



Oxford Area School District

**OXFORD AREA SCHOOL DISTRICT
OXFORD, PENNSYLVANIA**

AUDIT REPORT

JUNE 30, 2021

OXFORD AREA SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

January 13, 2022

Board of School Directors
Oxford Area School District
Oxford, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oxford Area School District ("the District"), Oxford, Pennsylvania, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oxford Area School District, Oxford, Pennsylvania, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Notes 1 and 19 to the financial statements, in 2021, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Oxford Area School District's June 30, 2020 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated January 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 and the schedule of the District's proportionate share of the net pension liability – PSERS, schedule of District pension contributions – PSERS, schedule of the District's proportionate share of the net OPEB liability – PSERS, schedule of District OPEB contributions – PSERS, and schedule of the District's Net OPEB liability and related ratios – single employer plan on pages 58 through 62 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

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considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards on pages 67 and 68 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2022, 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, 2021**

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, 2021. 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 2020 - 2021 fiscal year, the District's net position deficit increased by 17.08 percent to a deficit of \$25,744,901. 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 \$1,155,017, or 1.66 percent.
- The net cost of governmental activities increased by 3.87 percent to \$57,547,813. 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 \$593,466 this year. Revenues decreased 23.00 percent to \$1,323,732, and expenses decreased 10.74 percent to \$1,917,198, resulting in an unrestricted net deficit of \$2,896,453. The deficit is primarily due to the pension and OPEB reporting under GASB Statements No. 68, No. 71, and No. 75.
- At June 30, 2021, the District had \$77,927,177 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, 2021**

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, 2021**

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, 2021**

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 larger on June 30, 2021 than the previous year. The total net deficit increased 17.08 percent over the course of the year to a deficit of \$25,744,901. The following table presents condensed financial information for the net position of the District as of June 30, 2021 and 2020.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 25,898,935	\$ 27,955,787	\$ (809,281)	\$ (351,169)	\$ 25,089,654	\$ 27,604,618
Capital Assets, Net	77,280,640	80,514,209	646,537	707,804	77,927,177	81,222,013
Total Assets	103,179,575	108,469,996	(162,744)	356,635	103,016,831	108,826,631
Deferred Outflow s of Resources	14,512,138	11,584,115	359,168	298,879	14,871,306	11,882,994
Total Assets and Deferred Outflow s of Resources	117,691,713	120,054,111	196,424	655,514	117,888,137	120,709,625
Current Liabilities	13,481,227	12,856,858	56,786	33,488	13,538,013	12,890,346
Long-term Liabilities	125,085,052	124,431,882	2,324,295	2,192,812	127,409,347	126,624,694
Total Liabilities	138,566,279	137,288,740	2,381,081	2,226,300	140,947,360	139,515,040
Deferred Inflow s of Resources	2,620,419	3,097,468	65,259	85,664	2,685,678	3,183,132
Total Liabilities and Deferred Inflow s of Resources	141,186,698	140,386,208	2,446,340	2,311,964	143,633,038	142,698,172
Net Position (Deficit):						
Net Investment in Capital Assets	38,731,918	36,722,960	646,537	707,804	39,378,455	37,430,764
Restricted for Capital Projects	1,882,162	1,950,039	-	-	1,882,162	1,950,039
Unrestricted (Deficit)	(64,109,065)	(59,005,096)	(2,896,453)	(2,364,254)	(67,005,518)	(61,369,350)
Total Net Deficit	<u>\$ (23,494,985)</u>	<u>\$ (20,332,097)</u>	<u>\$ (2,249,916)</u>	<u>\$ (1,656,450)</u>	<u>\$ (25,744,901)</u>	<u>\$ (21,988,547)</u>

The restricted net position in the amount of \$1,882,162 is set aside to fund future capital improvements. The unrestricted net deficit in the amount \$67,005,518 is primarily the result of the District’s proportionate share of a net pension liability of \$84,396,000 and net OPEB liability of \$9,059,018. Included within the deficit is \$3,100,000 set aside to cover unanticipated future revenue shortfalls, \$3,869,904 set aside to

**OXFORD AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2021**

fund future capital improvements, and funds to cover future extraordinary healthcare, pension, and utility costs totaling \$7,300,000.

