is composed of staff payroll accruals and the quarterly PSERS payment amount for retirement contributions in the second quarter of 2021.

#### Pension Reform

Pursuant to Commonwealth Act 2017-5, members hired on or after July 1, 2019, are required to choose one of three new retirement plan design options for retirement benefits. The current defined benefit plan will no longer be available to new members hired on or after July 1, 2019. The new plan design options include two hybrid plans consisting of defined-benefit and defined-contribution components. The third option is a stand-alone defined contribution plan. PSERS school employers will be charged interest at the assumed rate of return, currently 7.25%, for delinquent payments to PSERS rather than 6%.

**TYRONE AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 9. Other Post-Employment Benefits - Single Employer District Plan**

Plan Description - The District provides retiree health, vision and dental care benefits, including prescription drug coverage, to eligible retired employees and qualified spouses/beneficiaries. This is a single employer defined-benefit plan administered by the District. Benefits are provided to all faculty, academic staff and support staff upon retirement under PSERS superannuation or early-retirement provisions. Currently, the plan has 182 active participants and 13 retired participants. The plan does not issue a separate stand-alone financial statement.

Funding Policy - The District’s medical plans are self-funded and each plan’s premiums are updated annually based on actual claims. The District funds OPEB on a pay-as-you-go basis, and there is no obligation to make contributions in advance of when the insurance premiums or claims are due for payment. The District does not maintain or accumulate any assets within a trust in accordance with paragraph 4 of GASB No. 75.

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

At June 30, 2021, the District reported a liability of \$3,099,000 for the total OPEB liability. The total OPEB liability was measured as of July 1, 2020 and was determined by an actuarial valuation as of July 1, 2020. The OPEB liability is composed of the following:

	Amount
OPEB liability at July 1, 2020	\$ 2,924,000
Service Cost	186,000
Interest	64,000
Differences between Expected and Actual Experience	-
Changes of Assumptions	18,000
Benefit Payments	(93,000)
Net Changes	<u>175,000</u>
OPEB liability at July 1, 2021	<u><u>\$ 3,099,000</u></u>

For the year ended June 30, 2021, the District recognized OPEB expense of \$237,000. At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 214,000	\$ -
Changes of assumptions	404,000	501,000
Benefit payments subsequent to the measurement date	97,000	-
	<u>\$ 715,000</u>	<u>\$ 501,000</u>

# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Other Post-Employment Benefits - Single Employer District Plan (Continued)

Of the total amount reported as deferred outflows of resources related to OPEB, \$93,000 resulting from District benefit payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB 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 the District's OPEB expense as follows:

Year	Total
2022	\$ (13,000)
2022	(13,000)
2023	(13,000)
2024	(13,000)
2025	(9,000)
Thereafter	178,000
	<u>\$ 117,000</u>

### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation - 2.5%
- Salary Increases - 2.5% cost of living adjustment, 1% real wage growth and for teachers and administrators a merit increases which varies by age from 2.75 to 0%.
- Investment rate of return - 3.36%. Based on S&P Municipal Bond 20-year High Grade Rate Index at 7/1/2019.
- Health care cost trend rate - 6.0% in 2018, and 5.5% in 2019-2021. Rates gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Retirees' Share of Benefit Related Costs - Retiree contributions are assumed to increase at the same rate as Health Care Cost Trend Rate.
- Mortality rates are separate and assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the MP-2017 projection scale to reflect mortality improvement.

**TYRONE AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 9. Other Post-Employment Benefits - Single Employer District Plan (Continued)**

Sensitivity of the District’s Total OPEB liability to Changes in Discount Rate and Health Care Trend Rate

The following presents the total OPEB liability of the District calculated using the discount rate of 2.21%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage higher (3.21%) than the current rate:

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
District's proportionate share of the total OPEB liability	\$ 3,386,000	\$ 3,099,000	\$ 2,829,000

The discount rate used to measure the Total OPEB liability decreased to 2.21% as of June 30, 2019 based on the Bond Buyer 20 Year Bond GO Index.

