

**NORTHERN TIOGA SCHOOL DISTRICT**  
**ELKLAND, PENNSYLVANIA**  
**FINANCIAL STATEMENTS AND SINGLE AUDIT REPORT**  
**YEAR ENDED JUNE 30, 2023**

NORTHERN TIOGA SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2023

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# *Zelenkofske Axlerod LLC*

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## INDEPENDENT AUDITOR'S REPORT

Board of School Directors  
Northern Tioga School District  
Elkland, Pennsylvania

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

#### ***Opinions***

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditor's Responsibility for the Audit of Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists.



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Board of School Directors  
Northern Tioga School District  
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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by managements, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Adoption of New Governmental Accounting Standards Board Pronouncements***

As described in Note 1 to the financial statements, in 2023 the District adopted the provisions of Governmental Accounting Standards Board's Statements No. 91, "*Conduit Debt Obligations*", Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", Statement No. 96, "*Subscription-Based Information Technology Arrangements*", and required provisions of Statement No. 99 "*Omnibus 2022*". Our opinion is not modified with respect to these matters.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of revenues, expenditures, and changes in fund balance budget and actual – General Fund, the schedule of changes in the total OPEB liability and related ratios – District OPEB plan, the schedule of the district's proportionate share of the net PSERS OPEB liability, schedule of the district contributions – PSERS OPEB plan, schedule of employer contributions to the OPEB plan – last 10 years, the schedule of the district's proportionate share of the net pension liability, and the schedule of district contributions – pension plan on pages 4 through 16 and pages 61 through 66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



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**CERTIFIED PUBLIC ACCOUNTANTS**

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Northern Tioga School District  
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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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's 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 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Zelenkofske Axlerod LLC*

ZELENKOFOSKE AXELROD LLC

Harrisburg, Pennsylvania  
November 30, 2023

NORTHERN TIOGA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
UNAUDITED  
JUNE 30, 2023

## **INTRODUCTION**

Our discussion and analysis of the Northern Tioga School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2023. It should be read in conjunction with the basic financial statements to enhance understanding of the School District's financial performance, which immediately follows this section.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year 2023 are as follows:

- State revenues are the main source of funding for the Northern Tioga School District. In 2022-23, the District received \$24,122,149 in State revenue making up 56.07% of the total revenue. This is an increase of 6.03% from the prior year (\$22,750,078 was received in 2021/2022).
- Real Estate Tax is the main source of local funding for the District. This revenue comprises 21.24% of total General Fund revenues and is the only revenue source over which the School Board has control. The tax revenue received from real estate tax increased from 2022 by \$261,537 or 3.00%. The millage rate for 2023 increased to 19.197 mills compared to the 2022 rate at 18.459 mills.
- The total revenues for the General Fund were \$42,338,063. This is an overall increase of \$4,754,619 compared to the prior year.
- Expenditure levels in all governmental funds increased from \$36,271,823 to \$41,261,273 from the prior year.
- Capital assets in the Governmental Activities have been reported at \$74,511,929 and accumulated depreciation of \$35,012,849 for a net capital asset value of \$39,499,080. The amount listed represents the estimated historical costs of all sites, site improvements, furniture and equipment with a unit value of at least \$1,500.
- The General Fund fund balance increased from \$12,871,823 to \$14,268,890. It is important to note that in anticipation of the increase in retirement contributions in subsequent fiscal years, the Board has proactively decided to designate fund balance to "level-out" the financial impact. The current amount assigned to fund retirement is \$2,492,340. Additional assignments include set asides for health insurance increases, special education, other post-retirement benefits, board initiative, technology needs, textbooks, COVID, and capital expenditures/debt service.
- The school district's governmental fund financial statements report a combined ending fund balance of \$21,294,554. Of this total amount, \$3,659,150 is saved for future capital expenditures and future debt service payments and \$5,466,454 is restricted for capital projects.
- The district has two outstanding bond series 2017A and 2017AA. At the end of the fiscal year, the outstanding bond principal was \$18,740,000 with the final payment due in 2036-37.

NORTHERN TIOGA SCHOOL DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)  
 UNAUDITED  
 JUNE 30, 2023

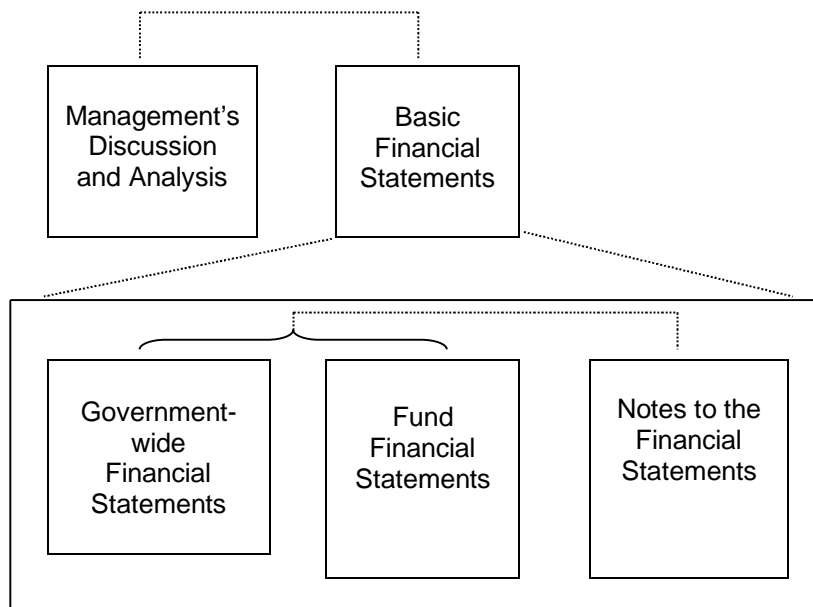
- Financial activity resulted in a net position increase of \$233,956 for the Food Service Fund. The food service department, along with volunteers from local churches and other organizations, continues to provide a very successful summer feeding program providing free lunches for all students under the age of 18 at strategic locations throughout our district communities. The food service net position is now \$1,084,653, of which \$203,353 is invested in capital assets.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. 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 the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

Figure A-1  
 Required components of Northern Tioga School District's Financial Report





NORTHERN TIOGA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)  
UNAUDITED  
JUNE 30, 2023

Figure A-2 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 of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Figure A-2  
Major Features of Northern Tioga School District's  
Government-wide and Fund Financial Statements

	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business – Food Services
Required financial statements	Statement of net position Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow-outflow information	All revenues and expenses during 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 year, regardless of when cash is received or paid

NORTHERN TIOGA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)  
UNAUDITED  
JUNE 30, 2023

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*. The *statement of activities* presents all of the current year's revenues and expenses regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or position.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating, respectively. However, to assess the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the performance of the students.

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

- Governmental activities – All of the District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- Business type activities – The District operates a food service operation and charges fees to staff, students and visitors to help cover the costs of the food service operation.

Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required by state law and by bond requirements.

- Governmental funds – Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- Proprietary funds – These funds are used to account for the District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides – whether to outside customers or to other units in the District – these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

NORTHERN TIOGA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)  
UNAUDITED  
JUNE 30, 2023

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's total governmental net position was a negative \$6,298,517 at June 30, 2023 and a negative \$13,683,197 at June 30, 2022. This represents an increase in net position of \$7,411,904, indicating that the District's overall financial position has increased since fiscal year 2021-2022.

Per Statement 68 of the Government Accounting Standards Board (GASB 68) beginning with FY 2014-15, the District's financial statements must now include the District's proportionate share of the state pension liability. Per Statement 75 of the Government Accounting Standards Board (GASB 75), beginning with FY 2018-19, the District's financial statements now include the District's proportionate share of the state Other Post Employment Benefit (OPEB) liability as well as the full unfunded portion of the District specific OPEB Plan liability. This amount of deferred pension and OPEB liabilities adds approximately \$52.1 million in additional liabilities to the District's financial statements.

Table A-1 presents a summary of School District's Statements of Net Position

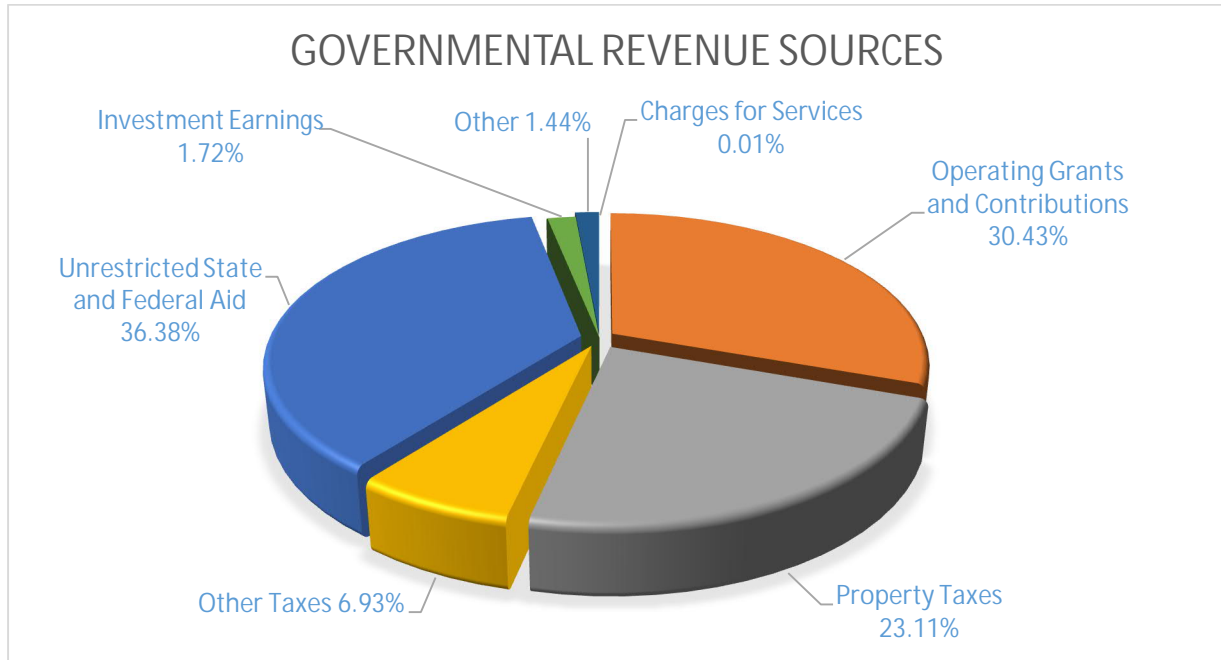
Table A-1  
Fiscal Year Ended June 30,  
Net Position

	2023			2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<u>Assets</u>						
Current and other assets	\$ 28,672,441	\$ 903,457	\$ 29,575,898	\$ 25,594,454	\$ 656,773	\$ 26,251,227
Capital assets	39,499,080	203,353	39,702,433	37,735,149	221,652	37,956,801
Total assets	68,171,521	1,106,810	69,278,331	63,329,603	878,425	64,208,028
<u>Deferred Outflow s</u>						
Deferred Amounts Related to Pension and OPEB	8,752,864	-	8,752,864	9,864,995	-	9,864,995
Total Deferred Outflow s	8,752,864	-	8,752,864	9,864,995	-	9,864,995
Total Assets & Deferred Outflow s	76,924,385	1,106,810	78,031,195	73,194,598	878,425	74,073,023
<u>Liabilities</u>						
Current and other liabilities	7,558,283	16,009	7,574,292	6,274,844	25,202	6,300,046
Long-term liabilities	70,991,646	6,148	70,997,794	71,426,034	2,526	71,428,560
Total Liabilities	78,549,929	22,157	78,572,086	77,700,878	27,728	77,728,606
<u>Deferred Inflow s</u>						
Deferred Amounts Related to Pension and OPEB	4,672,973	-	4,672,973	9,176,917	-	9,176,917
Total Deferred Inflow s	4,672,973	-	4,672,973	9,176,917	-	9,176,917
<u>Net Position</u>						
Net Investment in Capital Assets	25,386,607	203,353	25,589,960	23,151,190	221,652	23,372,842
Restricted	1,559,210	-	1,559,210	1,514,425	-	1,514,425
Unrestricted	(33,244,334)	881,300	(32,363,034)	(38,348,812)	629,045	(37,719,767)
Total Net Position	(6,298,517)	1,084,653	(5,213,864)	(13,683,197)	850,697	(12,832,500)
Total Liabilities, Deferred Inflow s & Net Position	\$ 76,924,385	\$ 1,106,810	\$ 78,031,195	\$ 73,194,598	\$ 878,425	\$ 74,073,023

