



**OXFORD AREA SCHOOL DISTRICT
OXFORD, PENNSYLVANIA**

AUDIT REPORT

JUNE 30, 2023

OXFORD AREA SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

January 17, 2024

Board of School Directors
Oxford Area School District
Oxford, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oxford Area School District ("the District"), Oxford, Pennsylvania, 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 Oxford Area School District, Oxford, Pennsylvania, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Board of School Directors
Oxford Area School District

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

Report on Summarized Comparative Information

We have previously audited the District's 2022 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated January 9, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, and schedule of the District's proportionate share of the net pension liability, schedule of District pension contributions, schedule of the District's proportionate share of the net OPEB liability, schedule of District OPEB contributions, and schedule of changes in the District's net OPEB liability - single employer plan on pages 59 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in

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accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

**OXFORD AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2023**

This section of the Oxford Area School District's ("the District") annual financial report provides a discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2023. This discussion and analysis should be read in conjunction with the District's accompanying financial statements, which immediately follow this section.

Financial Highlights

- During the 2022- 2023 fiscal year, the District's net position deficit decreased by 13.96 percent to a deficit of \$18,435,702. The deficit is primarily due to the pension and OPEB reporting under GASB Statements No. 68, No. 71, and No. 75.
- The District's total revenues increased by \$3,659,677, or 4.68 percent.
- The net cost of governmental activities increased by 8.77 percent to \$58,150,904. The net cost shows the amount needed to be funded by other revenue sources, primarily the District's taxpayers.
- The net position of business-type activities - food services decreased by \$262,327 this year. Revenues decreased 9.68 percent to \$2,325,065, and expenses increased 9.45 percent to \$2,587,392, resulting in an unrestricted net deficit of \$2,831,245. The deficit is primarily due to the pension and OPEB reporting under GASB Statements No. 68, No. 71, and No. 75.
- At June 30, 2023, the District had \$73,613,262 invested in a broad range of capital assets, including land, school buildings, administrative offices, athletic facilities, furniture, and equipment.

Overview of the Financial Statements

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, and supplementary information. The basic financial statements include two kinds of statements which present different views of the District. The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements. The governmental funds statements indicate how basic services such as regular and special education were financed in the short term as well as indicate future spending plans. Proprietary fund statements offer short and long-term financial information about activities the District operates like a business, such as food services. Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others, such as student activity funds and scholarship funds.

The financial statements also include notes that explain some of the information in the statements, as well as provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with additional

**OXFORD AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023**

information about the District's participation in the PSERS pension plan and a section of supplementary information that includes the single audit results for the District's federal programs.

The following chart summarizes the major features of the District's financial statements. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-wide and Fund Financial Statements				
	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	Activities of the District that are not proprietary or fiduciary, such as general operating and capital projects	Activities the District operate similar to private businesses, such as food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of net position - fiduciary funds • Statement of activities - fiduciary fund
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/deferred inflows of resources/liability/deferred outflows of resources information	All assets/deferred outflows of resources and liabilities/deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets/deferred outflows of resources and liabilities/deferred inflows of resources, both financial and capital, and short-term and long-term	All assets/deferred outflows of resources and liabilities/deferred inflows of resources, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

OXFORD AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and its liabilities and deferred inflows of resources – is one way of measuring the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health, non-financial factors, such as changes in the District's property tax base and the condition of or need for improvements or expansion to existing school facilities, are considered.

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

- **Governmental Activities** – Most of the District's basic services are included here, such as regular and special education, maintenance and operation of plant services, transportation services, and administrative services. Property taxes along with state formula aid finance most of these activities.
- **Business-type Activities** – The District charges fees to cover the cost of certain services such as food service programs.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. These statements focus on the District's most significant or "major" funds – not the District as a whole. Funds are accounting components the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District may establish other funds to control and manage money for particular purposes, such as repaying its long-term debts.

The District has three types of funds as follows:

Governmental Funds – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted into cash inflows and outflows and (2) balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, reconciliation schedules after each of the governmental funds statements explains the relationship (or differences) between them.

**OXFORD AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023**

Proprietary Funds — Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide financial statements. The District's Enterprise Funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the food service fund.

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

Financial Analysis of the District as a Whole

The District's total net deficit was smaller on June 30, 2023 than the previous year. The total net deficit decreased 13.96 percent over the course of the year to a deficit of \$18,435,702. The following table presents condensed financial information for the net position of the District as of June 30, 2023 and 2022.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 23,988,265	\$ 23,042,075	\$ (970,022)	\$ (643,141)	\$ 23,018,243	\$ 24,398,934
Capital Assets, Net	73,084,049	76,591,304	529,213	586,338	73,613,262	77,177,642
Total Assets	97,072,314	101,633,379	(440,809)	(56,803)	96,631,505	101,576,576
Deferred Outflows of Resources	11,935,120	13,685,769	302,971	339,787	12,238,091	14,025,556
Total Assets and Deferred Outflows of Resources	109,007,434	115,319,148	(137,838)	282,984	108,869,596	115,602,132
Current Liabilities	11,070,251	15,990,768	28,307	58,919	11,098,558	16,049,687
Long-term Liabilities	107,079,258	104,143,231	2,012,283	1,922,768	109,091,541	106,065,999
Total Liabilities	118,149,509	120,133,999	2,040,590	1,981,687	120,190,099	122,115,686
Deferred Inflows of Resources	6,991,595	14,571,572	123,604	341,002	7,115,199	14,912,574
Total Liabilities and Deferred Inflows of Resources	125,141,104	134,705,571	2,164,194	2,322,689	127,305,298	137,028,260
Net Position (Deficit):						
Net Investment in Capital Assets	44,957,928	42,729,249	529,213	586,338	45,487,141	43,315,587
Restricted for Capital Projects	1,307,809	1,776,420	-	-	1,307,809	1,776,420
Unrestricted (Deficit)	(62,399,407)	(63,892,092)	(2,831,245)	(2,626,043)	(65,230,652)	(66,518,135)
Total Net Deficit	<u>\$(16,133,670)</u>	<u>\$(19,386,423)</u>	<u>\$(2,302,032)</u>	<u>\$(2,039,705)</u>	<u>\$(18,435,702)</u>	<u>\$(21,426,128)</u>

The restricted net position in the amount of \$1,307,809 is set aside to fund future capital improvements. The unrestricted net deficit in the amount \$65,230,652 is primarily the result of the District's proportionate

**OXFORD AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023**

share of a net pension liability of \$73,268,000 and net OPEB liability of \$6,718,630. Included within the deficit is \$1,608,801 set aside to cover unanticipated future revenue shortfalls, \$2,000,000 set aside to fund future capital improvements, and funds to cover future extraordinary healthcare, pension, and utility costs totaling \$4,900,000.

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 presented to determine the final amount of the District's activities that are supported by other general revenues. The largest revenues are property taxes and the basic education subsidy provided by the Commonwealth of Pennsylvania.

The following table presents condensed financial information from the Statement of Activities in a different format. The District's total revenues increased by \$3,659,677, or 4.68 percent. Property taxes and other taxes levied for general purposes accounted for most of the District's revenue in the amount of \$43,907,566, or 53.61 percent. Another \$16,569,951, or 20.23 percent, came from state aid such as the state basic education subsidy. The remainder, \$21,427,785 or 26.16 percent, came from several sources. Revenue of \$13,383,229 came from operating grants, including funds for student transportation, and retirement and social security subsidies. Revenue of \$6,449,426 came from program specific operating grants for special education and federal programs Title I, II, III, IDEA, and ACCESS. Revenue of \$854,383 came from earnings on investments and rental income. Fees charged by food service for student and staff meals, along with catering services, were \$151,764. Fees charged for other services (excluding rental income) and other revenues amounted to \$588,983.

The total cost of all governmental programs and services increased by \$4,988,024, or 6.75 percent. The District's expenses are predominately related to instructing and caring for and transporting students (support services and operation of school facilities), which represents 98.05 percent, or \$74,842,491, of total expenses. Total revenues exceeded total expenses, which produced an increase in net position of \$2,990,426 over the past year.

Changes in Net Position from Operating Results

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues						
Charges for Services	\$ 465,721	\$ 264,641	\$ 151,764	\$ 154,053	\$ 617,485	\$ 418,694
Operating Grants and Contributions	17,710,859	17,835,262	2,121,796	2,418,723	19,832,655	20,253,985
General Revenues						
Property Taxes and Other Taxes Levied for General Purposes	43,907,566	42,082,071	-	-	43,907,566	42,082,071
Grants and Contributions not Restricted	16,569,951	15,211,400	-	-	16,569,951	15,211,400
Other	926,140	278,111	51,505	1,363	977,645	279,474
Total Revenues	79,580,237	75,671,485	2,325,065	2,574,139	81,905,302	78,245,624

**OXFORD AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023**

**Changes in Net Position from Operating Results
(cont'd)**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2023	2022	2023
Expenses:						
Instruction	54,537,914	50,596,839	-	-	54,537,914	50,596,839
Support Services	20,304,579	18,679,480	-	-	20,304,579	18,679,480
Non-instructional Services	1,227,762	1,121,739	-	-	1,227,762	1,121,739
Other	257,229	1,164,865	2,587,392	2,363,928	2,844,621	3,528,793
Total Expenses	76,327,484	71,562,923	2,587,392	2,363,928	78,914,876	73,926,851
Increase (Decrease) in Net Position	\$ 3,252,753	\$ 4,108,562	\$ (262,327)	\$ 210,211	\$ 2,990,426	\$ 4,318,773

Presented below is the cost of four (4) major District activities: instruction, support services, non-instructional services, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and governmental aid provided for specific programs). The net cost shows the amount needed to be funded by other revenue sources, primarily the District's taxpayers. The net cost of governmental activities increased by 8.77 percent to \$58,150,904.

Net Cost of Governmental Activities

	Total Cost of Services		Change	Net Cost (Revenue) of Services		Change
	2023	2022	2022 - 2023	2023	2022	2022 - 2023
Instruction	\$ 54,537,914	\$ 50,596,839	7.79%	\$41,825,089	\$37,470,191	11.62%
Support Services	20,304,579	18,679,480	8.70%	16,682,281	16,064,163	3.85%
Non-instructional Services	1,227,762	1,121,739	9.45%	969,416	905,311	7.08%
Other	257,229	1,164,865	-77.92%	(1,325,882)	(976,645)	35.76%
Total	\$ 76,327,484	\$ 71,562,923	6.66%	\$58,150,904	\$53,463,020	8.77%

Financial Analysis of the District's Funds

At the end of fiscal year 2023, governmental funds had total fund balances of \$11,871,520. During 2022 - 2023, the net change in governmental fund balances was a decrease of \$2,113,701, or 15.11 percent. Of this amount \$1,645,090 of this decrease was in the general fund and \$468,611 of the decrease related to the capital reserve fund. The District has committed \$2,000,000 to fund future capital improvements. The District also committed funds to cover future extraordinary healthcare, pension, utility, and maintenance costs, totaling \$4,900,000. An amount of \$1,608,801 was committed to cover unanticipated future revenue shortfalls, and \$2,054,910 is available to fund next year's operations and any unforeseen financial issues.