The following presents the total OPEB liability of the District calculated using the health care cost trend rate of (6.0% in 2021 decreasing to 3.9% in 2077), as well as what the total OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage higher than the current rate:

OPEB Health Care Trend

	1% Decrease (5.0% decreasing to 2.9%)	Health Care Cost Trend Rates (6.0% decreasing to 3.9%)	1% Increase (7.0% increasing to 4.9%)
District's proportionate share of the total OPEB liability	\$ 2,640,000	\$ 3,099,000	\$ 3,656,000

**Note 10. Other Post-Employment Benefits - PSERS Cost-Sharing Plan**

System Administration

The administrative staff of the Pennsylvania Public School Employees’ Retirement System (PSERS or the System) administers a defined benefit pension plan, and two postemployment healthcare programs, the Health Insurance Premium Assistance Program (Premium Assistance) and the Health Options Program (HOP) for its retirees. The System is a governmental cost-sharing, multiple-employer defined benefit pension plan that provides retirement benefits to public-school employees of the Commonwealth of Pennsylvania (Commonwealth). 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. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees, and survivor annuitants and their dependents who participate in HOP. The HOP is funded exclusively by the premiums paid by its participants for the benefit coverage they elect.

## TYRONE AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 10. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)**

The control and management of the System, including the investment of its assets is vested in the Board of Trustees (Board). The Commonwealth's General Assembly has the authority to amend the benefit terms of the System by passing bills in the Senate and House of Representatives and sending them to the Governor for approval.

#### Plan Description and Benefits Provided - 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.

#### 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.

#### 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, 2021, there were no assumed future benefit increases to participating eligible retirees.

#### Employer Contributions

The school Districts' contractually required contribution rate for the fiscal year ended June 30, 2021, was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$95,947 for the year ended June 30, 2021.

**TYRONE AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 10. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)**

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

At June 30, 2021, the District reported a liability of \$1,726,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was .0799% percent, which was a decrease of .0010% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized OPEB expense of \$83,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,000	\$ -
Changes in assumptions	70,000	38,000
Net difference between projected and actual investment earnings	3,000	-
Changes in proportions	19,000	49,000
Difference between employer contributions and proportionate share of total contributions	5,000	-
Contributions subsequent to the measurement date	96,000	-
	<u>\$ 209,000</u>	<u>\$ 87,000</u>

\$96,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year 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 Ending June 30:	Total
2021	\$ 4,000
2022	(1,000)
2023	(6,000)
2024	17,000
2025	11,000
Thereafter	1,000
	<u>\$ 26,000</u>

## TYRONE AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 10. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)

##### Actuarial Assumptions

The Total OPEB Liability as of June 30, 2020, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2019 to June 30, 2020, 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, 2020 valuation were based on the results of an actuarial experience study that was performed for the five year the period ending June 30, 2016.

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 three 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 seven years for males and three years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back three years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)



# TYRONE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 10. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)

#### Investments

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

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.3%	1.0%
US Core Fixed Income	46.5%	0.1%
Non-US Developed Fixed	3.2%	0.1%
	<u>100.0%</u>	

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

#### Discount rate

The discount rate used to measure the Total OPEB Liability was 3.13%. 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 3.13% which represents the S&P 20-year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

**TYRONE AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 10. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)**

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net OPEB liability, calculated using the discount rate of 3.13%, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.13%) or one-percentage-point higher (4.13%) than the current discount rate:

	1% Decrease 2.13%	Current Discount Rate 3.13%	1% Increase 4.13%
District's proportionate share of the net OPEB liability	\$ 1,968,000	\$ 1,726,000	\$ 1,526,000

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates (between 5% to 7.50%) that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (Between 4% to 6.50%)	Current Trend Rate (Between 5% to 7.50%)	1% Increase (Between 6% to 8.50%)
System net OPEB liability	\$ 1,726,000	\$ 1,726,000	\$ 1,727,000

OPEB Plan Fiduciary Net Position

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

Plan Payables

At June 30, 2021, the District has payables to the OPEB plan of \$37,857.