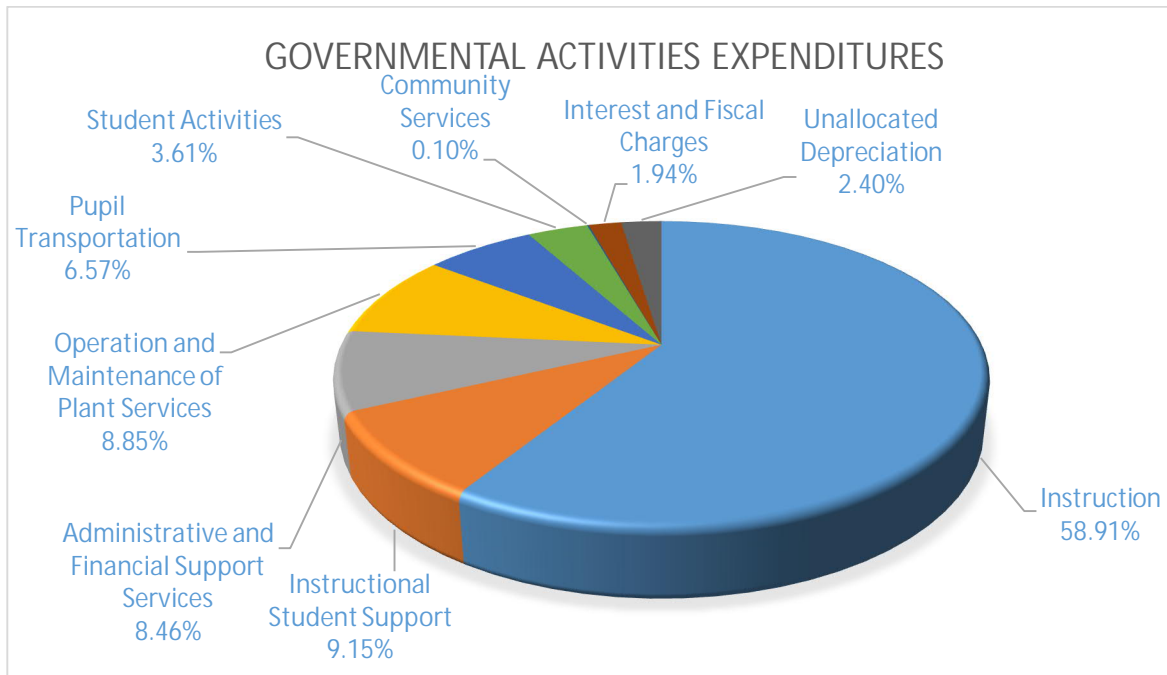
The net investment in capital assets (buildings, site improvements, and equipment) makes up most of the district's net position. The remaining unrestricted amounts are a combination of nonspendable, assigned, committed, and unassigned fund balance amounts.

NORTHERN TIOGA SCHOOL DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)  
 UNAUDITED  
 JUNE 30, 2023

Graph A-1 shows the sources of revenues for the fiscal year 2023 for Governmental Activities.



Graph A-2 shows the expenditures for the fiscal year 2023 for Governmental Activities.



NORTHERN TIOGA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)  
UNAUDITED  
JUNE 30, 2023

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by general revenues. The three largest general revenues are listed in Table A-2.

Table A-2  
Fiscal Year Ended June 30, 2023  
General Revenues

<u>General Revenue Source</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
Grants and Subsidies (mainly provided by the Commonwealth of PA)	\$ 14,517,066	\$ 15,671,286	\$ 1,154,220	8.0%
Real Estate Taxes	9,526,725	9,956,604	429,879	4.5%
Other Taxes (mainly Earned Income Tax)	2,794,594	2,987,321	192,727	6.9%

Table A-3 takes the information from the Statement of Activities, rearranges it slightly, so you can see our total revenues for the year.

Table A-3  
Fiscal Year Ended June 30,  
Changes in Net Position

	2023			2022		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Revenues</b>						
<u>Program Revenues</u>						
Charges for services	\$ 2,800	\$ 102,347	\$ 105,147	\$ 14,180	\$ 87,478	\$ 101,658
Operating grants and contributions	13,107,402	1,931,486	15,038,888	10,364,894	1,971,340	12,336,234
<u>General Revenues</u>						
Property taxes	9,956,604	-	9,956,604	9,526,725	-	9,526,725
Other taxes	2,987,321	-	2,987,321	2,794,594	-	2,794,594
Unrestricted grants, subsidies & contributions	15,671,286	-	15,671,286	14,517,066	-	14,517,066
Other	1,353,534	7,952	1,361,486	459,708	1,134	460,842
Total revenues	<u>43,078,947</u>	<u>2,041,785</u>	<u>45,120,732</u>	<u>37,677,167</u>	<u>2,059,952</u>	<u>39,737,119</u>
<b>Expenses</b>						
Instruction	21,025,944	-	21,025,944	21,199,369	-	21,199,369
Instructional student support	3,267,239	-	3,267,239	3,032,547	-	3,032,547
Administrative and financial support	3,019,455	-	3,019,455	2,462,616	-	2,462,616
Operation and maintenance of plant	3,160,232	-	3,160,232	2,651,259	-	2,651,259
Pupil transportation	2,344,961	-	2,344,961	2,086,100	-	2,086,100
Student activities	1,289,832	-	1,289,832	1,238,118	-	1,238,118
Community services	35,101	-	35,101	17,401	-	17,401
Interest on long-term debt	693,299	-	693,299	717,995	-	717,995
Unallocated depreciation expense	858,204	-	858,204	858,020	-	858,020
Food Services	-	1,807,829	1,807,829	-	1,694,757	1,694,757
Total expenses	<u>35,694,267</u>	<u>1,807,829</u>	<u>37,502,096</u>	<u>34,263,425</u>	<u>1,694,757</u>	<u>35,958,182</u>
<b>Increase (decrease) in net position</b>	<u>\$ 7,384,680</u>	<u>\$ 233,956</u>	<u>\$ 7,618,636</u>	<u>\$ 3,413,742</u>	<u>\$ 365,195</u>	<u>\$ 3,778,937</u>

NORTHERN TIOGA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)  
UNAUDITED  
JUNE 30, 2023

The tables below present the expenses of both the Governmental Activities and the Business-type Activities of the District.

Table A-4 shows the District's largest functions - instruction, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table A-4  
Fiscal Year Ended June 30,  
Governmental Activities

<u>Functions/Programs</u>	<u>2023</u>		<u>2022</u>	
	<u>Total Cost of</u>	<u>Net Cost of</u>	<u>Total Cost of</u>	<u>Net Cost of</u>
	<u>Services</u>	<u>Services</u>	<u>Services</u>	<u>Services</u>
Instruction	\$ 21,025,944	\$ (11,043,528)	\$ 21,199,369	\$ (14,011,728)
Instructional student support	3,267,239	(2,654,887)	3,032,547	(2,540,614)
Administrative	3,019,455	(2,721,124)	2,462,616	(2,187,716)
Operation and maintenance	3,160,232	(2,524,185)	2,651,259	(1,816,852)
Pupil transportation	2,344,961	(834,335)	2,086,100	(560,805)
Student activities	1,289,832	(1,219,402)	1,238,118	(1,173,220)
Community services	35,101	(35,101)	17,401	(17,401)
Interest on long-term debt	693,299	(693,299)	717,995	(717,995)
Unallocated depreciation expense	858,204	(858,204)	858,020	(858,020)
<b>Total governmental activities</b>	<b>35,694,267</b>	<b>(22,584,065)</b>	<b>34,263,425</b>	<b>(23,884,351)</b>
Less:				
Unrestricted grants, subsidies		(15,671,286)		(14,517,066)
<b>Total needs from local taxes and other revenues</b>		<b>\$ (6,912,779)</b>		<b>\$ (9,367,285)</b>

The dependence upon tax revenues for governmental activities is apparent. The District had expenses for governmental activities of \$35,694,267, while only \$2,800 has been provide from program specific charges and \$13,107,402 has been provide by the State and Federal Governments as operating grants. The District has also received \$15,671,286 from the State for Basic Education expenses, which leaves \$6,912,779 of expenses required to be covered by tax assessments and other revenues. Approximately 19.37% of District activities are supported through taxes and other general revenue.

NORTHERN TIOGA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)  
UNAUDITED  
JUNE 30, 2023

Table A-5 reflects the activities of the Food Service program, the only Business-type activity of the District.

Table A-5  
Fiscal Year Ended June 30,  
Business-type Activities

<u>Functions/Programs</u>	<u>2023</u>		<u>2022</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Food services	1,807,829	226,004	1,694,757	364,061
<b>Total Net Cost of Services</b>		<b>\$ 226,004</b>		<b>\$ 364,061</b>

The Statement of Revenues, Expenses and Changes in Fund Net Position for this proprietary fund will further detail the actual results of operations.

### THE DISTRICT FUNDS

At June 30, 2023 the District governmental funds reported a combined fund balance of \$21,294,554 which is an increase of \$1,762,265.

The General Fund, which accounts for the District's operations, represents, the District's most significant major fund. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds is summarized in Table A-6 below.

Table A-6  
Fiscal Year Ended June 30,  
Summary of Governmental Change in Fund Balance

<u>2023</u>	<u>Beginning Fund Balance</u>	<u>Net Change in Fund Balance</u>	<u>Ending Fund Balance</u>
General Fund	\$ 12,871,823	\$ 1,397,067	\$ 14,268,890
Capital Projects	5,146,041	320,413	5,466,454
Other Government Funds	1,514,425	44,785	1,559,210
<b>Total Governmental Funds</b>	<b>\$ 19,532,289</b>	<b>\$ 1,762,265</b>	<b>\$ 21,294,554</b>
<u>2022</u>			
<b>Total Governmental Funds</b>	<b>\$ 17,822,887</b>	<b>\$ 1,709,402</b>	<b>\$ 19,532,289</b>

The increase in the General Fund is due in part to the unpredictability of Federal and State revenue when the District budget is developed. The increase in fund balance in the Capital Projects Fund is due to the transfer of funds into the fund from General Fund. The increase in fund balance in the Other Governmental Funds is due to increased fiscal activity in Student Activities as students began to raise more funds for school trips.

NORTHERN TIOGA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)  
UNAUDITED  
JUNE 30, 2023

**GENERAL FUND BUDGET**

During the fiscal year, the Board of School Directors (The Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are, again, confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, and is not prohibited by state law. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided on the Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual.

Transfers between specific categories of expenditures/financing uses occur during the year. The most significant transfers occur from the budget reserve category to specific expenditure areas.

The Budgetary Reserve includes amounts that will be funded by designated fund balance for planned opportunities of expenditures for improvements/enhancements to the District operations. These amounts will only be appropriated into expenditure categories if the fiscal results of the prior year end with a positive addition to fund balance, which exceeds the total of these projected expenditures. The Board is using this method of budgeting to control tax increases while also protecting the integrity of the fund balance.

Budget variances to actuals occur for a variety of reasons: employees may change health plans during the year or may work more overtime than planned. Our revenues were greater than budget due to more than anticipated interest earnings on our deposits and increased state funding for basic education. Our expenditures were less than budgeted as the basic education was less than anticipated expenditures that occurred during the year and an ongoing HVAC installation project was not completed as anticipated as of June 30, 2023.

**CAPITAL ASSET AND DEBT SUMMARY**

**CAPITAL ASSETS**

At June 30, 2022 the District, including Food Service, had \$39,702,433 invested in a broad range of capital assets, including buildings, site improvements and furniture and equipment. Thus, at the end of June 2023, the capital assets, net of depreciation totaled \$39,702,433 representing a net increase (including additions, deletions and depreciation) of \$1,745,632 over last year.

Table A-7 reflects the capital assets of both the governmental activities and the business-type activities of the District.

Table A-7  
Governmental Activities and Business Type Activities  
Fiscal Year Ended June 30,  
Capital assets - net of depreciation

Assets Classification (Net of Accumulated Depreciation)	2023	2022
Site Improvements	\$ 3,180	\$ 3,180
Construction in Process	2,760,298	-
Building and Building Improvements	34,126,976	34,927,196
Furniture and Equipment	2,811,979	3,026,425
	<u>\$ 39,702,433</u>	<u>\$ 37,956,801</u>



NORTHERN TIOGA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)  
UNAUDITED  
JUNE 30, 2023

DEBT SUMMARY AND RELATED INFORMATION

As of July 1, 2022, the District had total outstanding bond principal of \$19,730,000. This District has a total ending outstanding debt, as of June 30, 2023, of \$18,740,000.

Table A-8  
Outstanding Debt

	2023	2022	2021	2020	2019
General Obligation Bonds:					
- Series of 2017A	1,950,000	2,560,000	3,155,000	3,735,000	4,300,000
- Series of 2017AA	<u>16,790,000</u>	<u>17,170,000</u>	<u>17,540,000</u>	<u>17,905,000</u>	<u>18,265,000</u>
	<u>\$ 18,740,000</u>	<u>\$ 19,730,000</u>	<u>\$ 20,695,000</u>	<u>\$ 21,640,000</u>	<u>\$ 22,565,000</u>

The Local Government Unit Debt Act (Act 52 of 1978, re-enacting and amending Act 185 of 1972), imposes debt limits for all local government units in Pennsylvania. Act 50 of 1998 amended the Debt Act resulting in a debt limit of 225% of the District's borrowing base. The "Debt Act" is administered by the Pennsylvania Department of Community Affairs.

The table below shows the calculation prescribed by the Debt Act in determining the District's debt limit and remaining borrowing capacity. It uses the three most recent actual annual revenue amounts as the primary basis for the calculation. Therefore, this calculation will change in future years as future year's revenue changes.