**OXFORD AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023**

The food service fund produced an operating loss largely attributed to improved reporting accuracy related to cafeteria employee fringe benefits. In addition to the District-wide financial statements, food services are reported in greater detail in the proprietary fund statements.

General Fund Budgetary Highlights

During the fiscal year, the Board of School Directors authorized revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. A schedule showing the District's original and final budget amounts compared to amounts actually received and disbursed is provided in the financial statements.

To balance the 2022 - 2023 budget, the District had planned to utilize \$7,723,949 of fund balance from the previous year. The difference in the 2022 - 2023 revenues and expenditures compared to the budget resulted in an overall favorable variance of \$6,078,859. Revenues exceed budget by \$5,800,573; this is attributed to additional real estate taxes and additional basic education funding from the state as well as additional federal funding. Other financing sources exceeded budget by \$75,754.

Total expenditures exceeded total revenue and other financing sources in 2022 - 2023 by \$1,645,090. The general fund's unassigned fund balance increased by \$615,809, bringing it to \$2,054,910, or 2.53 percent of anticipated expenditures with the planned utilization of \$7,723,949 to fund operations. More detailed information about fund balances can be found in the notes to the financial statements.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2023, the District had \$150,311,453 invested in a broad range of capital assets, including land, school buildings, administrative offices, athletic facilities, furniture, and equipment. This amount represents an increase of \$856,096, or 0.57 percent from last year. The increase is attributed to the planned improvements of school facilities. Total depreciation/amortization expense for the year amounted to \$4,420,476. The following schedule depicts the change in capital assets for the period July 1, 2022 through June 30, 2023. More detailed information about capital assets can be found in Note 5 to the financial statements.

Capital Assets

	Governmental Activities		Business-type Activities		Total		%
	2023	2022	2023	2022	2023	2022	
Land	\$ 5,255,835	\$ 5,255,835	\$ -	\$ -	\$ 5,255,835	\$ 5,255,835	0.00%
Building and Building Improvements	130,288,859	129,839,000	-	-	130,288,859	129,839,000	0.35%
Fixtures and Equipment	9,866,189	9,462,725	1,943,777	1,941,004	11,809,966	11,403,729	3.56%
Right to use asset	2,976,793	2,976,793	-	-	2,976,793	2,976,793	0.00%
Total Capital Assets	<u>148,387,676</u>	<u>147,534,353</u>	<u>1,943,777</u>	<u>1,941,004</u>	<u>150,331,453</u>	<u>149,475,357</u>	0.57%

**OXFORD AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023**

**Capital Assets
(cont'd)**

	Governmental Activities		Business-type Activities		Total		%
	2023	2022	2023	2022	2023	2022	2022 - 2023
Accumulated Depreciation/ Amortization	<u>(75,303,627)</u>	<u>(70,943,049)</u>	<u>(1,414,564)</u>	<u>(1,294,467)</u>	<u>(76,718,191)</u>	<u>(72,297,715)</u>	6.11%
Total Capital Assets, Net	<u>\$ 73,084,049</u>	<u>\$ 76,591,304</u>	<u>\$ 529,213</u>	<u>\$ 646,537</u>	<u>\$ 73,613,262</u>	<u>\$ 77,177,642</u>	-4.62%

Long-term Debt

As of June 30, 2023, the District had \$27,948,941 in general obligation bonds and notes outstanding, net of premiums, a decrease of \$5,234,592 over last year. More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.

Outstanding Long-term Debt

	Totals		\$ Change	% Change
	2023	2022	2022 - 2023	2022 - 2023
General Obligation Bonds and Notes	<u>\$ 27,948,941</u>	<u>\$ 33,183,533</u>	<u>\$ (5,234,592)</u>	<u>-15.77%</u>

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of three existing circumstances that could impact its future.

1. The following employee labor contracts:
 - a. June 30, 2025 will mark the expiration of the current three-year professional employee's contract with the Oxford Area Education Association. The economic package (salaries and fringe benefits) over the next year provides for an annual increase of 3.2 percent in 2023 - 2024, and includes employee contributions for healthcare costs.
 - b. June 30, 2026 will mark the expiration of the three-year classified employee's contract with the secretarial/clerical staff. The economic package (salaries and fringe benefits) over the next year provides for an annual increases between 3-4% in salaries and includes employee contributions for healthcare costs.
2. The Pennsylvania School Employees Retirement System trustees set the contribution rate that all school districts must pay in 2022 - 2023 at 35.26 percent of eligible wages. Employer contribution rates are expected to fall to 34.00 percent in 2023 - 2024. This decrease will result in a reduced expenditure of nearly \$57,000 for this District. The District has committed \$2,800,000 of its fund balance to cover future increased pension costs.

**OXFORD AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2023**

3. The current national and global economic conditions continue to affect the District's revenue stream. The number of successful real estate tax assessment appeals in the past few years has impacted the assessment base in a negative fashion, resulting in decreased revenue from local tax effort. The District has seen this stabilize because most property owners have already appealed their assessment and a strengthening real estate market. Low interest rates have resulted in lower income earned on District investments.

Special Session Act 1 of 2006: The law limits real estate tax increases to an index established by the Pennsylvania Department of Education. Districts that cannot balance their budget, even after including revenue to be obtained by increasing taxes to the maximum extent allowed by the Index, are eligible to seek back-end referendum exceptions. The exceptions are for costs that are beyond the direct control of local school boards. However, the number of exceptions has been reduced from seven (7) to two (2) due to increases in mandated special education costs and in contributions to the employee retirement system (Act 25 of 2011). If additional dollars received through the exceptions are still not adequate to balance the budget, districts must either decide to go to the voters for approval for a tax increase or make further cuts to their budget to fit the revenues available.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Business Office, Oxford Area School District, 125 Bell Tower Lane, Oxford, PA 19363.

OXFORD AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023
(With Summarized Comparative Data for June 30, 2022)

	Governmental Activities	Business-type Activities	Totals	
			2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Cash and cash equivalents	\$ 4,940,579	\$ 57,796	\$ 4,998,375	\$ 6,341,396
Investments	13,010,432	1,025,143	14,035,575	12,887,686
Taxes receivable, net of allowance	1,799,293	-	1,799,293	1,702,548
Internal balances	2,148,323	(2,148,323)	-	-
Due from other governments	1,998,318	55,389	2,053,707	3,191,952
Other receivables	5,677	-	5,677	30,449
Inventories	-	39,973	39,973	61,199
Lease receivable	85,643	-	85,643	183,704
Land	5,255,835	-	5,255,835	5,255,835
Buildings and improvements	130,288,859	-	130,288,859	129,839,000
Furniture and equipment	9,866,189	1,943,777	11,809,966	11,403,729
Right to use asset	2,976,793	-	2,976,793	2,976,793
Accumulated depreciation/amortization	(75,303,627)	(1,414,564)	(76,718,191)	(72,297,715)
TOTAL ASSETS	97,072,314	(440,809)	96,631,505	101,576,576
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to pension	10,577,406	284,853	10,862,259	12,474,339
Deferred outflows related to OPEB	1,357,714	18,118	1,375,832	1,551,217
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,935,120	302,971	12,238,091	14,025,556
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$109,007,434	\$ (137,838)	\$108,869,596	\$115,602,132
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)				
LIABILITIES:				
Cash overdraft	\$ 73,605	\$ -	\$ 73,605	\$ -
Accounts payable	5,276,532	10,680	5,287,212	2,182,369
Accrued salaries, payroll withholdings, and benefits	5,148,121	-	5,148,121	6,685,897
Accrued interest payable	367,380	-	367,380	435,458
Unearned revenues	-	17,627	17,627	18,921
Other current liabilities	204,613	-	204,613	735,511
Long-term liabilities:				
Portion due or payable within one year:				
Bonds and note payable, net	5,434,592	-	5,434,592	5,490,189
Lease payable	177,180	-	177,180	501,342
Portion due or payable after one year:				
Bonds and note payable, net	22,514,349	-	22,514,349	27,693,344
Lease payable	-	-	-	177,180
Accumulated compensated absences	978,790	-	978,790	824,684
Net pension liability	71,346,617	1,921,383	73,268,000	68,770,000
Net OPEB liability	6,627,730	90,900	6,718,630	8,600,791
TOTAL LIABILITIES	118,149,509	2,040,590	120,190,099	122,115,686
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pension	3,650,686	98,314	3,749,000	13,350,057
Deferred inflows related to OPEB	3,255,266	25,290	3,280,556	1,378,813
Deferred inflow of lease payments	85,643	-	85,643	183,704
TOTAL DEFERRED INFLOWS OF RESOURCES	6,991,595	123,604	7,115,199	14,912,574
NET POSITION (DEFICIT):				
Net investment in capital assets	44,957,928	529,213	45,487,141	43,315,587
Restricted for capital projects	1,307,809	-	1,307,809	1,776,420
Unrestricted (deficit)	(62,399,407)	(2,831,245)	(65,230,652)	(66,518,135)
TOTAL NET DEFICIT	(16,133,670)	(2,302,032)	(18,435,702)	(21,426,128)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET DEFICIT	\$109,007,434	\$ (137,838)	\$108,869,596	\$115,602,132