## **TYRONE AREA SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 11. Self-Insurance**

Effective July 1, 1998, the Tyrone Area School District joined the Blair County Schools Health Insurance Consortium, which is a consortium of school Districts located in Blair County. The Consortium was organized and created in accordance with the Public School Code of 1949, as amended. The Consortium elected to finance health care benefits for eligible school District personnel using a self-insured approach known as an Administrative Service Contract (ASC) arrangement. The ASC funding method is a self-funding rating option, which has the Consortium pay actual claims of its groups with an administrative charge paid for claims processing, plus stop loss insurance premiums. The ASC funding arrangement is on a "paid" basis for claims incurred within a twelve-month period and paid within a fifteen-month contract period. The Consortium establishes a reserve, as required by PA State Insurance Law, equal to 30 days of average paid claims; this reserve is recalculated and adjusted annually. During the contract period ended June 30, 2021, the Tyrone Area School District made contributions to the Consortium for its share of paid claims, administrative expenses, stop loss insurance costs and required reserves of \$2,654,973, which was charged as an expenditure for health care benefits. As of the date of these financial statements, the annual reserve calculation for the period ended June 30, 2021, has not been completed.

Tyrone Area School District self-insures the cost of dental insurance. During the 2020-2021 fiscal year, \$87,060 in dental claims were paid.

#### **Note 12. Affiliates**

The District is affiliated with the Appalachia Intermediate Unit #8 (AIU#08) and the Greater Altoona Career and Technical Center (GACTC). The member school Districts participate in providing oversight responsibility to the IU#08 and the GACTC through appointment of Board members, who are also Board members of the participating school Districts and, approval and funding of operating budgets.

Tyrone Area School District is a member of the Appalachia Intermediate Unit #08. The Appalachia Intermediate Unit #08 Board members consist of 14 members from the 42 member Districts, CTC's and Charter schools in the region serving on a rotational basis. The members are appointed to the IU #08 Board by the member Districts' Board of School Directors. Through this membership, the District is able to secure various special services, including special education, curriculum development, and certain internal-service functions. The District's share of general operational expense of Appalachia Intermediate Unit #08 for the year 2020-2021 was \$6,277.

Tyrone Area School District is served by the Greater Altoona Career and Technical Center (the Center). The District is one of eight-member school Districts participating in the operation of the Center. The Center is operated, administered, and managed by a joint-operating committee consisting of board members from each of the eight-member school Districts. Students of the District are offered courses and curriculums at the Vo-Tech that are related to various technical-training fields. Costs of the Vo-Tech are shared with other local Districts. The GACTC general operating expense is \$10,021,998. The Tyrone Area School District pays for 6.82% of that, based upon student enrollment in the Vo-Tech for the year 2020-2021. Total costs paid to the GACTC for 20-2021 was \$424,728 which included \$14,898 in lease payments for an Act 77 Energy Savings Project debt.

## **TYRONE AREA SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 12. Affiliates (Continued)**

The Tyrone Area School District is served by the Blair County Tax Collection Bureau (BCTCB) and along with the municipalities within the District border have representation on the Board of Directors. The bureau exists to expedite and to consolidate the collection of Earned Income Taxes (.5% on earnings) on behalf of the District. Representation on the BCTCB Board is fulfilled by the District Business Manager, Board Chairman. The District currently surrenders 1.4% of collections as a fee for services.

The District is a founding member of the Blair County School Health Consortium (BCSHC) with the objective of cooperatively purchasing healthcare insurance services. The Consortium functions as a self-funded insurer and purchases claims payment, adjustment and negotiated reimbursement services through Highmark of Western PA. The consortium brokerage firm is The Reschini Agency of Indiana, PA. The seven member Districts are represented by their respective Business Managers according to the bylaws of the consortium. The Williamsburg Community School District Business Manager is serving as the current Fiscal Agent for the consortium. District fees are based upon plan design and participant count. The consortium and the Districts rate of increase in coverage has averaged 5.39% over the past 15 years.