	2020-2021	2021-2022	2022-2023
Total Governmental Funds Revenues	\$ 38,780,230	\$ 37,981,568	\$ 43,023,538
Less: Required Deductions			
--- Federal Revenue & Rental & Sinking Fund Reimbursement	<u>3,767,100</u>	<u>1,689,105</u>	<u>4,114,413</u>
Net Revenue	<u>35,013,130</u>	<u>36,292,463</u>	<u>38,909,125</u>
<b>Total Net Revenue For Three Years</b>			<u><u>\$110,214,718</u></u>
Borrowing Base - Average Net Revenue for Three Year Period			\$ 36,738,239
Multiplier			225%
Total Nonelectoral Debt Limit			<u>82,661,039</u>
<b>Less: Amount of Debt Issued &amp; Outstanding (as of 6/30/2023)</b>			<u>18,740,000</u>
Total Debt Margin (Remaining Borrowing Capacity)			<u>\$ 63,921,039</u>
Total Debt Margin Percentage (Remaining Borrowing Capacity)			<u>77.33%</u>

NORTHERN TIOGA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)  
UNAUDITED  
JUNE 30, 2023

**OTHER STATISTICAL DATA**

**2022-23 REAL ESTATE TAX COLLECTION DATA**

Tax notices are due for mailing to taxpayers at the beginning of July each year. A discount of 2% is allowed on all property taxes paid within two months from the date tax bills are mailed. After the discount period expires a two-month period is allowed for payment of taxes at par. Taxes paid after this time are subject to a 10% penalty. A list of names of all taxpayers that have not paid their current real estate taxes is submitted to the Tax Claim Bureau of Tioga County by December 31 of the following calendar year. All delinquent real estate taxes are subsequently paid to this office, which in turn remits a monthly list of delinquent collections to the School District.

Year	Lewy(1)	Current Collections	Percent of Levy	Prior Years Collections(2)	Total Collections	Percent of Levy
2006-07	\$ 6,351,150	\$ 5,653,570	89.0%	\$ 563,240	\$ 6,216,810	97.9%
2007-08	6,646,075	5,933,134	89.3%	685,501	6,618,635	99.6%
2008-09	6,894,934	5,730,006	83.1%	709,548	6,439,554	93.4%
2009-10	6,875,164 *	6,148,691	89.4%	843,712	6,992,403	101.7%
2010-11	7,248,927 *	6,630,667	91.5%	1,047,456	7,678,123	105.9%
2011-12	7,314,480 *	6,726,174	92.0%	763,928	7,490,102	102.4%
2012-13	7,368,380 *	6,792,155	92.2%	642,621	7,434,776	100.9%
2013-14	7,623,854 *	7,012,721	92.0%	695,627	7,708,348	101.1%
2014-15	7,922,802 *	7,287,034	92.0%	791,603	8,078,637	102.0%
2015-16	8,217,470 *	7,304,727	88.9%	952,366	8,257,093	100.5%
2016-17	8,535,162 *	7,554,353	88.5%	975,695	8,530,048	99.9%
2017-18	8,737,760 *	7,820,398	89.5%	1,094,817	8,915,215	102.0%
2018-19	9,071,493 *	8,048,607	88.7%	1,014,123	9,062,730	99.9%
2019-20	9,937,792 *	8,449,925	85.0%	1,022,884	9,472,809	95.3%
2020-21	9,971,651 *	8,541,343	85.7%	1,175,056	9,716,399	97.4%
2021-22	9,789,602 *	8,619,107	88.0%	1,055,756	9,674,863	98.8%
2022-23	10,461,151 *	8,865,267	84.7%	999,797	9,865,064	94.3%

(1) Real estate assessment multiplied by realty tax rate less any taxpayer relief funds received from the state. (Budgeted)

(2) Taxes collected for past fiscal years.

\*District received taxpayer relief funds from the state.

**EMPLOYEE DATA**

There are approximately 312 employees of the school district, including 12 administrators, 3 psychologists, 3 social workers, 171 teachers, and 123 support personnel, including technology specialists, secretaries, custodial and maintenance staff, cafeteria staff, and teacher assistants.

NORTHERN TIOGA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)  
UNAUDITED  
JUNE 30, 2023

**ENROLLMENT DATA**

The chart below provides student enrollment information by building.

	Elementary Schools				Secondary Schools			District Total
	Clark Wood	RB Walter	Westfield Area	Elementary Total	Cowanesque Valley	Williamson	Secondary Total	
June 2023	297	489	310	1,096	342	549	891	1,987
October 2023	300	474	317	1,091	371	547	918	2,009

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The budget for the 2023-24 school year is \$3,166,015 less than the original budget for 2022-23. This represents a 7.09% decrease and is largely due to anticipated Federal ESSER Funds totaling budgeted for the 2022/23 school year. Property taxes increased to 19.8138 mills, reflecting a 3.211% increase over the prior year.

Table A-9 is a comparison of revenue and expenditure categories is as follows:

Table A-9

**BUDGETED REVENUES**

	2023-2024	2022-23	2021-2022	2020-2021	2019-2020
Local	39.74%	36.03%	40.68%	32.5%	33.6%
State	56.82%	49.85%	55.24%	56.6%	56.7%
Federal/Other	3.44%	14.12%	4.08%	10.9%	9.7%

**BUDGETED EXPENDITURES**

	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020
Instruction	61.24%	56.36%	61.7%	61.3%	61.7%
Support Services	28.67%	25.92%	28.7%	28.9%	28.3%
Student Activities/ Community	1.84%	1.65%	1.8%	1.8%	1.9%
Facility Improvement	0.7%	9.48%	0.1%	0.1%	0.1%
Fund Transfer/Debt	7.55%	6.59%	7.7%	7.9%	8.0%

**CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Kathy VanSchaick, Business Manager at Northern Tioga School District, 110 Ellison Road, Elkland, PA 16920, (814) 258-5644 Ext. 3.

NORTHERN TIOGA SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 17,308,686	\$ 783,420	\$ 18,092,106
Investments	5,789,753	-	5,789,753
Receivables			
Accounts	272,042	-	272,042
Taxes	1,198,893	-	1,198,893
Prepaid	94,500	-	94,500
Internal Balances	179,613	(179,613)	-
Due from Other Governments	3,828,954	252,737	4,081,691
Inventory	-	46,913	46,913
Capital Assets, Being Depreciated, net	39,499,080	203,353	39,702,433
Total Assets	<u>68,171,521</u>	<u>1,106,810</u>	<u>69,278,331</u>
<b>Deferred Outflows of Resources</b>			
Deferred Amounts Related to Pensions	7,972,090	-	7,972,090
Deferred Amounts Related to Other Post Employment Benefits	780,774	-	780,774
Total Deferred Outflows of Resources	<u>8,752,864</u>	<u>-</u>	<u>8,752,864</u>
<b>Liabilities</b>			
Accounts Payable	1,674,231	-	1,674,231
Accrued Expenses and Withholdings	2,743,242	7,083	2,750,325
Payroll Deductions and Withholdings	1,647,695	-	1,647,695
Benefits Payable	283,523	-	283,523
Accrued Interest	189,592	-	189,592
Unearned Revenue	-	8,926	8,926
Current Portions of Long Term Liabilities:			
Bonds Payable	1,020,000	-	1,020,000
Non-Current Portions of Long Term Liabilities:			
Bonds Payable	17,720,000	-	17,720,000
Bond Premium	838,927	-	838,927
Compensated Absences	368,390	6,148	374,538
Other Postemployment Benefits	4,271,329	-	4,271,329
Pension Liability	47,793,000	-	47,793,000
Total Liabilities	<u>78,549,929</u>	<u>22,157</u>	<u>78,572,086</u>
<b>Deferred Inflows of Resources</b>			
Deferred Amounts Related to Pensions	2,260,000	-	2,260,000
Deferred Amounts Related to Other Post Employment Benefits	2,412,973	-	2,412,973
Total Deferred Inflows of Resources	<u>4,672,973</u>	<u>-</u>	<u>4,672,973</u>
<b>Net Position</b>			
Net Investment In Capital Assets	25,386,607	203,353	25,589,960
Restricted	1,559,210	-	1,559,210
Unrestricted	(33,244,334)	881,300	(32,363,034)
Total Net Position	<u>\$ (6,298,517)</u>	<u>\$ 1,084,653</u>	<u>\$ (5,213,864)</u>

The accompanying notes are an integral part of the financial statements.

NORTHERN TIOGA SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Primary Government		
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Functions/Programs</b>							
<b>Governmental Activities:</b>							
Instruction	\$ 21,025,944	\$ 2,800	\$ 9,979,616	\$ -	\$ (11,043,528)	\$ -	\$ (11,043,528)
Instructional Student Support	3,267,239	-	612,352	-	(2,654,887)	-	(2,654,887)
Administrative and Financial Support Services	3,019,455	-	298,331	-	(2,721,124)	-	(2,721,124)
Operation and Maintenance of Plant Services	3,160,232	-	636,047	-	(2,524,185)	-	(2,524,185)
Pupil Transportation	2,344,961	-	1,510,626	-	(834,335)	-	(834,335)
Student Activities	1,289,832	-	70,430	-	(1,219,402)	-	(1,219,402)
Community Services	35,101	-	-	-	(35,101)	-	(35,101)
Interest and Fiscal Charges	693,299	-	-	-	(693,299)	-	(693,299)
Unallocated Depreciation	858,204	-	-	-	(858,204)	-	(858,204)
<b>Total Governmental Activities</b>	<b>35,694,267</b>	<b>2,800</b>	<b>13,107,402</b>	<b>-</b>	<b>(22,584,065)</b>	<b>-</b>	<b>(22,584,065)</b>
<b>Business-type Activities:</b>							
Food Service	1,807,829	102,347	1,931,486	-	-	226,004	226,004
<b>Total Primary Government</b>	<b>\$ 37,502,096</b>	<b>\$ 105,147</b>	<b>\$ 15,038,888</b>	<b>\$ -</b>	<b>\$ (22,584,065)</b>	<b>\$ 226,004</b>	<b>\$ (22,358,061)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes, net					9,956,604	-	9,956,604
Other taxes levied for specific purposes					2,987,321	-	2,987,321
Grants, subsidies, & contributions, not restricted					15,671,286	-	15,671,286
Investment earnings					733,715	7,952	741,667
Miscellaneous					619,819	-	619,819
<b>Total General Revenues</b>					<b>29,968,745</b>	<b>7,952</b>	<b>29,976,697</b>
<b>Change in Net Position</b>					<b>7,384,680</b>	<b>233,956</b>	<b>7,618,636</b>
<b>Net Position - Beginning</b>					<b>(13,683,197)</b>	<b>850,697</b>	<b>(12,832,500)</b>
<b>Net Position - Ending</b>					<b>\$ (6,298,517)</b>	<b>\$ 1,084,653</b>	<b>\$ (5,213,864)</b>

The accompanying notes are an integral part of the financial statements.

NORTHERN TIOGA SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>TOTAL</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 14,278,207	\$ 2,000,131	\$ 1,030,348	\$ 17,308,686
Investments	1,653,945	3,591,870	543,938	5,789,753
Taxes Receivable (net)	1,198,893	-	-	1,198,893
Due From Other Funds	277,417	-	-	277,417
Due From Other Governments	3,828,954	-	-	3,828,954
Other Receivables	272,042	-	-	272,042
Prepaid	94,500	-	-	94,500
Total Assets	<u>\$ 21,603,958</u>	<u>\$ 5,592,001</u>	<u>\$ 1,574,286</u>	<u>\$ 28,770,245</u>
<u>Liabilities</u>				
Accounts Payable	\$ 1,631,412	\$ 27,743	\$ 15,076	\$ 1,674,231
Accrued Salaries and Benefits	2,743,242	-	-	2,743,242
Due to Other Funds	-	97,804	-	97,804
Payroll Deductions and Withholdings	1,647,695	-	-	1,647,695
Benefits Payable	283,523	-	-	283,523
Total Liabilities	<u>6,305,872</u>	<u>125,547</u>	<u>15,076</u>	<u>6,446,495</u>
<u>Deferred Inflows of Resources</u>				
Unavailable Revenue - Property Taxes	1,029,196	-	-	1,029,196
Total Deferred Inflows of Resources	<u>1,029,196</u>	<u>-</u>	<u>-</u>	<u>1,029,196</u>
<u>Fund Balances</u>				
Restricted for:				
Capital Projects	-	5,466,454	-	5,466,454
Student Activities	-	-	292,140	292,140
Scholarships	-	-	179,663	179,663
Endowment	-	-	1,087,407	1,087,407
Assigned For:				
COVID	850,000	-	-	850,000
Plan Con Reimbursement	354,759	-	-	354,759
Capital Expenditures / Debt Service	3,659,150	-	-	3,659,150
Future Pension Costs	2,492,340	-	-	2,492,340
Other Postemployment Benefits	600,000	-	-	600,000
Insurance	840,000	-	-	840,000
Special Education Costs	811,310	-	-	811,310
Board Initiative	200,156	-	-	200,156
Technology	1,000,000	-	-	1,000,000
Textbooks	550,000	-	-	550,000
Unassigned	2,911,175	-	-	2,911,175
Total Fund Balances	<u>14,268,890</u>	<u>5,466,454</u>	<u>1,559,210</u>	<u>21,294,554</u>
Total Liabilities and Fund Balances	<u>\$ 21,603,958</u>	<u>\$ 5,592,001</u>	<u>\$ 1,574,286</u>	<u>\$ 28,770,245</u>

The accompanying notes are an integral part of the financial statements.