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

**OXFORD AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Comparative Data for the Year Ended June 30, 2023)**

	Program Revenues				Net Revenue (Expense) and Changes in Net Deficit			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
							2023	2022
GOVERNMENTAL ACTIVITIES:								
Instruction	\$54,537,914	\$ -	\$12,712,825	\$ -	\$(41,825,089)	\$ -	\$(41,825,089)	\$(37,470,191)
Instructional student support	3,984,028	-	515,040	-	(3,468,988)	-	(3,468,988)	(3,275,407)
Administrative and financial support services	6,466,093	147,770	515,932	-	(5,802,391)	-	(5,802,391)	(5,145,016)
Operation and maintenance of plant services	5,505,140	150,542	383,381	-	(4,971,217)	-	(4,971,217)	(4,814,494)
Pupil transportation	4,349,318	-	1,909,633	-	(2,439,685)	-	(2,439,685)	(2,829,246)
Student activities	1,177,740	167,409	87,537	-	(922,794)	-	(922,794)	(898,429)
Community services	50,022	-	3,400	-	(46,622)	-	(46,622)	(6,882)
Interest on long-term debt and issuance cost	257,229	-	1,583,111	-	1,325,882	-	1,325,882	976,645
TOTAL GOVERNMENTAL ACTIVITIES	<u>76,327,484</u>	<u>465,721</u>	<u>17,710,859</u>	<u>-</u>	<u>(58,150,904)</u>	<u>-</u>	<u>(58,150,904)</u>	<u>(53,463,020)</u>
BUSINESS-TYPE ACTIVITIES:								
Food service	<u>2,587,392</u>	<u>151,764</u>	<u>2,121,796</u>	<u>-</u>	<u>-</u>	<u>(313,832)</u>	<u>(313,832)</u>	<u>208,848</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>2,587,392</u>	<u>151,764</u>	<u>2,121,796</u>	<u>-</u>	<u>-</u>	<u>(313,832)</u>	<u>(313,832)</u>	<u>208,848</u>
TOTAL PRIMARY GOVERNMENT	<u>\$78,914,876</u>	<u>\$ 617,485</u>	<u>\$19,832,655</u>	<u>\$ -</u>	<u>(58,150,904)</u>	<u>(313,832)</u>	<u>(58,464,736)</u>	<u>(53,254,172)</u>
GENERAL REVENUES								
Property taxes levied for general purposes					38,095,892	-	38,095,892	36,379,397
Taxes levied for specific purposes					5,811,674	-	5,811,674	5,702,674
Grants and entitlements not restricted to specific programs					16,569,951	-	16,569,951	15,211,400
Investment earnings					704,817	51,505	756,322	2,239
Miscellaneous					145,569	-	145,569	118,455
Gain on sale of assets					75,754	-	75,754	158,780
TOTAL GENERAL REVENUES					<u>61,403,657</u>	<u>51,505</u>	<u>61,455,162</u>	<u>57,572,945</u>
CHANGE IN NET DEFICIT					3,252,753	(262,327)	2,990,426	4,318,773
NET DEFICIT, BEGINNING OF YEAR					<u>(19,386,423)</u>	<u>(2,039,705)</u>	<u>(21,426,128)</u>	<u>(25,744,901)</u>
NET DEFICIT, END OF YEAR					<u>\$(16,133,670)</u>	<u>\$ (2,302,032)</u>	<u>\$(18,435,702)</u>	<u>\$(21,426,128)</u>

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

**OXFORD AREA SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023
(With Summarized Comparative Data for June 30, 2022)**

	Major Funds		Totals	
	General Fund	Capital Reserve Fund	2023	2022
ASSETS				
Cash and cash equivalents	\$ 4,940,579	\$ -	\$ 4,940,579	\$ 6,316,028
Investments	11,629,018	1,381,414	13,010,432	11,143,220
Taxes receivable	2,610,145	-	2,610,145	2,389,133
Due from other funds	2,148,323	-	2,148,323	2,483,407
Due from other governments	1,998,318	-	1,998,318	3,184,254
Other receivables	5,677	-	5,677	28,914
TOTAL ASSETS	<u>\$ 23,332,060</u>	<u>\$ 1,381,414</u>	<u>\$ 24,713,474</u>	<u>\$ 25,544,956</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Cash overdraft	\$ -	\$ 73,605	\$ 73,605	\$ -
Accounts payable	5,276,532	-	5,276,532	2,142,371
Accrued salaries, payroll withholdings, and benefits	5,148,121	-	5,148,121	6,685,897
Other liabilities	204,613	-	204,613	735,511
TOTAL LIABILITIES	<u>10,629,266</u>	<u>73,605</u>	<u>10,702,871</u>	<u>9,563,779</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues - delinquent taxes	2,139,083	-	2,139,083	1,995,956
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,139,083</u>	<u>-</u>	<u>2,139,083</u>	<u>1,995,956</u>
FUND BALANCES:				
Restricted for capital projects	-	1,307,809	1,307,809	1,776,420
Committed	8,508,801	-	8,508,801	10,769,700
Unassigned	2,054,910	-	2,054,910	1,439,101
TOTAL FUND BALANCES	<u>10,563,711</u>	<u>1,307,809</u>	<u>11,871,520</u>	<u>13,985,221</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 23,332,060</u>	<u>\$ 1,381,414</u>	<u>\$ 24,713,474</u>	<u>\$ 25,544,956</u>

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

**OXFORD AREA SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2023**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 11,871,520
Amounts reported for governmental activities in the statement of net position are different because:		
Allowance for uncollectible taxes receivable		(810,852)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	\$ 5,255,835	
Buildings and improvements	130,288,859	
Right to use asset	2,976,793	
Furniture and equipment	9,866,189	
Accumulated depreciation/amortization	<u>(75,303,627)</u>	73,084,049
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Bonds and note payable, net	(27,948,941)	
Lease payable	(177,180)	
Accumulated compensated absences	(978,790)	
Accrued interest payable	(367,380)	
Net pension liability	(71,346,617)	
Net OPEB liability	<u>(6,627,730)</u>	(107,446,638)
Deferred inflows and outflows of resources related to the District's pension plan do not represent current resources or uses of resources and, therefore, are not reported in the funds. Deferred inflows and outflows of resources consist of the following:		
Deferred outflows of resources:		
Deferred amounts related to pension	10,577,406	
Deferred inflows of resources:		
Deferred amounts related to pension	<u>(3,650,686)</u>	6,926,720
Deferred inflows and outflows of resources related to the District's OPEB plan do not represent current resources or uses of resources and, therefore, are not reported in the funds. Deferred inflows and outflows of resources consist of the following:		
Deferred outflows of resources:		
Deferred amounts related to OPEB	1,357,714	
Deferred inflows of resources:		
Deferred amounts related to OPEB	<u>(3,255,266)</u>	(1,897,552)
Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		<u>2,139,083</u>
NET DEFICIT OF GOVERNMENTAL ACTIVITIES		<u><u>\$ (16,133,670)</u></u>

These accompanying notes are an integral part of these financial statements.

OXFORD AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Comparative Data for the Year Ended June 30, 2022)

	Major Funds		Totals	
	General Fund	Capital Reserve Fund	2023	2022
REVENUES				
Local sources	\$ 45,180,920	\$ 42,751	\$ 45,223,671	\$ 42,466,043
State sources	29,718,825	-	29,718,825	26,984,757
Federal sources	4,561,985	-	4,561,985	6,061,904
TOTAL REVENUES	<u>79,461,730</u>	<u>42,751</u>	<u>79,504,481</u>	<u>75,512,704</u>
EXPENDITURES				
Current:				
Instruction	54,458,919	-	54,458,919	50,555,212
Support services	19,297,518	-	19,297,518	18,163,791
Operation of non-instructional services	1,160,679	-	1,160,679	1,057,013
Capital outlays	185,358	511,362	696,720	2,367,157
Debt service	6,061,241	-	6,061,241	7,147,828
TOTAL EXPENDITURES	<u>81,163,715</u>	<u>511,362</u>	<u>81,675,077</u>	<u>79,291,001</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,701,985)</u>	<u>(468,611)</u>	<u>(2,170,596)</u>	<u>(3,778,297)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of lease	-	-	-	531,540
Refund of prior year revenues	(18,859)	-	(18,859)	(45,900)
Proceeds from sale of capital assets	75,754	-	75,754	158,780
TOTAL OTHER FINANCING SOURCES (USES)	<u>56,895</u>	<u>-</u>	<u>56,895</u>	<u>644,420</u>
NET CHANGE IN FUND BALANCES	(1,645,090)	(468,611)	(2,113,701)	(3,133,877)
FUND BALANCES, BEGINNING OF YEAR	<u>12,208,801</u>	<u>1,776,420</u>	<u>13,985,221</u>	<u>17,119,098</u>
FUND BALANCES, END OF YEAR	<u>\$ 10,563,711</u>	<u>\$ 1,307,809</u>	<u>\$ 11,871,520</u>	<u>\$ 13,985,221</u>

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

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (2,113,701)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which depreciation/amortization (\$4,360,578) exceeded capital outlays (\$853,323) in the period.	(3,507,255)
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Unavailable tax revenues, net of change in allowance increased by this amount this year.	143,127
Repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. This is the amount by which lease and debt repayments, net of premiums and discounts exceeds proceeds from lease incurrence.	5,735,934
In the statement of activities, certain operating expenses – compensated absences (vacations and sick leave) and special termination benefits (early retirement) – are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount by which current period amounts paid were less than current period compensated absences earned.	(154,106)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	68,078
In the statement of activities, pension expense reflects the change in net pension liability, net of deferrals. In the governmental funds, however, pension expenditures reflect payments made to fund the pension plan.	3,402,719
In the statement of activities, OPEB expense reflects the change in net OPEB liability, net of deferrals. In the governmental funds, however, OPEB expenditures reflect payments made to fund the OPEB plan.	(322,043)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 3,252,753</u></u>