#### **Note 13. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets, errors, or omissions. Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in settlement coverage. Settlement amounts have not exceeded insurance coverage for the current or the three prior years.

Recent developments arising from the coronavirus pandemic and efforts to mitigate the disease's domestic and global impacts have impacted the operations and finances of School Districts. Changes in service approach, labor and personnel changes, facility closings, contracted service disruptions, personal protective equipment purchases, and technological equipment acquisitions have affected all School Districts. Unstable conditions enhance School District's risk factors as they have significant reliance on revenues from taxpayers and governmental agencies to fund their operations. These factors impact revenue recognition, cash flows and liquidity, and contingencies. Presently, the ultimate, effects of this crisis on financial position, results of operations, and cash flows are indeterminable because the duration of the crisis is also indeterminable; however, management continues to monitor developments.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TYRONE AREA SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS -  
DISTRICT SINGLE EMPLOYER PLAN**

<b>Year Ended June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service cost	\$ 186,000	\$ 119,000	\$ 115,000	\$ 189,000
Interest	64,000	73,000	76,000	97,000
Differences between Expected and Actual Experience	-	274,000	-	-
Changes in assumptions	18,000	453,000	53,000	(905,000)
Benefit payments	(93,000)	(135,000)	(122,000)	(121,000)
Net changes	175,000	784,000	122,000	(740,000)
Total OPEB Liability - Beginning	2,924,000	2,140,000	2,018,000	2,758,000
Total OPEB Liability - Ending	\$ 3,099,000	\$ 2,924,000	\$ 2,140,000	\$ 2,018,000
District's Covered-Employee Payroll	\$ 11,708,344	\$ 11,213,452	\$ 11,154,773	\$ 10,751,652
Total OPEB Liability as a % of Covered-Employee Payroll	26.47%	26.08%	19.18%	18.77%

**Notes to Schedule:**

Changes of Assumptions

The discount rate changed from 2.98% as of June 30, 2018 to 2.79% as of June 30, 2019. The trend assumption was updated. Assumptions for salary, mortality, withdrawal, and retirement were updated based on new PSERS assumptions.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is shown.

**TYRONE AREA SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB  
LIABILITY - PSERS COST SHARING PLAN**

<b>Year Ended June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
District's proportion of the net OPEB liability	0.0799%	0.0809%	0.0798%	7.9600%
District's proportionate share of the net OPEB liability	<u>\$ 1,726,000</u>	<u>\$ 1,721,000</u>	<u>\$ 1,664,000</u>	<u>\$ 1,622,000</u>
District's covered employee payroll	<u>\$ 11,213,452</u>	<u>\$ 11,154,773</u>	<u>\$ 10,751,652</u>	<u>\$ 10,592,534</u>
District's proportionate share of net OPEB liability as a percentage of its covered employee payroll	15.39%	15.43%	15.48%	15.31%
Plan fiduciary net position as a percentage of the total OPEB liability	5.69%	5.56%	5.56%	5.73%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is shown.

**TYRONE AREA SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULES OF DISTRICT'S OPEB CONTRIBUTIONS -  
PSERS COST SHARING PLAN  
Year Ended June 30, 2021**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 95,947	\$ 94,752	\$ 92,987	\$ 89,443
Contributions in relation to the contractually required contribution	(95,947)	(94,752)	(92,987)	(89,443)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	<u>\$ 11,708,344</u>	<u>\$ 11,213,452</u>	<u>\$ 11,154,773</u>	<u>\$ 10,751,652</u>
Contributions as a percentage of covered employee payroll	0.82%	0.84%	0.83%	0.83%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is shown.



**TYRONE AREA SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF DISTRICT'S  
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST TEN FISCAL YEARS**

<b>Year Ended June 30</b>	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	\$ 39,342,000	\$ 37,847,000	\$ 38,308,000	\$ 39,313,000	\$ 41,132,000	\$ 35,345,000	\$ 31,427,000
District's proportionate share of the net pension liability	0.0799%	0.0809%	0.0798%	0.0796%	0.0830%	0.0816%	0.0794%
District's covered-employee payroll	\$ 11,213,452	\$ 11,154,773	\$ 10,751,652	\$ 10,592,537	\$ 10,752,032	\$ 10,503,515	\$ 10,128,874
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	350.85%	339.29%	356.30%	371.14%	382.55%	336.51%	310.27%
Plan fiduciary net position as a percentage of the total pension liability	54.32%	55.16%	54.00%	51.84%	50.14%	54.36%	57.24%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is shown.