NORTHERN TIOGA SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023

Total fund balances for governmental funds \$ 21,294,554

Total net assets reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and site improvements, net of \$2,013,821 accumulated depreciation	3,180
Construction in Process	2,760,298
Buildings and building improvements, net of \$24,056,062 accumulated depreciation	34,126,976
Furniture, equipment, and vehicles, net of \$8,942,966 accumulated depreciation	<u>2,608,626</u>

Total capital assets 39,499,080

Some of the District's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue-property taxes in the funds. 1,029,196

Deferred inflows and outflows of resources related to pensions and other post employment benefits are applicable to future periods and, therefore, are not reported in the funds:

Deferred Outflows of Resources	8,752,864
Deferred Inflows of Resources	<u>(4,672,973)</u>

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

Balances at June 30, 2023 are:

Compensated Absences	(368,390)
Accrued Interest on Bonds	(189,592)
Bonds Payable	(18,740,000)
Unamortized Bond Premium	(838,927)
Net Pension Liability	(47,793,000)
Other Postemployment Benefits	<u>(4,271,329)</u>
	<u>(72,201,238)</u>

Total net position of governmental activities \$ (6,298,517)

NORTHERN TIOGA SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Capital Projects Fund	Other Governmental Funds	TOTAL
Revenues				
Local Sources	\$ 14,101,501	\$ 123,174	\$ 562,301	\$ 14,786,976
State Sources	24,122,149	-	-	24,122,149
Federal Sources	4,114,413	-	-	4,114,413
Total Revenues	<u>42,338,063</u>	<u>123,174</u>	<u>562,301</u>	<u>43,023,538</u>
Expenditures				
Instruction	23,295,919	-	-	23,295,919
Support Services	11,848,864	2,839	-	11,851,703
Operation of Noninstructional Services	792,760	-	517,516	1,310,276
Facilities Acquisition, Construction, and Improvement Services	2,904,348	113,922	-	3,018,270
Debt Service	1,589,865	186,000	-	1,775,865
Other Expenditures	9,240	-	-	9,240
Total Expenditures	<u>40,440,996</u>	<u>302,761</u>	<u>517,516</u>	<u>41,261,273</u>
Excess of Revenues Over (Under) Expenditures	<u>1,897,067</u>	<u>(179,587)</u>	<u>44,785</u>	<u>1,762,265</u>
Other Financing Sources (Uses)				
Transfers In	-	500,000	-	500,000
Transfers Out	(500,000)	-	-	(500,000)
Total Other Financing Sources	<u>(500,000)</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,397,067	320,413	44,785	1,762,265
Fund Balance - Beginning	<u>12,871,823</u>	<u>5,146,041</u>	<u>1,514,425</u>	<u>19,532,289</u>
Fund Balances - Ending	<u>\$ 14,268,890</u>	<u>\$ 5,466,454</u>	<u>\$ 1,559,210</u>	<u>\$ 21,294,554</u>

The accompanying notes are an integral part of the financial statements.



NORTHERN TIOGA SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds \$ 1,762,265

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$3,218,319) exceeded depreciation (\$1,441,527) and net of disposals (\$12,861) in the current period. 1,763,931

Repayment of note principal and payments for other long-term obligations are expenditures in the governmental funds but reduce the liabilities in the statement of net position.

Repayments:  
 Bonds Payable 990,000

Under the modified accrual basis of accounting used in governmental funds, revenues are not reported until they become available. In the statement of activities, however, revenues are recorded regardless of when financial resources are available. This is the change in unavailable real estate tax revenue from 6/30/22 to 6/30/23. 55,409

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes in compensated absences, accrued interest, pension benefit, and cumulative unfunded OPEB costs.

Compensated Absences	35,644	
Accrued Interest on Bonds	6,874	
Amortization of Debt Premium	85,692	
Pension Benefit	2,634,295	
Cumulative Unfunded OPEB Cost	50,570	
	50,570	2,813,075

Change in Net Position of Governmental Activities \$ 7,384,680

NORTHERN TIOGA SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023

	<u>ENTERPRISE FUND</u>
	<u>Food Service</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 783,420
Due from Other Governments	252,737
Inventories	<u>46,913</u>
Total Current Assets	<u>1,083,070</u>
Noncurrent Assets	
Capital Assets, Depreciable	<u>203,353</u>
Total Noncurrent Assets	<u>203,353</u>
Total Assets	<u>1,286,423</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accrued Expenses and Withholdings	7,083
Due to Other Funds	179,613
Unearned Revenue	<u>8,926</u>
Total Current Liabilities	<u>195,622</u>
Noncurrent Liabilities:	
Compensated Absences	<u>6,148</u>
Total Noncurrent Liabilities	<u>6,148</u>
Total Liabilities	<u>201,770</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	203,353
Unrestricted	<u>881,300</u>
Total Net Position	<u>\$ 1,084,653</u>

The accompanying notes are an integral part of the financial statements.

NORTHERN TIOGA SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>ENTERPRISE FUND</u>
	<u>Food Service</u>
Operating Revenues	
Food Service Revenue	\$ 102,347
Total Operating Revenues	<u>102,347</u>
Operating Expenses	
Salaries	515,008
Employee Benefits	464,772
Purchased Professional and Technical Service	3,198
Purchased Property Services	13,625
Other Purchased Services	3,354
Supplies	789,573
Depreciation Expense	<u>18,299</u>
Total Operating Expenses	<u>1,807,829</u>
Operating Income (Loss)	<u>(1,705,482)</u>
Nonoperating Revenues	
Earnings on Investments	7,952
State Sources	241,827
Federal Sources	<u>1,689,659</u>
Total Nonoperating Revenues	<u>1,939,438</u>
Income (Loss) Before Operating Transfers	<u>233,956</u>
Changes In Net Position	233,956
Total Net Position - Beginning of Year	<u>850,697</u>
Total Net Position - End of Year	<u>\$ 1,084,653</u>

The accompanying notes are an integral part of the financial statements.

NORTHERN TIOGA SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	ENTERPRISE FUND Food Service
Cash Flows From Operating Activities	
Receipts from Users	98,836
Payments to:	
Employees for Services	(1,004,825)
Suppliers of Goods and Services	(841,477)
Net Cash Used in Operating Activities	(1,747,466)
Cash Flow From Noncapital Financing Activities	
State Sources	231,911
Federal Sources	1,678,750
Net Cash Provided by Noncapital Financing Activities	1,910,661
Cash Flows from Investing Activities	
Earnings on Investments	7,952
Net Cash Provided by Investing Activities	7,952
Net Change in Cash and Cash Equivalents	171,147
Cash and Cash Equivalents, Beginning of Year	612,273
Cash and Cash Equivalents, End of Year	\$ 783,420
Supplemental Disclosure of Noncash Transactions:	
Donated Commodities	\$ 157,988
Reconciliation of Operating Loss to Net Cash Used In Operating Activities	
Operating Loss	\$ (1,705,482)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Depreciation Expense	18,299
Change in Assets and Liabilities	
Due From/To Other Funds	(22,985)
Inventory	(31,727)
Accrued Liabilities	(5,682)
Accrued Sick Leave	3,622
Unearned Revenue	(3,511)
Net Cash Used In Operating Activities	\$ (1,747,466)

The accompanying notes are an integral part of the financial statements.

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

The Northern Tioga School District (the "District") provides public education to the residents of five boroughs and eleven townships with three elementary schools and two high schools in Tioga County, Pennsylvania. The District is managed under current standards prescribed by the Pennsylvania Department of Education in accordance with the provision of the School Laws of Pennsylvania. The District operates under a locally elected nine member Board form of government. The District Board of Education is the basic level of government which has financial accountability and control over all activities related to the public school education. The District receives funding from local, state, and federal government sources and must comply with the accompanying requirements of these funding source entities.

B. Reporting Entity

Governmental Accounting Standards Board ("GASB") Statement No. 61, *"The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34"* established the criteria used by the District to evaluate the possible inclusion of related entities within its reporting entity based upon financial accountability and the nature and significance of the relationship. Based on the foregoing criteria, the District has no component units that are required to be included in the District's financial statements.

C. Intermediate Unit

The District is a participating member of the BLAST IU #17 located in Williamsport, Pennsylvania. The BLAST IU is a self-sustaining organization that provides services for fees to participating districts. Through their membership, the District is able to secure various special services including federal program assistance and special education services.

D. Measurement Focus, Basis of Accounting

The basic financial statements of the District are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements (i.e. the statement of net position and the statement of activities) report on all the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities which 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.

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

D. Measurement Focus, Basis of Accounting (Continued)

1. Government-wide Financial Statements (Continued)

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements which incorporates noncurrent assets as well as long term debt and obligations. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customer 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 revenues.

Amounts expended to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the School District are reported as a reduction of the related liability, rather than an expenditure.

2. Fund Financial Statements

The operations of the District are organized and are recorded in individual funds. Each fund is a separate accounting entity, with self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures or expenses, as appropriate.

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

2. Fund Financial Statements (Continued)

**Governmental Funds**

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 180 days of the end of the current fiscal period with the exception of taxes which must be received within 60 days of year end to be deemed available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the District.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

2. Fund Financial Statements (Continued)

**Proprietary Funds**

The District's Food Service Fund is a proprietary fund. In the fund financial statements, the proprietary fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, the proprietary fund is presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. The proprietary fund type operating statement presents increases (revenues) and decreases (expenses) in total net position.

The proprietary fund's operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than an expense.

E. Basis of Presentation

The following are the District's major funds:

Governmental Fund Types

- The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.
- The Capital Projects Fund is used to account for financial resources to be used in acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds.

Additionally, the District reports the following other governmental funds:

- The Student Activities, Scholarship and Endowment Funds are used to account for assets held by the District for individuals, private organizations, or other governments and therefore not available to support the District's own programs. However, the District has administrative involvement over the fund with the ability to direct how the funds are expended.



NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

E. Basis of Presentation (Continued)

Proprietary Fund

- The Food Service Fund is used to account for the operations of the District's food service operations. Operating Revenues consist of charges for food served. Operating expenses consist mainly of food, food preparation costs, supplies, and other direct costs. All other revenues and expenses are reported as non-operating.

F. Assets, Liabilities, Net Position or Fund Balance

1. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, and pooled fund investments subject to daily withdrawal.

2. Investments

The Pennsylvania School Code and the District's investment policy establish criteria for the type of investments that can be held by the District. Investments held by the District are reported at their fair market value based on quoted prices in actively traded markets as of year end.

3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding for goods or services rendered at the end of the fiscal year are referred to as "due to/from other funds."

4. Inventories

The cost of governmental fund inventories are recorded as expenditures when purchased rather than when consumed. Food Service fund inventory consisted of expendable supplies valued at cost on a first-in, first-out basis, and federal government donated commodities received from the U.S. Department of Agriculture (USDA) recorded at estimated fair values provided by the USDA. Inventory in the Food Service Fund is recorded as an expense when consumed.

NORTHERN TIOGA SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 (CONTINUED)

F. Assets, Liabilities, Net Position or Fund Balance (Continued)

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, and similar items), are reported in the governmental or business-type activity column in the government-wide and the proprietary fund financial statements. The District defines capital assets with an initial, individual cost of more than: \$1,500 and an estimated useful life in excess of one year. Capital assets are recorded at historical costs or estimated historical costs if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are completed.

Capital assets of the District are depreciated using the straight line method over the following intended useful lives:

<u>Description</u>	<u>Estimated Useful Life</u>
Buildings	40 years
Building Improvements	20 years
Site Improvements	15 years
Furniture	20 years
Vehicles	4 years
Equipment	5-15 years

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

F. Assets, Liabilities, Net Position or Fund Balance (Continued)

6. Compensated Absences

Compensated absences are those for which employees receive pay. A liability is recorded through the use of estimates, which apply historical data to current factors. The District maintains records of unused absences and applies current and/or contracted compensation rates to the various types of compensated absences using the termination method.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount and issuance costs are expensed.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are 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.

8. Unearned Revenues

Revenues that are received but not yet earned are recorded as unearned revenue in the District's financial statements. In the District's governmental funds, unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the governmental funds' balance sheet and revenue is recognized.

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

F. Assets, Liabilities, Net Position or Fund Balance (Continued)

9. Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- Restricted fund balance – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – This classification includes amounts that can be used only for specific purposes determined by a formal action by the District's highest level of decision-making authority, the Board of Education. Committed fund balance may also include resources that have been specifically committed for use in satisfying contractual requirements. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.
- Assigned fund balance – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. The Business Manager has been delegated the authority to assign amounts for specific purposes.
- Unassigned fund balance – This classification represents all amounts that are available for any purpose. The District will strive to maintain an unassigned general fund balance of not less than five percent (5%) and not more than eight percent (8%) of the budgeted expenditures for the applicable fiscal year.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance and lastly unassigned fund balance.