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

**OXFORD AREA SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 42,245,323	\$ 42,734,814	\$ 45,180,920	\$ 2,446,106
State sources	26,963,608	27,693,608	29,718,825	2,025,217
Federal sources	5,109,860	5,109,860	4,561,985	(547,875)
TOTAL REVENUES	74,318,791	75,538,282	79,461,730	3,923,448
EXPENDITURES				
Instruction:				
Regular programs	31,501,065	31,974,212	31,974,207	5
Special programs	16,361,897	19,335,671	19,333,628	2,043
Vocational programs	2,464,578	2,510,755	2,510,755	-
Other instructional programs	813,835	640,330	640,329	1
Total Instruction	<u>51,141,375</u>	<u>54,460,968</u>	<u>54,458,919</u>	<u>2,049</u>
Support services:				
Pupil personnel services	1,920,354	1,861,908	1,861,906	2
Instructional staff services	1,392,242	1,393,490	1,393,008	482
Administrative services	4,095,222	3,874,256	3,874,256	-
Pupil health	798,337	502,535	502,535	-
Business services	611,384	617,491	617,491	-
Operation and maintenance of plant services	5,402,128	5,192,053	5,192,053	-
Student transportation services	4,288,359	4,101,964	4,101,964	-
Central support services	1,916,743	1,735,600	1,735,600	-
Other support services	22,000	18,705	18,705	-
Total Support Services	<u>20,446,769</u>	<u>19,298,002</u>	<u>19,297,518</u>	<u>484</u>
Operation of noninstructional services:				
Student activities	1,140,116	1,110,760	1,110,760	-
Community services	68,000	49,919	49,919	-
Total Operation of Noninstructional Services	<u>1,208,116</u>	<u>1,160,679</u>	<u>1,160,679</u>	<u>-</u>
Debt service	5,939,355	6,080,099	6,061,241	18,858
Capital outlays	900,000	185,358	185,358	-
TOTAL EXPENDITURES	79,635,615	81,185,106	81,163,715	21,391
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(5,316,824)	(5,646,824)	(1,701,985)	3,944,839
OTHER FINANCING SOURCES (USES)				
Budgetary reserve	(200,000)	(200,000)	-	200,000
Refund of prior year revenues	-	-	(18,859)	(18,859)
Proceeds from sale of assets	-	-	75,754	75,754
TOTAL OTHER FINANCING SOURCES (USES)	(200,000)	(200,000)	56,895	256,895
NET CHANGE IN FUND BALANCE	(5,516,824)	(5,846,824)	(1,645,090)	4,201,734
FUND BALANCE, BEGINNING OF YEAR	12,208,801	12,208,801	12,208,801	-
FUND BALANCE, END OF YEAR	\$ 6,691,977	\$ 6,361,977	\$ 10,563,711	\$ 4,201,734

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

OXFORD AREA SCHOOL DISTRICT
STATEMENTS OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2023 AND 2022

	Food Service Fund	
	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS:		
Cash and cash equivalents	\$ 57,796	\$ 25,368
Investments	1,025,143	1,744,466
Due from other governments	55,389	7,698
Accounts receivable	-	1,535
Inventories	39,973	61,199
Furniture and equipment	1,943,777	1,941,004
Accumulated depreciation	(1,414,564)	(1,354,666)
TOTAL ASSETS	<u>1,707,514</u>	<u>2,426,604</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows related to pension	284,853	319,553
Deferred outflows related to OPEB	18,118	20,234
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>302,971</u>	<u>339,787</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,010,485</u>	<u>\$ 2,766,391</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)		
LIABILITIES:		
Accounts payable	\$ 10,680	\$ 39,998
Due to other funds	2,148,323	2,483,407
Unearned revenues	17,627	18,921
Long-term liabilities:		
Net OPEB liability	90,900	119,340
Net pension liability	1,921,383	1,803,428
TOTAL LIABILITIES	<u>4,188,913</u>	<u>4,465,094</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to pension	98,314	339,227
Deferred inflows related to OPEB	25,290	1,775
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>123,604</u>	<u>341,002</u>
NET POSITION (DEFICIT):		
Investment in capital assets	529,213	586,338
Unrestricted (deficit)	(2,831,245)	(2,626,043)
TOTAL NET DEFICIT	<u>(2,302,032)</u>	<u>(2,039,705)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET DEFICIT	<u>\$ 2,010,485</u>	<u>\$ 2,766,391</u>

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

OXFORD AREA SCHOOL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	Food Service Fund	
	2023	2022
OPERATING REVENUES		
Food service revenues	\$ 151,764	\$ 154,053
Total Operating Revenues	<u>151,764</u>	<u>154,053</u>
OPERATING EXPENSES		
Salaries	687,239	657,712
Employee benefits	486,369	459,370
Purchased professional and technical services	195,336	119,293
Other operating expenses	10,822	8,182
Supplies	1,139,621	1,051,583
Depreciation	59,898	60,200
Dues and fees	8,107	7,588
Total Operating Expenses	<u>2,587,392</u>	<u>2,363,928</u>
OPERATING INCOME (LOSS)	<u>(2,435,628)</u>	<u>(2,209,875)</u>
NONOPERATING REVENUES		
Earnings on investments	51,505	1,363
State sources	321,826	224,223
Federal sources	1,799,970	2,194,500
Total Nonoperating Revenues	<u>2,173,301</u>	<u>2,420,086</u>
CHANGE IN NET DEFICIT	(262,327)	210,211
NET DEFICIT, BEGINNING OF YEAR	<u>(2,039,705)</u>	<u>(2,249,916)</u>
NET DEFICIT, END OF YEAR	<u>\$ (2,302,032)</u>	<u>\$ (2,039,705)</u>

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

**OXFORD AREA SCHOOL DISTRICT
STATEMENTS OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	Food Service Fund	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 152,005	\$ 149,160
Payments to suppliers	(1,193,365)	(1,017,537)
Payments to employees	(1,264,675)	(1,223,485)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(2,306,035)	(2,091,862)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Advances from (repayments to) other funds	(335,084)	(73,205)
State sources	316,599	227,778
Federal sources	1,588,893	2,085,289
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	1,570,408	2,239,862
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(2,773)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,773)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Earnings on investments	51,505	1,363
Sale (purchase) of investments	719,323	(147,919)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	770,828	(146,556)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,428	1,444
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	25,368	23,924
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 57,796	\$ 25,368
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (2,435,628)	\$ (2,209,875)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	59,898	60,199
Donated commodities	168,613	197,047
Decrease (Increase) in:		
Accounts receivable	1,535	(1,535)
Inventories	21,226	(33,428)
Deferred outflows of resources - pension	34,700	27,157
Deferred outflows of resources - OPEB	2,116	(7,776)
Increase (Decrease) in:		
Accounts payable	(29,318)	5,491
Unearned revenues	(1,294)	(3,358)
Net pension liability	117,955	(409,777)
Net OPEB liability	(28,440)	8,250
Deferred inflows of resources - pension	(240,913)	274,609
Deferred inflows of resources - OPEB	23,515	1,134
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (2,306,035)	\$ (2,091,862)
SUPPLEMENTAL DISCLOSURE		
Noncash noncapital financing activity:		
USDA donated commodities	\$ 168,613	\$ 96,558

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

OXFORD AREA SCHOOL DISTRICT
STATEMENTS OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2023 AND 2022

	Private Purpose Trust		Custodial Fund	
	Scholarship Fund		Student Activities Fund	
	2023	2022	2023	2022
ASSETS:				
Cash and cash equivalents	\$ 227,618	\$ 207,754	\$ 154,144	\$ 128,870
TOTAL ASSETS	<u>\$ 227,618</u>	<u>\$ 207,754</u>	<u>\$ 154,144</u>	<u>\$ 128,870</u>
LIABILITIES AND NET POSITION:				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 12,119	\$ 5,218
NET POSITION	<u>227,618</u>	<u>207,754</u>	<u>142,025</u>	<u>123,652</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 227,618</u>	<u>\$ 207,754</u>	<u>\$ 154,144</u>	<u>\$ 128,870</u>

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

**OXFORD AREA SCHOOL DISTRICT
STATEMENTS OF ACTIVITIES - FIDUCIARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	Private Purpose Trust		Custodial Fund	
	Scholarship Fund		Student Activities Fund	
	2023	2022	2023	2022
REVENUES				
Contributions	\$ 61,136	\$ 74,941	\$ 159,029	\$ 120,736
Interest income	2,339	18	122	122
Total Revenues	<u>63,475</u>	<u>74,959</u>	<u>159,151</u>	<u>120,858</u>
EXPENSES				
Scholarships	43,550	56,700	-	-
Miscellaneous expenses	61	75	-	-
Student activity expense	-	-	140,778	111,924
Total Expenses	<u>43,611</u>	<u>56,775</u>	<u>140,778</u>	<u>111,924</u>
CHANGE IN NET POSITION	19,864	18,184	18,373	8,934
NET POSITION, BEGINNING OF YEAR	<u>207,754</u>	<u>189,570</u>	<u>123,652</u>	<u>114,718</u>
NET POSITION, END OF YEAR	<u>\$ 227,618</u>	<u>\$ 207,754</u>	<u>\$ 142,025</u>	<u>\$ 123,652</u>

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

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Oxford Area School District ("the District") was formed by state law and began operations on July 1, 1965. The District is located in Chester County and includes the Borough of Oxford and the Townships of Lower and Upper Oxford, East and West Nottingham, and Elk.

The District is a political subdivision of the Commonwealth of Pennsylvania created to assist in the administration of the General Assembly's duties under the Constitution of the Commonwealth to "provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth."

The District is governed by a board of nine school directors who are residents of the District and who are elected every two years, on a staggered basis, for a four-year term. The Board of School Directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person residing in such District, between the ages of six and twenty-one years, who may attend.

The Superintendent is the chief administrative officer and the chief instructional officer of the Board and the District, and is responsible for the execution of all actions of the Board. Subject to the policies and direction of the Board, the Superintendent is responsible for the administration and operation of the public school system and oversees all matters pertaining to instruction. The Superintendent manages the District with the assistance of the Business Administrator, the Assistant Superintendent of Pupil Services and Personnel, the Assistant Superintendent of Curriculum and Instruction, and the Building Principals.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

Reporting Entity

The *GASB Codification of Accounting and Financial Reporting Standards* ("GASB Codification") established the criteria for determining the activities, organizations, and functions of government to be included in the financial statements of the reporting entity. In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be an independent reporting entity and has no component units.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Presentation

Entity-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements distinguish between activities that are governmental and those that are considered business-type. These statements include the financial activities of the primary government, except for fiduciary funds.

The entity-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds below. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the entity-wide statements and the statements of governmental funds.

The entity-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the District and for each governmental program. Expenses are those that are specifically associated with a service or program and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District.

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

The entity-wide financial statements report net position in one of three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of borrowings attributable to acquiring, constructing, or improving those assets. Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Those restrictions affect net position arising from the capital projects fund. Unrestricted net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fund Financial Statements

During the school year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Fiduciary fund financial statements are presented by fund type.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The District reports the following major governmental funds:

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

The **Capital Reserve Fund** is used to account for the acquisition, construction, and renovation of major capital facilities and their related capital assets and to account for funds set aside for future capital needs.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue and similar revenue streams to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned.