**TYRONE AREA SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULES OF DISTRICT CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

<b>Year Ended June 30</b>	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,942,015	\$ 3,763,010	\$ 3,652,237	\$ 3,420,802	\$ 3,106,412	\$ 2,636,292	\$ 2,095,425
Contributions in relation to the contractually required contribution	3,942,015	3,763,010	3,652,237	3,420,802	3,106,412	2,636,292	2,095,425
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 11,213,452	\$ 11,213,452	\$ 11,154,773	\$ 10,751,653	\$ 10,591,298	\$ 10,752,512	\$ 10,128,874
Contributions as a percentage of covered-employee payroll	35.15%	33.56%	32.74%	31.82%	29.33%	24.52%	20.69%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is shown.

**SUPPLEMENTARY INFORMATION**

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

Board of School Directors  
Tyrone Area School District  
Tyrone, 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 Tyrone Area School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Tyrone Area School District's basic financial statements, and have issued our report thereon dated January 19, 2022.

**Internal Control over Financial Reporting**

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

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


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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

State College, Pennsylvania  
January 19, 2022

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

Board of School Directors  
Tyrone Area School District  
Tyrone, Pennsylvania

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

We have audited Tyrone Area 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 Tyrone Area School District's major federal programs for the year ended June 30, 2021. Tyrone Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Tyrone Area 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; 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 Tyrone Area School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe 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 Tyrone Area School District's compliance.

## Opinion on Each Major Federal Program

In our opinion, Tyrone Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of Tyrone Area 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 Tyrone Area 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 Tyrone Area 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.

A handwritten signature in black ink that reads "Boyer & Ritter". The signature is written in a cursive style with a large, sweeping flourish at the end.

State College, Pennsylvania  
January 19, 2022

**TYRONE AREA SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2021**

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

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified:  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over the major programs:

- Material weakness identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Type of auditor's report issued on compliance for the major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)3?  Yes  No



**TYRONE AREA SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2021**

Identification of the major programs:

CFDA Number(s)	Name of Federal Programs/Cluster
84.425D	COVID 19 Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act
Child Nutrition Cluster	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program For Children

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

Auditee qualified as low-risk auditee?  X  Yes   No

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**Section II -- Financial Statement Findings**

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A. Significant Deficiency (ies) in Internal Control

There were no findings relating to the financial statement audit required to be reported.

B. Compliance Findings

There were no compliance findings relating to the financial statement audit required to be reported.

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

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A. Compliance Findings

There were no findings relating to the Federal awards as required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance.

B. Significant Deficiency(ies) in Internal Control

There were no findings relating to the Federal awards as required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance.