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

F. Assets, Liabilities, Net Position or Fund Balance (Continued)

10. Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in capital assets* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the School District, not restricted for any project or other purpose.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

11. Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts may differ from those estimates.

12. Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund, and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

F. Assets, Liabilities, Net Position or Fund Balance (Continued)

13. Deferred Inflows/Outflows of Resources

The Statements of Net Position report separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/revenue) until then. The District has three items that qualify for reporting in these categories: deferred outflows and inflows related to other postemployment benefits, deferred outflows and inflows related to pensions, and unavailable tax revenue.

Deferred outflows and inflows of resources related to pensions are described further in Note 9 and deferred outflows and inflows related to other postemployment benefits are described further in Note 10. The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual investment earnings on investments, are amortized into pension expense over a closed period, which reflects the weighted average remaining service life of all PSERS members beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on PSERS investments is amortized over a five-year closed period beginning the year in which the difference occurs (current year). *Unavailable tax revenue*, which arises under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

14. PSERS Pension and OPEB

For purposes of measuring net pension liability and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense, information about the fiduciary net position of the Public School Employee's 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 benefit terms. Investments are reported at fair value.

G. Adoption of Governmental Accounting Standards Board Statements

The District adopted the provisions of GASB Statement No. 91, "*Conduit Debt Obligations*". The adoption of this statement did not result in modification of previously reported amounts.

The District adopted the provisions of GASB Statement No.94 "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*". The adoption of this statement did not result in modification of previously reported amounts.

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

G. Adoption of Governmental Accounting Standards Board Statements (Continued)

The District adopted the provisions of GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*". The adoption of this statement resulted in additional disclosures (see Note 14).

The District adopted the required provisions of GASB issued Statement No. 99, "*Omnibus 2022*". The adoption of this statement did not result in modification of previously reported amounts.

H. Pending Changes in Accounting Principles

In April 2022, the GASB issued Statement No. 99, "*Omnibus 2022*". The provisions of Statement No. 99 are effective as follows:

- The requirements related to financial guarantees and the reporting of derivative instruments are effective for the District's fiscal year 2024 financial statements.

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

In June 2022, the GASB issued Statement No. 101, "*Compensated Absences*". The District is required to adopt the provisions of Statement No. 101 for its fiscal year 2025 financial statements.

The District has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

NOTE 2: BUDGETS AND BUDGETARY ACCOUNTING

The School Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis of accounting for the General Fund. This is the only fund for which a budget is legally required and for which taxes may be levied.

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 prepare a proposed budget at least thirty days prior to the adoption of the annual budget. Final action shall not be taken on the proposed budget until after ten days' public notice. The proposed budget shall be printed, or otherwise made available for public inspection at least twenty days prior to the date set for the adoption of the budget.

Once a budget is approved, the Board may authorize the transfer of any unencumbered balance, or any portion thereof, from one class of expenditure or item, to another, by approval of a two-thirds vote of the members of the Board. Individual amendments during the year were not material in relation to the original appropriations. The Public School Code allows the School Board to authorize budget transfer amendments only during the last nine months of the fiscal year.

The budget data reflected in the financial statements includes the effect of such School Board approved budget transfer amendments and supplemental budgetary appropriations and, for comparative purposes; the actual amounts have also been presented. The School District expenditures may not legally exceed the revised budget amounts by function. Function is defined as a program area such as instructional services.

The School Board authorizes any application for grant funding. Upon application for funding, a project budget is submitted which is approved or rejected by the agency awarding the grant funds. Funds thus obtained are subject to the project budget, which supersedes local budgetary action and is excludable from budgetary operations by Section 609 of the school laws of Pennsylvania. The budget amounts reflected in the financial statements are the local budget increased by the individual project budgets.

NOTE 3: DEPOSIT AND INVESTMENT RISK

The District's investment policy is in accordance with the Public School Code of 1949, Section 440.1 which requires monies to be invested in the following types of investments: U.S. Treasury bills, short-term obligations of the U.S. government or its agencies or instrumentalities, savings or time accounts, or share accounts of institutions insured by the FDIC, FSLIC, or NCUSIF to the extent such accounts are so insured and, for any amounts above the insured maximum provided that approved collateral as provided by law therefore shall be pledged by the depository, obligations of the United States of America or any of its agencies or instrumentalities, obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities, or obligations of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.



NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

*Custodial Credit Risk* – For deposits, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. As of June 30, 2023, the District's cash balances for its governmental activities and business-type activities were \$18,092,106 and its bank balances were \$18,656,722. Of the bank balance, \$502,437 was covered by the Federal Deposit Insurance Corporation, and \$3,529,135 was exposed to custodial credit risk and they were collateralized by the pledging of pooled assets held by the pledging financial institutions and uninsured. The remaining balance of \$14,625,150 was invested in external investment pools as described in more detail below.

At June 30, 2023, the District had investments classified as cash equivalents in money market holdings and other short-term investments through the Pennsylvania School District Liquid Asset Fund (PSDLAF) of \$13,248,164. PSDLAF was established to enable school districts to pool funds for investments in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended.

At June 30, 2023, the District has investments classified as cash equivalents in money market holdings and other short-term investments through the Pennsylvania Local Government Investment Trust (PLGIT) of \$1,376,986.

*Participation in External Investment Pools.* Investment Pool investments are multiple investment portfolios with PSDLAF similar to a money market fund. The portfolio investments are valued at amortized costs, which approximates market value. The District has no regulatory oversight for the pool, which is governed by the Board of Trustees. The pool is audited annually by PricewaterhouseCoopers LLP. The pool is rated AAA by Standard & Poor's. PSDLAF issues separate financial statements available at [www.psdlaf.org](http://www.psdlaf.org).

The Pennsylvania Local Government Investment Trust (PLGIT) is a 2a7-like pool. The District's investments in PLGIT are reported at amortized cost, which approximates fair value. The District has no regulatory oversight for the pool which is governed by the Board of Trustees and is administered by PFM Asset Management, LLC. The pool is audited annually by Ernst & Young, LLP. PLGIT does not place any limitations or restrictions on withdrawals from the program. At June 30, 2023, PLGIT is rated AAA by Standard & Poor's, and has an average maturity of less than one year.

Investments consisted of the following at June 30, 2023:

<u>Governmental Funds</u>	
Certificates of Deposit - Negotiable	\$ 1,099,530
Certificates of Deposit - Nonnegotiable	252,036
US Government Obligations	1,800,753
US Government Agencies	<u>2,637,434</u>
Total Governmental Funds Investments	<u>5,789,753</u>
Total Investments	<u><u>\$ 5,789,753</u></u>

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

As of June 30, 2023, the District has the following investments and maturities:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1-5	6-10	Thereafter
Governmental Activities:					
Certificates of Deposit - Negotiable	\$ 1,099,530	\$ 863,420	\$ 236,110	\$ -	\$ -
Certificates of Deposit - Nonnegotiable	252,036	252,036	-	-	-
US Government Obligations	1,800,753	1,695,287	38,151	45,392	21,923
US Government Agency	2,637,434	1,952,787	684,647	-	-
Total	<u>\$ 5,789,753</u>	<u>\$ 4,763,530</u>	<u>\$ 958,908</u>	<u>\$ 45,392</u>	<u>\$ 21,923</u>

*Custodial Credit Risk* – For investments, custodial credit risk is the risk that, in the event of failure by the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investments subject to custodial credit risk.

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

*Concentration of Credit Risk* – The District does not have a formal policy that place a limit on the amount or percent that may be invested in any one issuer. At June 30, 2023, more than 5% of the District's Governmental Activities were an investment with Morgan Stanley.

*Investments and Fair Value* – Investments are measured at fair value on a recurring basis in accordance with the framework established by GASB Statement No. 72, "Fair Value Measurement and Application". That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as below:

Level 1 – inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets or inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

## NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

As of June 30, 2023, the District's investment fair value measurements were as follows:

Investment Type	Value	Level 1	Level 2	Level 3
Governmental Activities:				
Certificates of Deposit - Negotiable	\$ 1,099,530	\$ -	\$ 1,099,530	\$ -
Certificates of Deposit - Nonnegotiabl	252,036	-	252,036	-
US Government Obligations	1,800,753	-	1,800,753	-
US Government Agency	2,637,434	-	2,637,434	-
Total	<u>\$ 5,789,753</u>	<u>\$ -</u>	<u>\$ 5,789,753</u>	<u>\$ -</u>

## NOTE 4: TAXES ASSESSED

Real estate taxes are assessed on July 1, of each year and become due and payable on that date. For the 2022-2023 year the tax rate was 19.1974 mills levied upon assessed valuations provided by Tioga County of approximately \$544,925,383. Taxpayers are given a two percent discount if they pay their taxes by August 31. All taxes levied on July 1, become delinquent on November 1, and are charged a ten percent penalty. On December 31, of the following year, all delinquent taxpayers are turned over to the Tioga County Tax Claim Bureau for collection. Uncollected real estate taxes attach as an enforceable lien on property when recorded.

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent taxes that is not collected within 60 days of year-end is deferred in the fund financial statements because it is not known to be available to finance the operations of the District in the current year. Delinquent taxes receivable at June 30, 2023 were \$1,047,877.

Taxes receivable also include estimated earned income taxes and local service taxes due to the District at June 30, with the amount not collected within 60 days after year end being deferred in the general fund.

## NOTE 5: DUE FROM OTHER GOVERNMENTS

The following table summarizes the amounts due from other governments at June 30, 2023 as related to the District's governmental activities and business-type activities:

Governmental Activities	
Commonwealth of Pennsylvania:	
State Sources	\$ 1,503,896
Federal Sources	2,325,058
Total	<u>\$ 3,828,954</u>
Business-Type Activities:	
Commonwealth of Pennsylvania:	
State Sources	\$ 17,078
Federal Sources	235,659
Total	<u>\$ 252,737</u>

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

## NOTE 6: CAPITAL ASSETS

During the fiscal year ended June 30, 2000, a fixed asset appraisal of assets was performed and through the use of alternative methods, an estimate of historical cost was developed. In the absence of actual acquisition costs provided by the District, methods used to determine acquisition costs for building structures involve the deflation of estimated replacement costs back to the year of construction using a combination of appropriate indices available in well-known and accepted construction manuals such as Means, Marshall-Swift, Engineering News Record, etc., government CPI indexes, and the appraiser's own compilation of experience. Acquisition costs for the items of equipment inventory were also determined by the deflation indexing with appropriate indices. Depreciation, where applicable, is straight line over the useful life of the asset. Property additions made subsequent to the 2000 appraisal were recorded at cost.

A summary of Capital Asset transactions for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Land and Site Improvements	\$ 2,017,001	\$ -	\$ -	\$ 2,017,001
Construction in Process	-	2,760,298	-	2,760,298
Building and Building Improvements	57,903,572	279,466	-	58,183,038
Furniture and Equipment	11,437,293	178,555	(64,256)	11,551,592
Total Assets as Cost	<u>71,357,866</u>	<u>3,218,319</u>	<u>(64,256)</u>	<u>74,511,929</u>
Land and Site Improvements	(2,013,821)	-	-	(2,013,821)
Building and Building Improvements	(22,976,376)	(1,079,686)	-	(24,056,062)
Furniture and Equipment	(8,632,520)	(361,841)	51,395	(8,942,966)
Total Accumulated Depreciation	<u>(33,622,717)</u>	<u>(1,441,527)</u>	<u>51,395</u>	<u>(35,012,849)</u>
Capital Assets, Net	<u>\$ 37,735,149</u>	<u>\$ 1,776,792</u>	<u>\$ (12,861)</u>	<u>\$ 39,499,080</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Furniture and Equipment	\$ 660,294	\$ -	\$ (28,641)	\$ 631,653
Less: Accumulated Depreciation	(438,642)	(18,299)	28,641	(428,300)
Capital Assets, Net	<u>\$ 221,652</u>	<u>\$ (18,299)</u>	<u>\$ -</u>	<u>\$ 203,353</u>

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

Government Activities:	
Instruction	\$ 436,660
Instructional Student Support	42,620
Administrative and Financial Support Service	2,324
Operation and Maintenance of Plant Service	59,616
Pupil Transportation	27,446
Student Activities	14,657
Unallocated	858,204
Total Depreciation Expense	<u>\$ 1,441,527</u>

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

## NOTE 7: LONG TERM OBLIGATIONS

As of June 30, 2023, the District's long-term debt consisted of the following:

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 19,730,000	\$ -	\$ (990,000)	\$ 18,740,000	\$ 1,020,000
Bond Premium	924,619	-	(85,692)	838,927	-
Compensated Absences	404,034	-	(35,644)	368,390	-
Net Pension Liability	45,368,000	2,425,000	-	47,793,000	-
Other Post Employment Benefits	5,989,381	-	(1,718,052)	4,271,329	-
Total Long Term Obligations	<u>\$ 72,416,034</u>	<u>\$ 2,425,000</u>	<u>\$ (2,829,388)</u>	<u>\$ 72,011,646</u>	<u>\$ 1,020,000</u>
<b>Business-Type Activities:</b>					
Compensated Absences	<u>\$ 2,526</u>	<u>\$ 3,622</u>	<u>\$ -</u>	<u>\$ 6,148</u>	<u>\$ -</u>