Other revenues, including certain other charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they generally are not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when paid. Liabilities for compensated absences and special termination benefits are recognized as fund liabilities to the extent they mature each period. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are financed primarily by user charges. The economic resources measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District does not attempt to allocate all "building-wide costs" to the proprietary fund. Thus, general fund expenditures which partially benefit the proprietary fund (utilities, janitorial services, insurance, etc.) are not recognized proportionately within the proprietary fund. Similarly, the proprietary fund does not recognize a cost for the building space it occupies.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary fund are food service charges. Operating expenses for the District's proprietary fund include food production costs, supplies, and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Fiduciary funds account for the assets held by the District as a trustee or custodian for individuals, private organizations, and/or governmental units and are, therefore, not available to support the District's own programs. The District accounts for these assets in a private-purpose trust and a custodial fund. The private-purpose trust fund accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as described by donor stipulations. The custodial fund accounts for funds held on behalf of students of the District. The measurement focus and basis of accounting for the private-purpose trust and custodial fund is the same as for proprietary funds.

Cash and Cash Equivalents

The District's 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.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments

Investments consist of nonnegotiable certificates of deposit, external investment pools, and treasury bonds backed by the federal government. The investments are recorded at amortized cost. Nonnegotiable certificates of deposit, external investment pools, and treasury bonds are nonparticipating interest earning investment contracts which are exempt from measurement at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the entity-wide financial statements as "internal balances."

Taxes receivable are presented net of allowances for estimated uncollectibles of \$145,127. The allowance for uncollectible accounts is based upon historical data established according to experience and other factors which, in the judgment of District management, deserve recognition in estimating possible losses. Management believes that they have adequately provided for future probable losses.

Property Taxes

Taxes are levied on July 1 and are payable in the following periods:

July 1 - August 31	-	Discount period, 2% of gross levy
September 1 - October 31	-	Face period
November 1 - collection	-	Penalty period, 10% of gross levy
January 15	-	Lien date

An installment payment plan is available to residential property owners, who have been approved as homestead owners by the Chester County Board of Assessments, with three equal installments due as follows:

August 31	-	one third of the gross levy
September 30	-	one third of the gross levy
October 31	-	one third of the gross levy

In order to participate in the installment payment plan, homestead owners must forego the opportunity to make payment at the two percent of gross levy discount rate.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The District's taxes are billed and collected by the District. The tax on real estate for public school purposes for fiscal year 2022 - 2023 was 32.0104 mills (\$34.6390 for \$1,000 of assessed valuation) for the entire District.

Inventories

All inventories are valued at the lower of cost (first-in, first-out method) or market.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the entity-wide and proprietary fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for capitalization purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant, and equipment of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings	40 years
Building improvements	5 - 20 years
Furniture	10 years
Equipment	3 - 20 years
Right to use asset	Life of lease

Compensated Absences

District policies permit employees to accumulate earned but unused vacation and personal and sick days as stipulated in each bargaining unit's contract. The liability for these compensated absences is recorded as long-term debt in the entity-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report the compensated absence liability payable from expendable available financial resources.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Long-term Obligations

In the entity-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are netted against outstanding principal balances and amortized over the life of the bonds. Bond issuance costs are expensed when incurred. Deferred amounts on refunding are recorded as a deferred inflow or outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amortized amounts are amortized using the straight-line method.

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 and discounts paid on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense/expenditure) until that time. The District currently has four types of items that qualify for reporting in this category. Delinquent taxes not collected within 60 days of year end and, therefore, not available under modified accrual reporting are reflected as deferred inflows of resources on the general fund balance sheet. Pension and OPEB contributions made subsequent to the measurement date and, therefore, not reflected in the net pension and OPEB liabilities under full accrual basis reporting are reported as a deferred outflow of resources on the entity-wide and proprietary fund statements of net position. Certain changes to the net pension and OPEB liabilities are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows and inflows of resources on the entity-wide and proprietary fund statements of net position. Future period revenues from leases receivable are recognized as deferred inflows of resources.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fund balances of the governmental funds are classified, if applicable, as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Finance Committee, the Superintendent, or the Business Manager may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted prior to the beginning of each year for the general fund on the modified accrual basis of accounting. The general fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for all capital projects funds.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by District officials on a uniform form furnished by such department and submitted to the Board of School Directors for approval prior to the beginning of the fiscal year on July 1.

Under the Taxpayer Relief Act, the District must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least 20 days prior to its adoption; the Board of School Directors may hold a public hearing on the budget; and the Board must give at least 10 days' public notice of its intent to adopt such budget.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to the Pennsylvania Department of Education ("PDE") no later than 85 days prior to the date of the election immediately preceding the fiscal year. The PDE is to compare the proposed percentage increase in the rate of any tax with the District's Index and within 10 days, but no later than 75 days, prior to the upcoming election to inform the District whether the proposed percentage increase is less than or equal to the Index. If the PDE determines that a proposed tax increase will exceed the Index, the District must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one or more of the referendum exceptions authorized by the Taxpayer Relief Act.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which the PDE approval is required, the District must publish notice of its intent to seek the PDE approval not less than one week before submitting its request for approval to the PDE and, if the PDE determines to schedule a public hearing on the request, a notice of the date, time, and place of such hearing. The PDE is required by the Taxpayer Relief Act to rule on the District's request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if the PDE denies the school district's request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

To use any of the referendum exceptions for which court approval is required under the Taxpayer Relief Act, the District must petition the court of common pleas no later than 75 days prior to the upcoming election, after giving one week's public notice of the intent to file such petition. The court may schedule a hearing on the petition, and the District must prove by clear and convincing evidence that it qualifies for the exception sought. The Taxpayer Relief Act requires that the court rule on the petition and inform the District of its decision no later than 55 days prior to the upcoming election. Such Act provides that the court, in approving the petition, shall determine the dollar amount for which the exception is granted, the tax rate increase required to fund the exception, and the appropriate duration of the tax increase. If the court denies the District's petition, such Act permits the District to submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

If the District seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one or more of the referendum exceptions available under the Taxpayer Relief Act, and the referendum question is not approved by a majority of the voters voting on the question, the Board of School Directors may not approve an increase in the tax rate greater than the applicable Index.

The above budgetary procedures will not apply if the District adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax rate that exceeds the Index, and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, the Taxpayer Relief Act requires only that the proposed annual budget be prepared at least 30 days and made available for public inspection at least 20 days prior to its adoption, and that at least 10 days' public notice be given of the Board's intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

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

Excess of Expenditures Over Appropriations

General fund refund of prior year revenues incurred expenditures in excess of appropriations of \$18,859, respectively for the year ended June 30, 2023. The excess of expenditures over appropriations was financed by current year revenue sources which exceeded budgeted amounts.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does not have a policy for custodial credit risk. At June 30, 2023, the carrying amount of the District's deposits was \$5,306,532, and the bank balance was \$6,784,140. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$6,284,140 was exposed to custodial credit risk because, in accordance with Act 72 of the Commonwealth of Pennsylvania, it was uninsured, and the collateral held by the depository's agent was not in the District's name.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

Investments

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest its monies as follows: Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America; (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth; (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision; (d) shares of an investment company registered under the Investment Company Act of 1940; or (e) deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation ("FDIC"), the Federal Savings and Loan Insurance Corporation ("FSLIC"), or the National Credit Union Share Insurance Fund ("NCUSIF") to the extent that such accounts are so insured and for any amounts above the insured maximum, provide that approved collateral as provided by law is pledged by the depository.

Of the District's \$14,035,575 in investments, \$6,201,023 are invested in the Pennsylvania Local Government Investment Trust ("PLGIT") and the Pennsylvania School District Liquid Asset Fund ("PSDLAF"). PLGIT and PSDLAF are 2a7-like pools. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The District has no regulatory oversight for the pools, which are governed by the Board of Trustees. PLGIT is administered by PFM Asset Management, LLC, and the pool is audited annually by Ernst & Young LLP, an independent certified public accountant. PSDLAF is administered by PMA Financial Network, Inc., and the pool is audited annually by PricewaterhouseCoopers LLP, an independent certified public accountant.

Also, the District has \$3,053,621 invested in treasury bonds backed by the federal government. These bonds are registered with the Securities and Exchange Commission and trade at \$1 per share.

Additionally, the District has \$4,780,931 in certificates of deposit held with banks. The certificates of deposit have maturities of less than one year as of June 30, 2023 and are fully covered through a combination of FDIC insurance and letters of credit obtained by the depositors in the District's name.

Credit Risk

The District has an investment policy that limits its investment choices in local government investment pools only to the extent it is rated in the highest rating category by a nationally recognized rating agency. As of June 30, 2023, PLGIT and PSDLAF were rated as AAAM by a nationally recognized statistical rating organization.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 UNEARNED REVENUES

The District records unearned revenue for resources that have been received but not yet earned. At the end of the current fiscal year, unearned revenue reported in the governmental funds resulted from federal grants received that have not satisfied eligibility requirements and revenue received but not yet earned. Unearned revenue in the proprietary funds and the entity-wide financial statements represents resources that have been received but not yet earned.

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital assets not being depreciated/ amortized:				
Land	\$ 5,255,835	\$ -	\$ -	\$ 5,255,835
Total Capital Assets Not Being Depreciated/Amortized	5,255,835	-	-	5,255,835
Capital assets being depreciated/ amortized:				
Buildings and improvements	129,839,000	449,859	-	130,288,859
Furniture and equipment	9,462,725	403,464	-	9,866,189
Right to use asset	2,976,793	-	-	2,976,793
Total Capital Assets Being Depreciated/ Amortized	142,278,518	853,323	-	143,131,841
Less accumulated depreciation/ amortization	70,943,049	4,360,578	-	75,303,627
Total Capital Assets Being Depreciated/ Amortized, Net	71,335,469	(3,507,255)	-	67,828,214
Governmental Activities Assets, Net	<u>\$ 76,591,304</u>	<u>\$(3,507,255)</u>	<u>\$ -</u>	<u>\$ 73,084,049</u>
Capital assets being depreciated:				
Furniture and equipment	\$ 1,941,004	\$ 2,773	\$ -	\$ 1,943,777
Less accumulated depreciation	1,354,666	59,898	-	1,414,564
Business-type Activities Assets, Net	<u>\$ 586,338</u>	<u>\$ (57,125)</u>	<u>\$ -</u>	<u>\$ 529,213</u>

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

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

Governmental Activities:

Instruction	\$ 3,171,915
Instructional student support	218,849
Administrative and financial support services	363,796
Operation and maintenance of plant services	302,407
Pupil transportation	238,916
Student activities	<u>64,695</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 4,360,578</u>
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Business-type Activities:

Food service	<u>\$ 59,898</u>
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NOTE 6 INTERNAL RECEIVABLES AND PAYABLES

Interfund balances between funds represent temporary loans recorded at year end subsequent to a final allocation of expenses. There was an internal balance of \$2,148,323 due from the food service fund to the general fund as of June 30, 2023.