TYRONE AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2021

	Source Code	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) in Fiscal Year	Accrued (Deferred) Revenue at 7/1/2020	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at 6/30/2021	Provided to Subrecipients
<b>U.S. Department of Education</b>											
Passed through the Pennsylvania Department of Education:											
Title I - Improving Basic Programs	I	84.010	013-190440	18-19	\$ 490,797	\$ -	\$ (22,648)	\$ 22,648	\$ 22,648	\$ -	\$ -
Title I - Improving Basic Programs	I	84.010	013-200440	19-20	\$ 491,387	(47)	(15,816)	15,769	15,769	-	-
Title I - Improving Basic Programs	I	84.010	013-210440	20-21	\$ 509,978	499,830	-	509,978	509,978	10,148	-
Title I - Delinquent	I	84.010	107-170440	16-17	\$ 265,226	(72,448)	(72,448)	-	-	-	-
Title I - Delinquent	I	84.010	107-180440	17-18	\$ 232,140	(155,490)	(155,490)	-	-	-	-
Title I - Delinquent	I	84.010	107-200440	19-20	\$ 111,733	(69,040)	(69,054)	14	14	-	-
						<u>202,805</u>	<u>(335,456)</u>	<u>548,409</u>	<u>548,409</u>	<u>10,148</u>	<u>-</u>
Improving Teacher Quality	I	84.367	020-180440	17-18	\$ 80,099	-	(411)	-	-	(411)	-
Improving Teacher Quality	I	84.367	020-190440	18-19	\$ 76,891	-	(2,655)	2,655	2,655	-	-
Improving Teacher Quality	I	84.367	020-200440	19-20	\$ 71,622	(490)	(2,653)	2,163	2,163	-	-
Improving Teacher Quality	I	84.367	020-210440	20-21	\$ 73,941	72,830	-	73,941	73,941	1,111	-
						<u>72,340</u>	<u>(5,719)</u>	<u>78,759</u>	<u>78,759</u>	<u>700</u>	<u>-</u>
Title IV - Student Support and Academic Enrichment Grant	I	84.424	144-190440	18-19	\$ 35,712	-	(1,232)	1,232	1,232	-	-
Title IV - Student Support and Academic Enrichment Grant	I	84.424	144-200440	19-20	\$ 36,733	2,624	(26,966)	29,590	29,590	-	-
Title IV - Student Support and Academic Enrichment Grant	I	84.424	144-210440	20-21	\$ 36,548	36,548	-	36,548	36,548	-	-
						<u>39,172</u>	<u>(28,198)</u>	<u>67,370</u>	<u>67,370</u>	<u>-</u>	<u>-</u>
Secondary Allocation	I	84.048	380-210086	20-21	\$ 19,127	19,127	-	19,127	19,127	-	-
COVID 19 Elementary and Secondary School Emergency Relief Fund I	I	84.425D	200-200440	20-21	\$ 395,816	333,319	-	395,816	395,816	62,497	-
COVID 19 Elementary and Secondary School Emergency Relief Fund II	I	84.425D	200-210440	20-23	\$ 1,848,203	-	-	390,394	390,394	390,394	-
COVID 19 American Rescue Plan Elementary & Secondary School Emergency Relief Fund III	I	84.425U	223-210440	20-24	\$ 3,738,381	-	-	5,822	5,822	5,822	-

(Continued)

**TYRONE AREA SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**

**Year Ended June 30, 2021**

	Source Code	Federal C.F.D.A. Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) in Fiscal Year	Accrued (Deferred) Revenue at 7/1/2020	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at 6/30/2021	Provided to Subrecipients
<b>U.S. Department of Education (Continued)</b>											
Passed through the Pennsylvania Department of Education (Continued)											
COVID 19 Governor's Emergency Education Relief Fund	I	84.425C	162-190038	20-21	\$ 4,789	4,789	-	4,789	4,789	-	-
COVID 19 Governor's Emergency Education Relief Fund	I	84.425C	163-190038	20-21	\$ 7,892	7,982	-	7,982	7,982	-	-
COVID 19 Governor's Emergency Education Relief Fund	I	84.425C	253-200440	20-21	\$ 42,750	6,750	-	40,261	40,261	33,511	-
COVID 19 Special Education Grants to States	I	84.027	252-200440	20-21	\$ 8,075	8,075	-	8,075	8,075	-	-
<b>Total Passed through the Pennsylvania Department of Education</b>						<b>694,359</b>	<b>(369,373)</b>	<b>1,566,804</b>	<b>1,566,804</b>	<b>503,072</b>	<b>-</b>
Passed through the Pennsylvania Commission on Crime & Delinquency											
COVID 19 Elementary & Secondary School Emergency Relief Fund	I	84.425D	2020-ES-01-35317	20-22	\$ 54,622	30,019	-	31,389	31,389	1,370	-
Passed Through Appalachia Intermediate Unit #8											
Special Education - Grants to States	I	84.027	062-20-0008	19-20	\$ 296,417	296,417	296,417	-	-	-	-
Special Education - Grants to States	I	84.027	062-21-0008	20-21	\$ 312,874	-	-	312,874	312,874	312,874	-
Special Education - Preschool Grants	I	84.173	N/A	19-20	\$ 22,581	22,581	22,581	-	-	-	-
Special Education - Preschool Grants	I	84.173	N/A	20-21	\$ 67,752	-	-	67,752	67,752	67,752	-
Special Education - Grants to States	I	84.027	N/A	19-20	\$ 48,733	48,733	48,733	-	-	-	-
Special Education - Grants to States	I	84.027	N/A	20-21	\$ 22,500	-	-	22,500	22,500	22,500	-
Special Education - Preschool Grants	I	84.173	131-19-0008	19-20	\$ 3,652	3,652	3,652	-	-	-	-
Special Education - Preschool Grants	I	84.173	131-20-0008	20-21	\$ 2,212	-	-	2,212	2,212	2,212	-
<b>Total passed through the Appalachi Intermediate Unit #8</b>						<b>371,383</b>	<b>371,383</b>	<b>405,338</b>	<b>405,338</b>	<b>405,338</b>	<b>-</b>
<b>Total U.S. Department of Education</b>						<b>1,095,761</b>	<b>2,010</b>	<b>2,003,531</b>	<b>2,003,531</b>	<b>909,780</b>	<b>-</b>