Pertinent information regarding long-term debt obligations outstanding is presented below:

Issue	Amount of Original Issue	Purpose	Amounts Outstanding
Series of 2017A	\$ 5,290,000	In 2017, the District issued General Obligation Bonds, Series A of 2017 for the purpose of (1) refunding General Obligation Bonds, Series of 2016 and (2) paying issuance costs and expenses of issuing the bonds. The bonds mature serially through April 1, 2026 with interest rates of 1.65% to 3.50%.	\$ 1,950,000
Series of 2017AA	18,960,000	In 2017, the District issued General Obligation Bonds Series AA of 2017 to finance the costs and expenses related to: (1) designing, acquiring, constructing, installing, furnishing, and equipping of alterations, renovations, additions, and improvements to the following schools: Cowanesque High School Building, Williamson High School Building, Clark Wood Elementary Building/Administrative Complex, R.B. Walter Elementary Building, and Westfield Area Elementary Building; (2) capitalized interest on the Series AA Bonds; (3) finance additional capital projects or capital equipment to the extent of any remaining funds and undertakings of the School District; and (4) paying issuance costs and expenses of issuing the bonds. The bonds mature serially through April 1, 2037 with an interest rates of 2.00% to 5.00%.	16,790,000
Total			<u>\$ 18,740,000</u>

NORTHERN TIOGA SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

NOTE 7: LONG TERM OBLIGATIONS (CONTINUED)

The following summarized the District's estimated future debt service requirements on these bonds and notes as of June 30, 2023:

	Principal	Interest	Total
2024	\$ 1,020,000	\$ 758,370	\$ 1,778,370
2025	1,050,000	726,825	1,776,825
2026	1,085,000	689,050	1,774,050
2027	1,125,000	649,000	1,774,000
2028	1,170,000	604,000	1,774,000
2029-2033	6,780,000	2,095,500	8,875,500
2034-2037	6,510,000	587,300	7,097,300
Totals	<u>\$ 18,740,000</u>	<u>\$ 6,110,045</u>	<u>\$ 24,850,045</u>

NOTE 8: COMPENSATED ABSENCES

Each professional employee with fifteen (15) years service in the District, upon retirement, shall be entitled to \$40.00 per day severance for each day of unused sick leave.

Classified employees who are retiring from a five (5) or more hours a day position are entitled to \$8.00 for each unused accumulated sick day, up to the number of days that were accumulated prior to July 1, 1992, and \$16.00 per day for each day of unused sick days in excess of the number of days accumulated prior to July 1, 1992.

Classified employees who are retiring from a more than three (3) hour and less than five (5) hour position are entitled to \$5.00 for each unused accumulated sick day, up to the number of days that were accumulated prior to July 1, 1992, and \$10.00 per day for each day of unused sick days in excess of the number of accumulated prior to July 1, 1992.

Compensated absences are paid from the General and Food Service Funds.

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

NOTE 9: PENSION BENEFITS

**General Information about the Pension Plan**

Plan Description

The Pennsylvania Public School Employees' Retirement System ("PSERS") is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania.

The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania.

The administrative staff of PSERS administers the plan. The control and management of PSERS, including the investment of its assets, is vested in the Board of Trustees (Board). The Board consists of 15 members: the Secretary of Education, the Secretary of Banking and Securities, the State Treasurer, the Executive Director of the Pennsylvania School Boards Association, one member appointed by the Governor, six elected members (three from among the System's certified members, one from among the System's noncertified members, one from among the System's annuitants, and one from among school board members in Pennsylvania), two members from the Senate, and two members from the House of Representatives. Effective with Act 5, which was enacted on June 15, 2017, one of the Governor's appointees was replaced with the Secretary of Banking and Securities who is also appointed by the Governor. The chairman of the Board is elected by the Board members. Each ex officio member of the Board and each legislative member of the Board may appoint a duly authorized designee to act in their stead.

PSERS was established on July 18, 1917 under the provisions of Pamphlet Law, No. 343. Benefit payments to members and contribution provision by employers and employees are specified in the Pennsylvania Public School Employees' Retirement Code ("Code"). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

Benefits Provided

PSERS provides retirement, disability, and death benefits. Under the provisions of the 1975 revision of the Code by the Pennsylvania General Assembly, members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

NOTE 9: PENSION BENEFITS (CONTINUED)

Benefits Provided (Continued)

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of credited service. The current stand-alone defined benefit plan is no longer available to new members after June 30, 2019.

Benefits are generally equal to 1% 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 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.

Contributions

*Employer Contributions:*

The contribution policy is set by the Code. The District's contractually required contribution rate for fiscal year ended June 30, 2023 was 34.51% of covered payroll which includes 0.20% for the Act 5 defined contribution plan members, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$5,696,508 for the year ended June 30, 2023.



NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

## NOTE 9: PENSION BENEFITS (CONTINUED)

Contributions (Continued)*Member Contributions:*

Member contribution rates are set by law (redefined with the provisions of Act 9 of 2001 and Act 120) and are dependent upon membership class. Member contribution rates are as follows:

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit Contribution Rate	Defined Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% *	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% *	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.50% *	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% *	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

\* This contribution rate is subject to a shared risk provision as follows:

Shared Risk Program Summary				
Membership Class	Defined Benefit Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.30%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

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

At June 30, 2023, the District reported a liability of \$47,793,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.1075 percent, which was an decrease of 0.0030 from its proportion measured as of June 30, 2022.

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

## NOTE 9: PENSION BENEFITS (CONTINUED)

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

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$3,094,000. At June 30, 2023, 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
Net difference between projected and actual investment earnings	\$ -	\$ 810,000
Changes in proportion	791,000	1,037,000
Changes in assumptions	1,427,000	-
Difference between expected and actual experience	22,000	413,000
Difference in contributions and proportionate share	35,582	
Contributions subsequent to the measurement date	5,696,508	-
<b>Total</b>	<b>\$ 7,972,090</b>	<b>\$ 2,260,000</b>

\$5,696,508 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2024	\$ 408,000
2025	29,000
2026	(1,591,000)
2027	1,169,582
<b>Total</b>	<b>\$ 15,582</b>

Actuarial Assumptions

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

- Investment rate of return was 7.00%
- The inflation assumption was 2.50%
- Salary growth was an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

## NOTE 9: PENSION BENEFITS (CONTINUED)

Changes in Actuarial Assumptions

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

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

The long-term expected rate of return on 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>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	28.0%	5.3%
Private Equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Absolute return	6.0%	3.5%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Cash	3.0%	0.5%
Financing (LIBOR)	(11.0%)	0.5%
	<u>100.0%</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, 2022.

NORTHERN TIOGA SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

## NOTE 9: PENSION BENEFITS (CONTINUED)

Discount Rate

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

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

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

(in Thousands)	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 61,817	\$ 47,793	\$ 35,969

Pension plan fiduciary net position

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

At June 30, 2023, the District reported a payable of \$1,716,997 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

NORTHERN TIOGA SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

## NOTE 10: OTHER POSTEMPLOYMENT BENEFITS

**District Specific Plan**Plan Description

*Plan Administration.* The District administers a single-employer defined benefit postemployment benefit (OPEB) plan (the "Plan") that is used to provide post-retirement medical, prescription drug, and dental benefits for teachers and administrative employees who retire under the qualifications of the Pennsylvania School Employee's Retirement System. Plan provisions are established based on bargaining agreements negotiated by the District. The plan is unfunded and no financial report is prepared.

*Plan Membership.* As of June 30, 2023 the Plan's membership consisted of the following:

Active Participants	310
Retired Participants	<u>11</u>
Total	<u>321</u>

*Benefits Provided.* The plan provides benefits to eligible retirees (teachers and administrators). Benefits are provided through the District based on varying employees classifications and years of service of the retiree. For retirees under the 2011 incentive, the District, for the first five years, contributes \$800 per month less PSERS premium assistance amount for medical and prescription drug, retiree pays the remainder. After the first five years, the District contributes \$229 per month less PSERS premium assistance amount for medical and prescription drug, retiree pays the remainder. For the first five years, the subsidy can be applied towards the spouses medical and prescription drug coverage if the retiree is under 65, otherwise, spouse coverage is available if retiree pays 100% of the cost. For all others retired before July 1, 2018 (25 years of PSERS service, at least 15 with the District), the District contributes \$229 per month, less PSERS premium assistance for medical and prescription drug, retiree pays remainder. If the member does not qualify for the subsidized benefit, the member may continue coverage by paying the full premium. Spouse coverage available if retiree pays 100% of the cost. For members who retire on or after July 1, 2018 (25 year of PSERS service, at least 15 with the District), for five years, the District will contribute \$500 per month, less PSERS premium assistance amount for medical and prescription drug, retiree pays remainder. Afterwards, the District contributes \$229 per month less PSERS premium assistance amount for medical and prescription drug, retiree pays remainder. Spouse coverage is available if the retiree pays 100% of the cost.

*Contributions.* The contribution requirements of plan members and the District are established and may be amended by the School Board of Directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid annually to fund the healthcare benefits provided to current retirees, primarily through annual appropriations from the General Fund. Retiree contribution rates vary based on the type of retirement, years of service, and type of coverage.

Total OPEB Liability

The District's total OPEB liability of \$2,292,329 was measured as of July 1, 2022 using actuarial assumptions to the valuation date of July 1, 2022.

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

## NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**District Specific Plan (Continued)**Total OPEB Liability (Continued)

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	4.00% average, including inflation
Discount Rate	4.06% (adjusted at 7/1/2022)
Healthcare Cost Trend Rates	6.50% for 2022, 6.00% in 2023, and 5.50% in 2024-2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index at 7/1/2022.

Mortality rates are assumed using the PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

The actuarial assumptions used in the July 1, 2022 valuation were based on historical results, as a recent experience study was not completed.

Changes in the District's total OPEB liability for the plan for the fiscal year ended June 30, 2023 was as follows:

	<u>Total OPEB Liability</u>
Balance at 7/1/2021	\$ 3,371,381
Service Cost	196,737
Interest	80,525
Changes in Benefit Terms	-
Differences between Expected and Actual Experience	(31,960)
Changes in Assumptions	(1,257,278)
Benefit Payments	(67,076)
Net Changes	<u>(1,079,052)</u>
Balance at 7/1/2022	<u>\$ 2,292,329</u>

Changes in assumptions reflect a change in the discount rate from 2.28% to 4.06% and update of trend assumptions.

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

## NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**District Specific Plan (Continued)**Total OPEB Liability (Continued)

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (3.06%) or 1-percentage higher (5.06%) than the current discount rate:

	<u>1% Decrease</u> <u>5.00%</u>	<u>Current</u> <u>discount rate</u> <u>6.00%</u>	<u>1%</u> <u>Increase</u> <u>7.00%</u>
District's total OPEB liability	\$ 2,116,559	\$ 2,292,329	\$ 2,495,622

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.06%) or 1-percentage higher (5.06%) than the current discount rate:

	<u>1% Decrease</u> <u>3.06%</u>	<u>Current</u> <u>discount rate</u> <u>4.06%</u>	<u>1%</u> <u>Increase</u> <u>5.06%</u>
District's total OPEB liability	\$ 2,456,891	\$ 2,292,329	\$ 2,134,327

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$108,673. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows of</u> <u>Resources</u>
Changes in assumptions	\$ 231,721	\$ 1,754,684
Differences between expected and actual experience	27,561	87,289
Contributions subsequent to the measurement date	86,691	-
Total	<u>\$ 345,973</u>	<u>\$ 1,841,973</u>

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

## NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**District Specific Plan (Continued)**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows Related to OPEB (Continued)

\$86,691 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2024	\$ (168,589)
2025	(168,589)
2026	(168,589)
2027	(168,589)
2028	(168,589)
Thereafter	<u>(739,746)</u>
Total	<u>(1,582,691)</u>

**PSERS Healthcare Insurance Premium Assistance Plan**Plan Description

In addition, the Pennsylvania Public School Employees' Retirement System ("PSERS") provides a Health Insurance Premium Assistance Plan ("PSERS Plan"). The PSERS Plan is a governmental cost-sharing multi-employer postretirement benefits plan that provides premium assistance to eligible public school employees of the Commonwealth of Pennsylvania. Under the PSERS Plan, 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.

The administrative staff of PSERS administers the PSERS Plan. The control and management of PSERS, including the investment of its assets, is vested in the 15 member Board of Trustees (Board). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS Plan by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the PSERS Plan 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 services and retired after reaching superannuation age.



NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

## NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**PSERS Healthcare Insurance Premium Assistance Plan (Continued)**Premium Assistance Eligibility Criteria (Continued)

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

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

Benefits Provided

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

*Employer Contributions.* The school districts' contractually required contribution rate for fiscal year ended June 30, 2023 was 0.80% of covered payroll, an actuarially determined 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 PSERS Plan from the District were \$123,801 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$1,979,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll of all School Districts in the PSERS Plan. At June 30, 2023, the District's proportion was 0.1075 percent, which was an decrease of 0.0030 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$51,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 5,000	\$ -
Net difference between actual and expected experience	18,000	11,000
Changes in assumptions	220,000	467,000
Changes in proportion	68,000	93,000
Contributions subsequent to the measurement date	123,801	-
Total	<u>\$ 434,801</u>	<u>\$ 571,000</u>

NORTHERN TIOGA SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

## NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**PSERS Healthcare Insurance Premium Assistance Plan (Continued)**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB (Continued):

\$123,801 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2024	\$ (57,000)
2025	(40,000)
2026	(51,000)
2027	(47,000)
2028	(65,000)
Total	<u>\$ (260,000)</u>

*Actuarial Assumptions.* The total OPEB liability as of June 30, 2022 was determined by rolling forward the System's total OPEB liability as of the June 30, 2021 actuarial valuation to June 30, 2022 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

## NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**PSERS Healthcare Insurance Premium Assistance Plan (Continued)**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB (Continued):

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

Changes in Actuarial Assumptions

- The discount rate increased from 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate – decreased from 5.00% to 4.50%
  - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates- previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females , adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	0.5%
	100.0%	

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

## NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**PSERS Healthcare Insurance Premium Assistance Plan (Continued)**Discount rate

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

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates.

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2022, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2022, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2021, 611 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates (Continued):

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 was calculated using health cost trends that are 1-percentage point lower or 1-percentage higher than the current rate:

	<u>1% Decrease Between 4 – 6%</u>	<u>Current discount rate Between 5 – 7%</u>	<u>1% Increase Between 6 – 8%</u>
District's proportionate share of the net OPEB liability	\$ 1,979,000	\$ 1,979,000	\$ 1,979,000

NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

## NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**PSERS Healthcare Insurance Premium Assistance 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, 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 1 percentage point lower (3.09 percent) or higher (5.09 percent) than the current discount rate:

	<b>1% Decrease 3.09%</b>	<b>Current discount rate 4.09%</b>	<b>1% Increase 5.09%</b>
District's proportionate share of net OPEB liability	\$ 2,238,000	\$ 1,979,000	\$ 1,762,000

OPEB plan fiduciary net position.

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

At June 30, 2023 the District reported a payable of \$34,841 for the outstanding amount of contributions to the OPEB plan.

## NOTE 11: RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District provides for these risks through the purchase of commercial insurance coverage.

## NOTE 12: CONTINGENT LIABILITIES

The District is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the District. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the District.

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulation governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2023 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NORTHERN TIOGA SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2023

NOTE 12: CONTINGENT LIABILITIES (CONTINUED)

The District has been represented in certain legal interests which routinely occur in local government operations. The effects of these proceeding on the financial statements are no known and accordingly no provision for losses has been recorded.

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

Interfund balances at June 30, 2023 are as follows:

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
General Fund	\$ 277,417	\$ -	\$ -	\$ 500,000
Capital Projects Fund	-	97,804	500,000	-
Food Service Fund	-	179,613	-	-
Total	<u>\$ 277,417</u>	<u>\$ 277,417</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided, (2) reimbursable expenditures occur and (3) payments between funds are made.

NOTE 14: COMMITMENTS

The District has entered into a contracted transportation service agreement with an external party to provide busing service for elementary and secondary pupils. This agreement does not meet the criteria of a lease under GASB 87 as the terms and conditions for payment specify a rate of reimbursement per mile calculated by the Commonwealth. Since the payments are variable based on the usage of the underlying asset, the District has not recorded a liability in the financial statements for this agreement in accordance with GASB 87.

The District has entered into subscription-based information technology agreements with various vendors to provide electronic educational programs as well as administrative storage and operating systems. These agreements are for a maximum term of twelve months or include a provision that either party can terminate with a reasonable amount of notice and as such, the District has not recorded a liability in the financial statements for these agreements in accordance with GASB 96.

The District has contracted for facilities improvements with McClure relating to an HVAC upgrade. The balance remaining on these contracts at June 30, 2023 was approximately \$1,666,699.

NOTE 15: SUBSEQUENT EVENTS

No subsequent events have taken place that effect the financial statement or required disclosures.

## **REQUIRED SUPPLEMENTARY INFORMATION**

NORTHERN TIOGA SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local Sources	\$ 12,949,108	\$ 12,949,108	\$ 14,101,501	\$ 1,152,393
State Sources	22,278,095	22,278,095	24,122,149	1,844,054
Federal Sources	6,308,532	6,258,450	4,114,413	(2,144,037)
<b>Total Revenues</b>	<b>41,535,735</b>	<b>41,485,653</b>	<b>42,338,063</b>	<b>852,410</b>
<b>Expenditures</b>				
Instruction:				
Regular Programs	18,802,541	18,801,819	16,950,697	1,851,122
Special Programs	5,975,835	5,975,835	5,975,093	742
Vocational Programs	263,593	263,593	244,767	18,826
Other Instructional Programs	143,743	143,743	125,362	18,381
<b>Total Instruction</b>	<b>25,185,712</b>	<b>25,184,990</b>	<b>23,295,919</b>	<b>1,889,071</b>
Support Services				
Pupil Personnel Services	1,352,703	1,352,703	1,307,768	44,935
Instructional Staff Services	1,594,134	1,626,134	1,486,327	139,807
Administrative Services	2,309,140	2,489,140	2,520,072	(30,932)
Pupil Health	513,206	513,206	435,158	78,048
Business Services	425,481	425,481	432,543	(7,062)
Operation and Maintenance of Plant Services	2,974,326	3,141,151	3,287,804	(146,653)
Student Transportation Services	2,310,415	2,310,415	2,317,515	(7,100)
Central Support Services	99,030	76,530	61,677	14,853
Other Support Services	2,500	2,500	-	2,500
<b>Total Support Services</b>	<b>11,580,935</b>	<b>11,937,260</b>	<b>11,848,864</b>	<b>88,396</b>
Operation of Noninstructional Services				
Student Activities	704,335	705,057	771,003	(65,946)
Community Services	32,942	32,942	21,757	11,185
<b>Total Operation of Noninstructional Services</b>	<b>737,277</b>	<b>737,999</b>	<b>792,760</b>	<b>(54,761)</b>
Facilities Acquisition, Construction, and Improvement Services				
Debt Service	4,235,851	4,235,851	2,904,348	1,331,503
Other Expenditures	1,592,859	1,592,859	1,589,865	2,994
	-	-	9,240	(9,240)
<b>Total Expenditures</b>	<b>43,332,634</b>	<b>43,688,959</b>	<b>40,440,996</b>	<b>3,247,963</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(1,796,899)</b>	<b>(2,203,306)</b>	<b>1,897,067</b>	<b>4,100,373</b>
Other Financing Sources (Uses)				
Interfund Transfers	(525,500)	(525,500)	(500,000)	25,500
Budgetary Reserve	(827,852)	(449,027)	-	449,027
<b>Total Other Financing Sources (Uses)</b>	<b>(1,353,352)</b>	<b>(974,527)</b>	<b>(500,000)</b>	<b>474,527</b>
<b>Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>	<b>\$ (3,150,251)</b>	<b>\$ (3,177,833)</b>	<b>\$ 1,397,067</b>	<b>\$ 4,574,900</b>
Fund Balance - July 1, 2022			12,871,823	
Fund Balance - June 30, 2023			<u>\$ 14,268,890</u>	



NORTHERN TIOGA SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - DISTRICT OPEB PLAN

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Total OPEB liability</b>						
Service cost	\$ 165,067	\$ 164,275	\$ 150,597	\$ 149,154	\$ 199,773	\$ 196,737
Interest	69,119	90,580	84,369	96,539	63,712	80,525
Changes of benefit terms	-	694,341	-	-	-	-
Differences between expected and actual experience	-	(94,634)	-	36,750	-	(31,960)
Changes of assumptions or other inputs	28,186	(774,371)	(79,828)	290,172	(95,886)	(1,257,278)
Benefit payments	<u>(156,997)</u>	<u>(132,050)</u>	<u>(126,909)</u>	<u>(98,840)</u>	<u>(47,562)</u>	<u>(67,076)</u>
Net change in total OPEB liability	105,375	(51,859)	28,229	473,775	120,037	(1,079,052)
Total OPEB liability - beginning	<u>2,695,824</u>	<u>2,801,199</u>	<u>2,749,340</u>	<u>2,777,569</u>	<u>3,251,344</u>	<u>3,371,381</u>
Total OPEB liability - ending	<u>\$ 2,801,199</u>	<u>\$ 2,749,340</u>	<u>\$ 2,777,569</u>	<u>\$ 3,251,344</u>	<u>\$ 3,371,381</u>	<u>\$ 2,292,329</u>
<b>Covered payroll</b>	\$ 13,831,692	\$ 13,742,717	\$ 13,742,717	\$ 15,229,632	\$ 15,229,632	\$ 15,613,973
<b>District's total OPEB liability as a percentage of covered payroll</b>	20.25%	20.01%	20.21%	21.35%	22.14%	14.68%

**Changes of Assumptions and Benefit Terms**

- Effective 7/1/18: The discount rate changed from 3.13% to 2.98%
- Effective 7/1/19: The discount rate changed from 2.98% to 3.36%
- Effective 7/1/20: The discount rate changed from 3.36% to 1.86%
- Effective 7/1/21: The discount rate changed from 1.86% to 2.28%
- Effective 7/1/22: The discount rate changed from 2.28% to 4.06%. Trend assumption updated.

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

NORTHERN TIOGA SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - PSERS PLAN - LAST 10 YEARS

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
District's proportion of the net OPEB liability	0.1094%	0.1093%	0.1100%	0.1056%	0.1088%	0.1105%	0.1075%
District's proportionate share of the PSERS OPEB liability	\$ 2,356,000	\$ 2,227,000	\$ 2,293,000	\$ 2,246,000	\$ 2,351,000	\$ 2,618,000	\$ 1,979,000
District's covered payroll	\$ 14,170,388	\$ 14,549,395	\$ 14,808,276	\$ 14,576,436	\$ 15,281,422	\$ 15,650,914	\$ 15,808,792
District's proportionate share of the PSERS OPEB liability as a percentage of its covered payroll	17%	15%	15%	15%	15%	17%	13%
Plan fiduciary net position as a percentage of the total PSERS OPEB liability	5%	6%	6%	6%	6%	5%	7%

The District adopted GASB 75 on a prospective basis; therefore, information is presented for those years only for which information is available.

NORTHERN TIOGA SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT CONTRIBUTIONS FOR THE NET OPEB LIABILITY - PSERS PLAN - LAST 10 YEARS

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 119,056	\$ 121,940	\$ 120,580	\$ 127,660	\$ 132,262	\$ 126,249	\$ 123,801
Contributions in relation to the contractually required contribution	(119,056)	(121,940)	(120,580)	(127,660)	(132,262)	(126,249)	(123,801)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 14,549,395	\$ 14,808,276	\$ 14,576,436	\$ 15,281,422	\$ 15,650,914	\$ 15,808,792	\$ 16,580,418
Contributions as a percentage of covered payroll	1%	1%	1%	1%	1%	1%	1%

The District adopted GASB 75 on a prospective basis; therefore, information is presented for those years for which information is available.

The covered payroll amount has been revised from prior year presentation to reflect adjustments processed by PSERS.

NORTHERN TIOGA SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - LAST 10 YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
District's proportion of the net pension liability	0.1126%	0.1068%	0.1088%	0.1094%	0.1093%	0.1100%	0.1056%	0.1088%	0.1105%	0.1075%
District's proportionate share of the net pension liability	\$46,094,000	\$42,272,000	\$47,127,000	\$54,215,000	\$53,982,000	\$52,805,000	\$49,402,000	\$ 53,572,000	\$ 45,368,000	\$ 47,793,000
District's covered payroll	\$14,445,967	\$13,629,611	\$14,000,725	\$14,170,388	\$14,549,395	\$14,808,570	\$14,576,436	\$ 15,281,422	\$ 15,650,914	\$ 15,808,792
District's proportionate share of the net pension liability as a percentage of its covered payroll	319%	310%	337%	383%	371%	357%	339%	351%	290%	302%
Plan fiduciary net position as a percentage of the total pension liability	54%	57%	54%	50%	52%	54%	56%	54%	64%	61%

NORTHERN TIOGA SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION PLAN - LAST 10 YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 2,180,738	\$ 2,808,709	\$ 3,541,327	\$ 4,188,476	\$ 4,663,089	\$ 4,736,051	\$ 5,083,586	\$ 5,266,857	\$ 5,387,662	\$ 5,696,508
Contributions in relation to the contractually required contribution	(2,180,738)	(2,808,709)	(3,541,327)	(4,188,476)	(4,663,089)	(4,736,051)	(5,083,586)	(5,266,857)	(5,387,662)	(5,696,508)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 13,629,611	\$ 14,000,725	\$ 14,170,388	\$ 14,549,395	\$ 14,808,276	\$ 14,576,436	\$ 15,281,422	\$ 15,650,914	\$ 15,808,792	\$ 16,580,418
Contributions as a percentage of covered payroll	16.00%	20.06%	24.99%	28.79%	31.49%	32.49%	33.27%	33.65%	34%	35%

The covered payroll amount has been revised from prior year presentation to reflect adjustments processed by PSERS.