NOTE 7 GENERAL LONG-TERM LIABILITIES

The following summarizes the changes in the long-term liabilities of governmental activities for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Bonds and note payable, net	\$ 33,183,533	\$ -	\$ 5,234,592	\$ 27,948,941	\$5,434,593
Leases payable	678,522	-	501,342	177,180	177,180
Accumulated compensated absences	824,684	154,106	-	978,790	-
Net pension liability	66,966,572	4,380,045	-	71,346,617	-
Net OPEB liability	8,481,451	-	1,853,721	6,627,730	-
TOTALS	<u>\$110,134,762</u>	<u>\$ 4,534,151</u>	<u>\$ 7,589,655</u>	<u>\$107,079,258</u>	<u>\$5,611,772</u>

The following summarizes the changes in the long-term liabilities of business-type activities for the year ended June 30, 2023:

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 7 GENERAL LONG-TERM LIABILITIES (cont'd)

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Net pension liability	\$ 1,803,428	\$ 117,955	\$ -	\$ 1,921,383	\$ -
Net OPEB liability	119,340	-	28,440	90,900	-
TOTALS	<u>\$ 1,922,768</u>	<u>\$ 117,955</u>	<u>\$ 28,440</u>	<u>\$ 2,012,283</u>	<u>\$ -</u>

Bonds and note payable at June 30, 2022 is comprised of the following:

Bonds and note payable, at face	\$ 26,770,000
Unamortized premium	<u>1,178,941</u>
Bonds and note payable, net	<u>\$ 27,948,941</u>

Payments of long-term liabilities for governmental activities are expected to be funded by the general fund. Payments of long-term liabilities for business-type activities are expected to be funded by the food service fund.

General Obligation Bonds and Notes

Series of 2018, maturing through August 1, 2028, bearing interest ranging from 1.70% to 4.00%, interest payable semi-annually on February 1 and August 1. \$ 7,190,000

Series of 2019, maturing through August 15, 2026, earning interest ranging from 1.80% to 4.00%, interest payable semi-annually on February 1 and August 1. 3,605,000

Series of 2019A, maturing through September 1, 2028, bearing interest ranging from 1.45% to 4.00%, interest payable semi-annually on February 1 and August 1. This debt was issued to presently refund general obligation bond Series 2013 and general obligation note Series of 2017. 15,975,000

TOTAL \$ 26,770,000

Presented below is a summary of debt requirements to maturity by years:

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2024	\$ 5,115,000	\$ 829,661	\$ 5,944,661
2025	5,250,000	672,843	5,922,843

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 7 GENERAL LONG-TERM LIABILITIES (cont'd)

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2026	5,430,000	510,328	5,940,328
2027	5,705,000	317,575	6,022,575
2028	4,820,000	114,400	4,934,400
2029	450,000	9,000	459,000
	<u>\$ 26,770,000</u>	<u>\$ 2,453,807</u>	<u>\$ 29,223,807</u>

NOTE 8 LEASE AGREEMENTS

Lessor

The District rents excess office space to Brandywine River Valley Home, Health & Hospice under an agreement in effect through April 30, 2024. The District rents a building to West Grove Home Care, LLC under an agreement in effect through April 30, 2024. These leases were negotiated with a zero percent interest rate. The following is a summary of the minimum rental income for the remaining term at June 30, 2023:

<u>Year Ending June 30,</u>	
2024	<u>\$ 85,643</u>
	<u>\$ 85,643</u>

An amount of \$98,061 was received under leases during the year ended June 30, 2023.

Lessee

The District rented computer equipment under an agreement in effect through July 15, 2023 and rents computer equipment under an agreement in effect through July 15, 2022. These leases were negotiated with a zero percent interest rate. The following is a summary of the minimum rental payments for the remaining term at June 30, 2023:

<u>Year Ending June 30,</u>	
2024	<u>\$ 177,180</u>
	<u>\$ 177,180</u>

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN

Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available comprehensive annual financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at www.psers.state.pa.us.

Benefits Provided

The PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62, with at least one year of credited service, (b) age 60 with 30 or more years of credited service, or (c) 35 or more years of service regardless of age. Act 120 of 2010 ("Act 120") preserves the benefits of existing members and introduced benefit reductions for individuals who became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E") and Membership Class T-F ("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service, or attain a total combination and age and service that is equal to or greater than 92, with a minimum of 35 years of service. Benefits are generally equal to two percent or two and one-half percent, depending upon the 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 may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service. Benefit terms may be amended by passing a bill in the Pennsylvania House of Representatives and Senate and sending the bill to the Governor for approval.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to two percent or two and one-half percent, depending upon the 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 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.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

Member Contributions

Active members who joined the system prior to July 22, 1983 contributed at 5.25 percent (Membership Class T-C), or at 6.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the system on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class T-C), or at 7.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the system after June 30, 2001 and before July 1, 2011 contribute at 7.50 percent (automatic Membership Class T-D). For all new hires and for members who elected Membership Class T-D, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the system after June 30, 2011 automatically contribute at the Class T-E rate of 7.50 percent (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30 percent (base rate) of the member's qualifying compensation. Class T-E and T-F are affected by a "shared risk" provision in Act 120 that in future fiscal years could cause the Class T-E contribution rate to fluctuate between 7.50 percent and 9.50 percent, and Class T-F contribution rate to fluctuate between 10.30 percent and 12.30 percent.

Employer Contributions

The District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the 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. For the year ended June 30, 2023, the rate of the employer contribution was 35.26 percent of covered payroll, which was comprised of 34.31 percent for pension contributions, 0.75 percent for healthcare contributions, and 0.20 percent for the PSERS defined contribution plan. The District's contribution to PSERS for pension for the year ended June 30, 2023 was \$8,434,328.

Pension Liability and Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2023, the District reported a liability of \$73,268,000 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, 2021, the District's proportion was 0.1648 percent, which was a decrease of 0.0027 percent from its proportion measured as of June 30, 2021.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

For the year ended June 30, 2023, the District recognized pension expense of \$4,804,064. 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	\$ -	\$ 1,243,000
Difference between expected and actual experience	33,000	634,000
Changes in proportions	179,000	1,872,000
Changes in assumptions	2,188,000	-
Difference between employer contributions and proportionate share of total contributions	27,931	-
Contributions subsequent to the date of measurement	8,434,328	-
	<u>\$ 10,862,259</u>	<u>\$ 3,749,000</u>

An amount of \$8,434,328 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions, and will be recognized in pension expense as follows:

Year Ended June 30,

2024	\$ (327,013)
2025	(515,352)
2026	(2,216,352)
2027	1,737,648
	<u>\$ (1,321,069)</u>

Actuarial Assumptions

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

- Valuation date – June 30, 2021
- Actuarial cost method – entry age normal, level percentage of pay

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

- Investment return – 7.00 percent, includes inflation of 2.50 percent
- Salary growth – effective average of 4.50 percent, comprised of inflation of 2.50 percent and 2.00 percent for real wage growth and for merit and seniority increases
- Mortality rates were based on a blend of 50 percent PubT-2010 and 50 percent PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021 and as of June 30, 2022
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate – decreased from 5.00 percent to 4.50 percent
 - Real wage growth and merit or seniority increases (components for salary growth)– decreased from 2.75 percent and 2.25 percent to 2.50 percent and 2.00 percent, 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 percent PubT-2010 and 50 percent 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 long-term expected rate of return on pension plan investments was determined using the 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 PSERS Board of Directors. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

A schedule of plan investments by asset class, target allocations, and long-term expected real rate of return is as follows:

<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%

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Absolute return	6.0%	3.5%
Cash	3.0%	0.5%
Financing (LIBOR)	(11.0%)	0.5%
	<u>100.0%</u>	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

Discount Rate

The discount used to measure the total pension liability was 7.00 percent. 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 which are 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Proportionate share of the net pension liability	\$ 94,767,000	\$ 73,268,000	\$ 55,143,000

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

Pension Plan Fiduciary Net Position

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

NOTE 10 JOINT VENTURES

The District is a participating member of the Center for Arts Technology ("the Vo-Tech"). The Vo-Tech is run by a joint board consisting of school directors from each member district. The board of directors from each member district must approve the Vo-Tech's annual budget. Each member pays an allocated share of the debt and operating costs of the Vo-Tech based on the number of students from each district. For the fiscal year ended June 30, 2023, the District's share of debt and operating costs was \$149,886. The Vo-Tech prepares financial statements which are available to the public. The financial statements of the Vo-Tech are available from the Chester County Intermediate Unit located at 455 Boot Road, Downingtown, Pennsylvania 19335.

NOTE 11 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

Retirees of the system can participate in the premium assistance program if they satisfy the following criteria:

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

OPEB Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit OPEB plan that provides postemployment benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the PSERS plan include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available comprehensive annual financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at www.psers.state.pa.us.

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. Benefit terms may be amended by passing a bill in the Pennsylvania House of Representatives and Senate and sending the bill to the Governor for approval.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75 percent of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$184,370 for the year ended June 30, 2023.

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

At June 30, 2022, the District reported a liability of \$3,030,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the system's total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the District's proportion was 0.1646 percent, which was a decrease of 0.0032 from its proportion measured as of June 30, 2021.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

For the year ended June 30, 2023, the District recognized OPEB expense of \$87,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 8,000	\$ -
Difference between expected and actual experience	28,000	16,000
Change in proportionate share of the net OPEB liability	57,000	111,000
Change in assumptions	336,000	716,000
Difference between employer contributions and proportionate share of total contributions	-	9,422
Contributions subsequent to the date of measurement	184,370	-
	<u>\$ 613,370</u>	<u>\$ 852,422</u>

An amount of \$184,370 is reported as deferred outflows of resources resulting from the District's 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 will be reported as deferred outflows of resources and deferred inflows of resources relating to OPEB and will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2024	\$ (76,677)
2025	(57,551)
2026	(78,590)
2027	(96,628)
2027	<u>(113,976)</u>
	<u>\$ (423,422)</u>

Actuarial Assumptions

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

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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

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 – 63 percent of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back three years for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back seven years for males and three years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back three years for both genders assuming the population consists of 25 percent males and 75 percent females is used to determine actuarial equivalent benefits.)

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

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

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	100.0%	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.