(Continued)

**TYRONE AREA SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**

**Year Ended June 30, 2021**

	Source Code	Federal C.F.D.A. Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) in Fiscal Year	Accrued (Deferred) Revenue at 7/1/2020	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at 6/30/2021	Provided to Subrecipients
<b>U.S. Department of Treasury</b>											
Passed through the Pennsylvania Commission on Crime & Delinquency											
			2020-CS-01-								
COVID 19 Coronavirus Relief Fund	I	21.019	34116	20-21	\$ 188,765	188,765	-	188,765	188,765	-	-
Passed through the Pennsylvania Department of Education:											
COVID 19 Coronavirus Relief Fund	I	21.019	161-190184	20-21	\$ 18,590	18,590	-	18,590	18,590	-	-
Passed through Centre County of Pennsylvania											
COVID 19 Coronavirus Relief Fund	I	21.019	N/A	20-21	N/A	1,620	-	1,620	1,620	-	-
Passed through Center for Community Action											
COVID 19 Coronavirus Relief Fund	I	21.019	N/A	20-21	N/A	48,600	-	48,600	48,600	-	-
<b>Total U.S. Department of Treasury</b>						<b>257,575</b>	<b>-</b>	<b>257,575</b>	<b>257,575</b>	<b>-</b>	<b>-</b>
<b>U.S. Department of Health and Human Services</b>											
Passed through Center for Community Action 477 Cluster											
COVID 19 Coronavirus Relief Fund	I	93.575	N/A	20-21	N/A	139,400	-	139,400	139,400	-	-
<b>Total 477 Cluster</b>						<b>139,400</b>	<b>-</b>	<b>139,400</b>	<b>139,400</b>	<b>-</b>	<b>-</b>
Passed through the Pennsylvania Department of Human Services Medicaid Cluster											
Medical Assistance Program	I	93.778	N/A	20-21	N/A	4,743	-	4,743	4,743	-	-
<b>Total Medicaid Cluster</b>						<b>4,743</b>	<b>-</b>	<b>4,743</b>	<b>4,743</b>	<b>-</b>	<b>-</b>
<b>Total U.S. Department of Health and Human Services</b>						<b>144,143</b>	<b>-</b>	<b>144,143</b>	<b>144,143</b>	<b>-</b>	<b>-</b>

(Continued)



## **TYRONE AREA SCHOOL DISTRICT**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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#### **Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District's Federal award programs for year ended June 30, 2021. 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 the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

#### **Note 2. Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### **Note 3. Indirect Cost Rate**

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

**TYRONE AREA SCHOOL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**  
**Year Ended June 30, 2021**

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There were no prior year's audit findings.