**OTHER SUPPLEMENTAL INFORMATION  
(SINGLE AUDIT)**

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

Federal Grantor/ Pass Through Grantor/ Program Title	Source Code	Federal AL Number	Pass Through Grantors' Number	Program or Award Amount	Grant Period Beginning/Ending Date	Total Received For Year	Accrued Or (Deferred) Revenue July 1, 2022	Revenue Recognized	Expenditures	Accrued Or (Deferred) Revenue June 30, 2023	Subrecipient Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>											
<b>Passed Through State Department of Education:</b>											
NCLB Title I	(I)	84.010	013-220301	\$ 714,512	21-22	\$ 55,533	\$ 51,037	\$ 4,496	\$ 4,496	\$ -	\$ -
NCLB Title I	(I)	84.010	013-230301	703,306	22-23	421,993	-	703,306	703,306	281,313	-
Total NCLB Title I				1,417,818		477,526	51,037	707,802	707,802	281,313	-
Rural Education	(I)	84.358	007-220301	51,771	21-22	28,762	28,762	-	-	-	-
Career and Technical Education - Basic Grants to States	(I)	84.048	380-210080	-	22-23	-	(520)	520	520	-	-
Supporting Effective Instruction State Grants	(I)	84.367	020-220301	91,736	21-22	26,820	26,820	-	-	-	-
Supporting Effective Instruction State Grants	(I)	84.367	020-230301	85,049	22-23	38,615	-	78,746	78,746	40,131	-
Total Supporting Effective Instruction State Grants				176,785		65,435	26,820	78,746	78,746	40,131	-
Student Support and Academic Enrichment Program	(I)	84.424	144-220301	52,702	21-22	18,853	18,853	-	-	-	-
Student Support and Academic Enrichment Program	(I)	84.424	144-230301	55,944	22-23	39,081	-	53,137	53,137	14,056	-
Total Student Support and Academic Enrichment Program				108,646		57,934	18,853	53,137	53,137	14,056	-
ATSI ARP ESSER 2.5% Set Aside	(I)	84.425C	223-210301	37,769	21-25	37,769	-	37,769	37,769	-	-
ARP ESSER 7% Learning Loss	(I)	84.425U	225-210301	290,773	21-25	121,596	7,901	156,895	156,895	43,200	-
ARP ESSER 7% Summer School	(I)	84.425U	225-210301	58,155	21-25	24,319	20,585	19,348	19,348	15,614	-
ARP ESSER 7% After School	(I)	84.425U	225-210301	58,155	21-25	24,320	(4,229)	14,539	14,539	(14,010)	-
ARP ESSER	(I)	84.425U	223-210301	5,237,633	21-25	1,333,216	(364,873)	2,909,356	2,909,356	1,211,267	-
ARP ESSER Homeless Children & Youth	(I)	84.425U	223-210301	17,808	21-25	457	-	-	-	(457)	-
CARES ACT ESSER 2 Fund Local	(I)	84.425D	200-210301	2,589,413	20-24	246,105	246,105	-	-	-	-
Total ARP ESSER				8,289,706		1,787,782	(94,511)	3,137,907	3,137,907 *	1,255,614	-
Total State Department of Education				10,044,726		2,417,439	30,441	3,978,112	3,978,112	1,591,114	-
<b>Passed Through Intermediate Units</b>											
<b>BLAST INTERMEDIATE UNIT #17</b>											
Special Education-Grants to States Cluster:											
IDEA B	(I)	84.027	062-20-0017	437,493	21-22	437,493	437,493	-	-	-	-
IDEA B	(I)	84.027	062-230017	437,343	22-23	-	-	437,343	437,343	437,343	-
IDEA 619	(I)	84.173	131-200017	4,060	21-22	4,060	4,060	-	-	-	-
IDEA 619	(I)	84.173	131-190017	3,344	22-23	-	-	3,344	3,344	3,344	-
IDEA Part B(611) ARP	(I)	84.027	062-22-0017	98,342	22-23	-	-	98,342	98,342	98,342	-
Total Blast Intermediate Unit #17				980,582		441,553	441,553	539,029	539,029	539,029	-
<b>LANCASTER-LEBANON INTERMEDIATE UNIT #13</b>											
PA Training & Technical Assist	(I)	84.027	062-24-0032	7,500	21-23	-	(2,380)	2,380	2,380	-	-
Total Intermediate Unit #13				7,500		-	(2,380)	2,380	2,380	-	-
Total Special Education-Grants to States Cluster				988,082		441,553	439,173	541,409	541,409	539,029	-
<b>TOTAL DEPARTMENT OF EDUCATION</b>				<b>11,032,808</b>		<b>2,858,992</b>	<b>469,614</b>	<b>4,519,521</b>	<b>4,519,521</b>	<b>2,130,143</b>	<b>-</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>											
<b>Passed Through State Department of Human Services</b>											
Medical Assistance	(I)	93.778		20,180	22-23	20,180	-	20,180	20,180	-	-
Total Medicaid Cluster				20,180		20,180	-	20,180	20,180	-	-
Total State Department of Human Services				20,180		20,180	-	20,180	20,180	-	-
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<b>20,180</b>		<b>20,180</b>	<b>-</b>	<b>20,180</b>	<b>20,180</b>	<b>-</b>	<b>-</b>

See notes to Schedule of Expenditures of Federal Awards which are an integral part of this statement.

NORTHERN TIOGA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass Through Grantor/ Program Title	Source Code	Federal AL Number	Pass Through Grantors' Number	Program or Award Amount	Grant Period Beginning/Ending Date	Total Received For Year	Accrued Or (Deferred) Revenue July 1, 2022	Revenue Recognized	Expenditures	Accrued Or (Deferred) Revenue June 30, 2023	Subrecipient Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>											
<b>Passed Through State Department of Education:</b>											
P-EBT Local Admin Funds	(I)	10.649	358	N/A	22-23	\$ 628	\$ -	\$ 628	\$ 628	\$ -	\$ -
Child Nutrition Cluster:											
School Breakfast Program	(I)	10.553	365	N/A	21-22	63,945	63,945	-	-	-	-
School Breakfast Program		10.553	365	N/A	22-23	357,454	-	423,029	423,029	65,575	-
National School Lunch Program	(I)	10.555	362	N/A	21-22	153,396	153,396	-	-	-	-
National School Lunch Program		10.555	362	N/A	22-23	883,160	-	1,040,761	1,040,761	157,601	-
Supply Chain Assistance		10.555	362	N/A	22-23	43,246	-	43,246	43,246	-	-
Summer Food Service Program for Children	(I)	10.559	362	N/A	21-22	8,004	8,004	-	-	-	-
Summer Food Service Program for Children	(I)	10.559	264	N/A	22-23	11,524	-	24,007	24,007	12,483	-
Total State Department of Education						<u>1,521,357</u>	<u>225,345</u>	<u>1,531,671</u>	<u>1,531,671</u>	<u>235,659</u>	<u>-</u>
<b>PASSED THROUGH STATE DEPARTMENT OF AGRICULTURE:</b>											
Child Nutrition Cluster:											
National School Lunch Program - Donated Commodities	(I)	10.555	N/A	N/A	22-23	157,988	-	157,988	157,988	-	-
Total State Department of Agriculture						<u>157,988</u>	<u>-</u>	<u>157,988</u>	<u>157,988</u>	<u>-</u>	<u>-</u>
Total Child Nutrition Cluster						<u>1,678,717</u>	<u>225,345</u>	<u>1,689,031</u>	<u>1,689,031</u> *	<u>235,659</u>	<u>-</u>
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>						<u>1,679,345</u>	<u>225,345</u>	<u>1,689,659</u>	<u>1,689,659</u>	<u>235,659</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>						<u>\$ 11,052,988</u>	<u>\$ 4,558,517</u>	<u>\$ 6,229,360</u>	<u>\$ 6,229,360</u>	<u>\$ 2,365,802</u>	<u>\$ -</u>

Source Code Legend:

(I) - Indicates indirect funding

\* Denotes tested as a major program



NORTHERN TIOGA SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023

NOTE 1: REPORTING ENTITY

Northern Tioga School District (the "District") is the reporting entity for financial reporting purposes as defined in Note 1A to the District's basic financial statements. For purposes of preparing the schedules of expenditures of federal awards, the District's reporting entity is the same that was used for financial reporting.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the grant activity of the District and is presented using the accrual basis of accounting, which is described in Note 1C to the District's basic financial statements. The District did not use the 10% de minimis indirect cost rate.

NOTE 3: RISK-BASED AUDIT APPROACH

The 2023 threshold for determining Type A and Type B programs is \$750,000.

The following program was audited as major:

- Education Stabilization Grant, AL #84.425
- Child Nutrition Cluster, AL #10.553, 10.555, 10.559

The amount expended under the program audited as a major federal program for the year ended June 30, 2023, totaled \$4,826,938 or 77.49% of total federal awards expended.

NOTE 4: MEDICAL ASSISTANCE

Access reimbursement received under AL #93.778, Revenue Code 8810 are classified as fee-for-service revenues and are not recognized as federal awards for the purpose of the Schedule of Expenditures of Federal Awards.



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

INDEPENDENT AUDITOR'S REPORT

Board of School Directors  
Northern Tioga School District  
Elkland, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northern Tioga School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 30, 2023.

### Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a material weakness.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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*.



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## **The District's Response to Finding**

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

## **Purpose of this Report**

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

*Zelenkofske Axlerod LLC*

ZELENKOFOSKE AXELROD LLC

Harrisburg, Pennsylvania  
November 30, 2023



# Zelenkofske Axlerod LLC

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## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

### INDEPENDENT AUDITOR'S REPORT

Board of School Directors  
Northern Tioga School District  
Elkland, Pennsylvania

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

##### ***Opinion on Major Federal Programs***

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

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

##### ***Basis for Opinion on Major Federal Programs***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

##### ***Responsibilities of Management for Compliance***

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit.



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

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

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

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

## **Report on Internal Control Over Compliance**

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

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



# *Zelenkofske Axlerod LLC*

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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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be material weakness.

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

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

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

*Zelenkofske Axlerod LLC*

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania  
November 30, 2023

NORTHERN TIOGA SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS:

*Financial Statements*

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  X  yes   no
- Significant Deficiency(s) identified that are not considered to be material weaknesses?  
  yes  X  none reported

Noncompliance material to financial statements noted?   yes  X  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  X  yes   no
- Significant Deficiency(s) identified that are not considered to be material weaknesses?  
  yes  X  none reported

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

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

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund
10.553, 10.555, 10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?   yes  X  no

NORTHERN TIOGA SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2023

## SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2023-001Accounting Records/Account Reconciliations

Criteria:	The accounts of the District should include all significant transactions in the period of benefit and the district should perform account reconciliations over significant balance sheet accounts.
Condition:	During the audit, certain audit adjustments were required to accrue additional receivable and payable transactions.
Cause:	Transactions were not recorded in the period of benefit and account reconciliations were not performed in a timely manner.
Effect:	The financial records did not reflect the correct financial activity of a period, which would result in a material misstatement of the financial statements. This finding was a repeat of 2022-001
Questioned Costs:	None.
Recommendation:	The District should ensure that internal control procedures over financial reporting are sufficient to identify and record all material adjustments. In addition, account reconciliation should be performed in a timely manner.
Management's Response:	The District agrees with the finding and has implemented procedures for the future to ensure all year-end entries are correctly posted to the period of benefit.



NORTHERN TIOGA SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2023

## SECTION III – FEDERAL AWARD FINDINGS

<u>Finding 2023-002</u>	<u>Reporting</u>
	Child Nutrition Cluster – AL # 10.553/10.555/10.559 U. S. Department of Agriculture Passed through the Pennsylvania Department of Education
Criteria:	Pursuant to 2 CFR part 200 section 303 indicates that the District is responsible for establishing and maintaining effective internal control over the Federal award that provides reasonable assurance that the District is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award.
Condition:	The monthly claim reports were not reviewed prior to submission for 3 of the 3 claims tested. However, for the 3 reports tested, the expenditures incurred were incurred prior to the draw down.
Cause:	It was noted the 2022/2023 school year, that there was not an adequate review process for amounts reported on the monthly claims report.
Effect:	The controls over reporting are not functioning as designed.
Questioned Costs:	None.
Recommendation:	The District should ensure that all submitted claims are reviewed before submission to the State.
Management's Response:	The District agrees with the finding. The District has implemented additional procedures to ensure adequate review of the monthly claims reported on the monthly claims report.

NORTHERN TIOGA SCHOOL DISTRICT  
SUMMARY OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023

<u>Program</u>	<u>Prior Year Finding</u>	<u>Description</u>	<u>Current Year Status</u>
Various	2022-001	Accounting Records/Account Reconciliations	See 2023-001