Changes in Actuarial Assumptions

- The discount rate used to measure the total OPEB liability increased from 2.18 percent as of June 30, 2021 to 4.09 percent 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 percent to 4.50 percent
 - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75 percent and 2.25 percent to 2.50 percent and 2.00 percent, 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 percent PubT-2010 and 50 percent 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.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09 percent. 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 percent, 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.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Sensitivity of the System Net OPEB Liability to Change in 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, 2022, 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.

The following presents the system's net OPEB liability for June 30, 2022, calculated using current healthcare cost trends, as well as what the system's net OPEB liability would be if its healthcare cost trends were one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 3,030,000	\$ 3,030,000	\$ 3,030,000

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

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

	<u>1% Decrease 3.09%</u>	<u>Current Discount Rate 4.09%</u>	<u>1% Increase 5.09%</u>
District's proportionate share of the net OPEB liability	\$ 3,426,000	\$ 3,030,000	\$ 2,698,000

OPEB Plan Fiduciary Net Position

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

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

The District administers a single employer defined benefit healthcare plan (the Retiree Health Plan) for employees who meet the eligibility requirements upon retirement. The District's retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA, with the District paying the remaining cost. Under GASB Statement No. 75, retiree benefits are viewed as a form of deferred compensation. As such, the benefits are treated as being earned over the working lifetime of the employee so that the cost is fully charged to operations by the earliest date of eligibility under the plan. A plan report is available in the District office.

Participants

As of June 30, 2022, the plan had 368 participants, consisting of 361 active participants, 0 vested former participants, and 7 retired participants.

Funding Policy

The contribution requirements of plan members are established and may be amended by the Board of School Directors. The District has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of School Directors. For fiscal year 2023, the District paid \$63,921 to plan members eligible for receiving benefits.

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of June 30, 2022. 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 the June 30, 2022 measurement date using the actuarial assumptions noted below.

Discount Rate

The discount rate was 4.06 percent based on the S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2022, an increase from the prior measurement date (2.28 percent).

Withdrawal

Rates of withdrawal vary by age, gender, and years of service. Sample rates for employees with more than 12 years of service are shown below. Rates for new employees start at 22.9 percent for both men and women and decrease with age and service.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>	<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	4.5500%	3.9000%	45	1.4100%	1.6000%
30	4.5500%	3.9000%	50	1.8900%	2.0800%
35	1.6800%	2.8300%	55	3.6300%	3.6600%
40	1.4200%	1.6700%	60	5.4900%	5.9400%

Mortality

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 table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Disability

No disability was assumed.

Retirement

Assumed retirement rates are based on PSERS plan experience and vary by age, service, and gender.

<u>Age</u>	<u>Age 55 and 25 Years of Service</u>		<u>Superannuation</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	14.5%	14.5%	16.3%	19.5%
56	14.5%	14.5%	16.3%	19.5%
57	14.5%	15.0%	16.3%	19.5%
58	14.5%	15.0%	16.3%	19.5%
59	21.6%	20.7%	16.3%	19.5%
60	14.5%	15.0%	16.3%	19.5%
61	29.0%	29.0%	16.3%	19.5%
62	29.0%	29.0%	16.3%	19.5%
63	29.0%	29.0%	16.3%	19.5%
64	29.0%	29.0%	16.3%	19.5%
65	29.0%	29.0%	16.3%	19.5%
66	29.0%	29.0%	16.3%	19.5%
67	29.0%	29.0%	16.3%	19.5%
68	29.0%	29.0%	16.3%	19.5%
69	29.0%	29.0%	16.3%	19.5%
70	29.0%	29.0%	16.3%	19.5%
71-73	29.0%	29.0%	16.3%	19.5%
74-79	29.0%	29.0%	16.3%	19.5%
80+	100.0%	100.0%	100.0%	100.0%

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

Salary

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of 2.5 percent cost of living adjustment, 1.0 percent real wage growth, and for teachers and administrators, a merit increase which varies by age from 0.00 to 2.75 percent.

Percent of Eligible Retirees Electing Coverage in Plan

One hundred percent of superintendents and directors of business affairs, 95 percent of cabinet level administrators, 100 percent of Act 93 administrators, and 70 percent of all others are assumed to elect coverage.

Percent Married at Retirement

Sixty percent of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

Spouse Age

Wives are assumed to be two years younger than their husbands.

Per Capita Claims Cost

The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets.

Dental and vision costs are assumed to not vary with age or gender. The resulting costs are as follows:

<u>Age</u>	<u>Medical and Prescription Drug Combined</u>	
	<u>Male</u>	<u>Female</u>
45 - 49	\$ 7,712	\$ 11,138
50 - 54	\$ 10,214	\$ 12,588
55 - 59	\$ 12,441	\$ 13,172
60 - 64	\$ 16,234	\$ 15,132
65+	\$ 7,967	\$ 7,967

Life Insurance

It is assumed that the annual cost to provide life insurance varies by age and gender. The assumed cost is equal to the amount of coverage times the applicable mortality factor contained in the valuation mortality table. Retiree contributions are \$1.90 per \$1,000 of coverage per year and are assumed to not increase.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

Retiree Contributions

Retiree contributions are assumed to increase at the same rate as the healthcare cost trend rate.

Healthcare Cost Trend Rate

The healthcare cost trend rate was 6.5 percent in 2022, 6.0 percent in 2023, and 5.5 percent in 2024-2025. Rates gradually decrease from 5.4 percent in 2026 to 3.9 percent in 2075 and after based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Cost Method – Entry Age Normal

Under the entry age normal cost method, the normal cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The accrued liability as of the valuation date is the excess of the present value of future benefits over the present value of future normal cost. The unfunded accrued liability is the excess of the accrued liability over the actuarial value of assets. Actuarial gains and losses serve to reduce or increase the unfunded accrued liability.

Participant Data

Participant data is based on census information as of September 2021. Due to the timing of District turnover, the data is believed to be representative of the population for the 2021 - 2022 school year.

Sensitivity Analysis

The following presents the net OPEB liability, calculated using the valuation discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	<u>1% Decrease 3.06%</u>	<u>Current Discount Rate 4.06%</u>	<u>1% Increase 5.06%</u>
Net OPEB liability	\$ 4,031,529	\$ 3,688,630	\$ 3,374,162

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower each year or one percentage point higher each year than the current rate.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 3,220,229	\$ 3,688,630	\$ 4,243,790

Changes in total OPEB liability:

Total OPEB obligation as of June 30, 2021	\$ 4,622,791
Service cost	366,967
Interest on OPEB obligation	113,221
Effect of assumption changes or inputs	(1,370,145)
Benefit payments	<u>(44,204)</u>
Total OPEB obligation as of June 30, 2022	<u>\$ 3,688,630</u>

The amount of OPEB expense for the single employer plan recognized by the District was \$346,889 for the year ended June 30, 2023. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ 556,386	\$1,900,101
Difference between actual and expected experience	142,155	528,033
Contributions subsequent to the date of measurement	<u>63,921</u>	<u>-</u>
	<u>\$ 762,462</u>	<u>\$2,428,134</u>

Change in assumptions: The discount rate changed from 2.28 percent to 4.06 percent.

An amount of \$63,921 is reported as deferred outflows of resources resulting from the District's 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 will be reported as deferred outflows of resources and deferred inflows of resources relating to OPEB and will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2023	\$ (133,299)
2024	(133,299)

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

Year Ending June 30,

2025	\$ (133,299)
2026	(133,299)
2027	(133,299)
Thereafter	<u>(1,063,098)</u>
	<u>\$ (1,729,593)</u>

The District's reconciliation of net OPEB liability is as follows:

	PSERS Healthcare Premium Assistance Plan (See Note 11)	District Postemployment Healthcare Benefits Plan (See Note 12)	Total
Deferred outflows related to OPEB	\$ 613,370	\$ 762,462	\$ 1,375,832
Net OPEB liability	\$ 3,030,000	\$ 3,688,630	\$ 6,718,630
Deferred inflows related to OPEB	\$ 852,422	\$ 2,428,134	\$ 3,280,556

NOTE 13 FUND BALANCES

As of June 30, 2023, fund balances are composed of the following:

	General Fund	Capital Reserve Fund	Total Governmental Funds
Restricted:			
Capital projects	\$ -	\$ 1,307,809	\$ 1,307,809
Committed:			
Capital projects	2,000,000	-	2,000,000
Healthcare costs	1,850,000	-	1,850,000
Retirement costs	2,800,000	-	2,800,000
Utility costs	250,000	-	250,000
Revenue shortfalls	1,608,801	-	1,608,801
Unassigned	<u>2,054,910</u>	<u>-</u>	<u>2,054,910</u>
Total Fund Balances	<u>\$ 10,563,711</u>	<u>\$ 1,307,809</u>	<u>\$ 11,871,520</u>

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

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

NOTE 15 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for workers' compensation, for which the District retains risk of loss. For insured programs, there were no significant reductions in insurance coverages during the 2022- 2023 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 16 DEFICIT NET POSITION

For governmental activities, business-type activities, and the food service fund, the unrestricted net deficit amounts of \$62,399,407, \$2,831,245, and \$2,831,245, respectively, includes the effect of the deferring the recognition of pension contributions made subsequent to the measurement date of the net pension liability, the unamortized portion of contributions made in excess of the District's share of its contributions to its pension plan, and the deferred outflows resulting from the change in the District's share of the net pension liability. This is offset by the District's actuarially determined pension liability and the deferred inflows resulting from the differences between projected and actual investment earnings.

NOTE 17 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through January 17, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**OXFORD AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)**

	MEASUREMENT DATE								
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	0.1648%	0.1675%	0.1714%	0.1699%	0.1681%	0.1652%	0.1636%	0.1616%	0.1645%
District's proportion of the net pension liability - dollar value	\$ 73,268,000	\$ 68,770,000	\$ 84,396,000	\$ 79,484,000	\$ 80,696,000	\$ 81,590,000	\$ 81,075,000	\$ 69,998,000	\$ 65,111,000
District's covered employee payroll	\$ 24,205,731	\$ 23,388,956	\$ 23,436,815	\$ 22,233,092	\$ 22,088,500	\$ 21,937,678	\$ 21,243,764	\$ 20,786,124	\$ 20,992,941
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	302.69%	294.03%	360.10%	357.50%	365.33%	371.92%	381.64%	336.75%	310.16%
Plan fiduciary net position as a percentage of the total pension liability	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**OXFORD AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)**

	<u>June 30, 2022</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 8,434,328	\$ 8,227,528	\$ 7,837,639	\$ 7,818,484	\$ 7,247,988	\$ 7,010,890	\$ 6,405,802	\$ 5,310,941	\$ 4,261,155
Contributions in relation to the contractually required contribution	<u>8,434,328</u>	<u>8,227,528</u>	<u>7,837,639</u>	<u>7,818,484</u>	<u>7,247,988</u>	<u>7,010,890</u>	<u>6,405,802</u>	<u>5,310,941</u>	<u>4,261,155</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 24,582,711	\$ 24,205,731	\$ 23,388,956	\$ 23,436,815	\$ 22,233,092	\$ 22,088,500	\$ 21,937,678	\$ 21,243,764	\$ 20,786,124
Contributions as a percentage of covered employee payroll	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%	20.50%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

OXFORD AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)

	MEASUREMENT DATE					
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
District's proportion of the net OPEB liability	0.1646%	0.1678%	0.1714%	0.1699%	0.1681%	0.1652%
District's proportion of the net OPEB liability - dollar value	\$ 3,030,000	\$ 3,978,000	\$ 3,703,000	\$ 3,614,000	\$ 3,505,000	\$ 3,524,000
District's covered employee payroll	\$ 24,205,731	\$23,388,956	\$23,436,815	\$22,233,092	\$22,088,500	\$21,937,678
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	12.52%	17.01%	15.80%	16.26%	15.87%	16.06%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.56%	5.56%	5.56%	5.73%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**OXFORD AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 184,370	\$ 193,646	\$ 189,518	\$ 197,441	\$ 184,535	\$ 188,272
Contributions in relation to the contractually required contribution	<u>184,370</u>	<u>193,646</u>	<u>189,518</u>	<u>197,441</u>	<u>184,535</u>	<u>188,272</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$24,582,711	\$24,205,731	\$23,388,956	\$23,436,815	\$22,233,092	\$22,088,500
Contributions as a percentage of covered employee payroll	0.75%	0.80%	0.82%	0.84%	0.83%	0.85%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

OXFORD AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
Single Employer Plan

	MEASUREMENT DATE					
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
TOTAL OPEB LIABILITY						
Service cost	\$ 366,967	\$ 428,649	\$ 318,727	\$ 397,432	\$ 374,994	\$ 367,026
Interest on total OPEB liability	113,221	106,499	152,555	114,766	107,973	79,626
Effect of assumption changes or inputs	(1,370,145)	(1,159,663)	706,252	357,326	2,295	(86,626)
Benefit payments	<u>(44,204)</u>	<u>(108,712)</u>	<u>(94,048)</u>	<u>(110,748)</u>	<u>(100,652)</u>	<u>(134,636)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(934,161)	(733,227)	1,083,486	758,776	384,610	225,390
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	<u>4,622,791</u>	<u>5,356,018</u>	<u>4,272,532</u>	<u>3,513,756</u>	<u>3,129,146</u>	<u>2,903,756</u>
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 3,688,630</u>	<u>\$ 4,622,791</u>	<u>\$ 5,356,018</u>	<u>\$ 4,272,532</u>	<u>\$ 3,513,756</u>	<u>\$ 3,129,146</u>
<u>PLAN FIDUCIARY NET POSITION</u>						
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISTRICT'S NET OPEB LIABILITY	<u>\$ 3,688,630</u>	<u>\$ 4,622,791</u>	<u>\$ 5,356,018</u>	<u>\$ 4,272,532</u>	<u>\$ 3,513,756</u>	<u>\$ 3,129,146</u>
Plan's fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	22,205,116	22,205,116	22,284,312	22,284,312	20,157,465	20,157,465
District's net OPEB liability as a percentage of covered payroll	16.61%	20.82%	24.03%	19.17%	17.43%	15.52%
Expected average remaining years of service of all participants	10	10	11	12	13	14

SINGLE AUDIT SUPPLEMENT



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

January 17, 2024

Board of School Directors
Oxford Area School District
Oxford, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oxford Area School District ("the District"), Oxford, Pennsylvania, 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 January 17, 2024.

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 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 District'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.

Board of School Directors
Oxford Area School District

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

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*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BARBACANE, THORNTON & COMPANY LLP



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

January 17, 2024

Board of School Directors
Oxford Area School District
Oxford, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("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.

Board of School Directors
Oxford Area School District

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to 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. 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 its 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.

Board of School Directors
Oxford Area School District

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

Report on Internal Control Over Compliance

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

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

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

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.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

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

SEFA Worksheet	SOURCE CODE	FEDERAL ASSISTNACE LISTING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 7/01/2022	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2023	PASSED THROUGH TO SUBRECIPIENT
U.S. Department of Education											
Passed through Pennsylvania Department of Education											
Title I - Grants to Local Education Agencies	I	84.010	013-22-0315	10/1/21-9/30/22	1,004,468	\$ 220,300	\$ 220,300	\$ -	\$ -	\$ -	\$ -
Title I - Grants to Local Education Agencies	I	84.010	013-23-0315	10/1/22-9/30/23	1,012,403	1,012,403	-	1,012,403	1,012,403	-	-
Total ALN 84.010						1,232,703	220,300	1,012,403	1,012,403	-	-
Title II - Improving Teacher Quality	I	84.367	020-21-0316	10/1/21-9/30/22	147,887	15,775	-	-	-	-	-
	I	84.367	020-23-0316	10/1/22-9/30/23	142,060	142,060	-	142,060	142,060	-	-
Total ALN 84.367						157,835	15,775	142,060	142,060	-	-
Title III - Language Inst LEP	I	84.365	010-23-0315	10/1/22-9/30/23	92,219	92,219	-	92,219	92,219	-	-
Total ALN 84.365						92,219	-	92,219	92,219	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-22-0315	10/1/21-9/30/22	52,512	1,996	1,996	-	-	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-23-0315	10/1/22-9/30/23	111,324	111,324	-	111,324	111,324	-	-
Total ALN 84.424						113,320	1,996	111,324	111,324	-	-
CARES Act - Elementary and Secondary School Emergency Relief Fund	I	84.425D	200-210315	3/13/20-9/30/24	1,546,735	1,546,735	1,546,735	-	-	-	-
ARP Elementary and Secondary School Emergency Relief Fund	I	84.425U	223-210315	3/13/20-9/30/24	6,406,175	1,980,090	266,501	2,075,573	2,075,573	361,984	-
ARP Elementary and Secondary School Emergency Relief Fund 7%	I	84.425U	225-210315	3/13/20-9/30/24	355,647	6,466	1,267	333,714	333,714	328,515	-
ARP Elementary and Secondary School Emergency Relief Fund 7%	I	84.425U	225-210315	3/13/20-9/30/24	71,129	1,293	409	66,432	66,432	65,548	-
ARP Elementary and Secondary School Emergency Relief Fund 7%	I	84.425U	225-210315	3/13/20-9/30/24	71,129	1,293	2,966	28,702	28,702	30,375	-
ARP Elementary and Secondary School Emergency Relief Fund Homeless Children and Youth	I	84.425U	181-212313	7/1/21-9/30/24	46,708	1,198	525	525	525	1,883	-
ARP Elementary and Secondary School Emergency Relief Fund 2.5%	I	84.425U	224-210315	3/13/20-9/30/24	86,190	1,567	1,567	433	433	433	-
Total ALN 84.425						3,538,642	1,822,001	2,505,379	2,505,379	788,738	-
Subgrant from U.S. Department of Education											
Passed through Chester County Intermediate Unit											
I.D.E.A. Part B	I	84.027	062-22-0024	7/1/21-6/30/22	577,302	577,302	577,302	-	-	-	-
I.D.E.A. Part B	I	84.027	062-23-0024	7/1/22-6/30/23	559,960	-	-	559,960	559,960	559,960	-
Total ALN 84.027						577,302	577,302	559,960	559,960	559,960	-
I.D.E.A. Preschool	I	84.173	131-22-0024B	7/1/21-6/30/22	1,144	1,404	1,404	-	-	-	-
I.D.E.A. Preschool	I	84.173	131-23-0024B	7/1/22-6/30/23	1,280	-	-	1,280	1,280	1,280	-
Total ALN 84.173						1,404	1,404	1,280	1,280	1,280	-
Total Special Education Cluster						578,706	578,706	561,240	561,240	561,240	-
Total U.S. Department of Education						5,713,425	2,638,778	4,424,625	4,424,625	1,349,978	-
U.S. Department of Agriculture											
Passed through Pennsylvania Department of Agriculture											
National School Lunch Program	I	10.555	N/A	N/A	N/A	168,613	-	168,613	168,613	-	-
Passed through Pennsylvania Department of Education											
Supply Chain Assistance	I	10.555	N/A	07/01/22-06/30/23	N/A	94,963	-	94,963	94,963	-	-
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	7,448	7,448	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/21-06/30/22	N/A	1,223,610	-	1,273,222	1,273,222	49,612	-
						1,326,021	7,448	1,368,185	1,368,185	49,612	-
Total ALN 10.555						1,494,634	7,448	1,536,798	1,536,798	49,612	-
Breakfast Program	I	10.553	N/A	07/01/22-06/30/23	N/A	260,037	-	260,037	260,037	-	-
Total ALN 10.553						260,037	-	260,037	260,037	-	-
Total Child Nutrition Cluster						1,754,671	7,448	1,796,835	1,796,835	49,612	-
P-EBT Local Admin Funds	I	10.649	N/A	07/01/22-06/30/23	N/A	3,135	-	3,135	3,135	-	-
Total ALN 10.649						3,135	-	3,135	3,135	-	-
Total U.S. Department of Agriculture						1,757,806	7,448	1,799,970	1,799,970	49,612	-
TOTAL FEDERAL AWARDS						7,471,231	2,646,226	6,224,595	6,224,595	1,399,590	-

Source Codes:

D = Direct Funding
I = Indirect Funding

OXFORD AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SCOPE OF THIS SCHEDULE

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE B BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note C. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE C NONMONETARY FEDERAL AWARDS - DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under ALN 10.555, include surplus food consumed by the District during the 2022 - 2023 fiscal year.

NOTE D ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2023 was \$137,360.

NOTE E INDIRECT COST RATE

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

OXFORD AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- | | | |
|---|-------------------|----------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported |
| • Noncompliance material to financial statements noted? | <u> </u> Yes | <u> X </u> No |

Federal Awards

Internal control over major programs:

- | | | |
|---|-------------------|----------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported |

Type of auditor's report issued on compliance for each major program [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

 Yes X No

Identification of major programs:

Assistance Listing Numbers

84.425D, 84.425U

10.555, 10.553

Name of Federal Programs or Cluster

Education Stabilization Fund

Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No

OXFORD AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.