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 \$1,155,017, or 1.66 percent. Property taxes and other taxes levied for general purposes accounted for most of the District's revenue in the amount of \$39,608,348, or 55.84 percent. Another \$14,674,127, or 20.69 percent, came from state aid such as the state basic education subsidy. The remainder, \$16,645,437 or 23.47 percent, came from several sources. Revenue of \$16,164,425 came from operating grants, including funds for student transportation, and retirement and social security subsidies. Revenue of \$3,650,178 came from program specific operating grants for special education and federal programs Title I, II, III, IDEA, and ACCESS. Revenue of \$6,419 came from earnings on investments and rental income. Fees charged by food service for student and staff meals, along with catering services, were \$27,619. Fees charged for other services (excluding rental income) and other revenues amounted to \$446,974.

The total cost of all governmental programs and services rose by \$2,792,335, or 3.99 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 97.73 percent, or \$71,118,070, of total expenses. Total expenses exceeded total revenues, which produced a decrease in net position of \$3,162,888 over the past year.

Changes in Net Position from Operating Results

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues						
Charges for Services	\$ 350,313	\$ 341,849	\$ 27,619	\$ 284,905	\$ 377,932	\$ 626,754
Operating Grants and Contributions	14,868,942	14,231,573	1,295,483	1,408,563	16,164,425	15,640,136
General Revenues						
Property Taxes and Other Taxes Levied for General Purposes	39,608,348	38,191,320	-	-	39,608,348	38,191,320
Grants and Contributions not Restricted	14,674,127	14,668,615	-	-	14,674,127	14,668,615
Other	102,450	620,363	630	25,707	103,080	646,070
Total Revenues	69,604,180	68,053,720	1,323,732	1,719,175	70,927,912	69,772,895
Expenses:						
Instruction	53,137,351	50,136,200	-	-	53,137,351	50,136,200
Support Services	17,980,719	17,288,938	-	-	17,980,719	17,288,938
Non-instructional Services	866,471	1,095,383	-	-	866,471	1,095,383
Other	782,527	1,454,212	1,917,198	2,147,812	2,699,725	3,602,024
Total Expenses	72,767,068	69,974,733	1,917,198	2,147,812	74,684,266	72,122,545
Increase (Decrease) in Net Position	\$ (3,162,888)	\$ (1,921,013)	\$ (593,466)	\$ (428,637)	\$ (3,756,354)	\$ (2,349,650)

**OXFORD AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2021**

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 3.87 percent to \$57,547,813.

Net Cost of Governmental Activities

	Total Cost of Services		Change 2020-2021	Net Cost (Revenue) of Services		Change 2020-2021
	2021	2020		2021	2020	
Instruction	\$ 53,137,351	\$ 50,136,200	5.99%	\$ 42,863,397	\$ 41,047,825	4.42%
Support Services	17,980,719	17,288,938	4.00%	14,727,940	13,631,422	8.04%
Non-instructional Services	866,471	1,095,383	-20.90%	726,368	855,840	-15.13%
Other	782,527	1,454,212	-46.19%	(769,892)	(133,776)	475.51%
Total	\$ 72,767,068	\$ 69,974,733	3.99%	\$ 57,547,813	\$ 55,401,311	3.87%

Financial Analysis of the District's Funds

At the end of fiscal year 2021, governmental funds had total fund balances of \$17,119,098. During 2020 - 2021, the net change in governmental fund balances was a decrease of \$2,474,148, or 12.63 percent. Of this amount \$2,406,271 of this decrease was in the general fund and \$67,877 of the decrease related to the capital reserve fund. The District has committed \$3,869,904 to fund future capital improvements. The District also committed funds to cover future extraordinary healthcare, pension, utility, and maintenance costs, totaling \$7,300,000. An amount of \$3,100,000 was committed to cover unanticipated future revenue shortfalls, and \$967,032 is available to fund next year's operations and any unforeseen financial issues.

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 2020 - 2021 budget, the District had planned to utilize \$7,882,129 of fund balance from the previous year. The difference in the 2020 - 2021 revenues and expenditures compared to the budget resulted in an overall favorable variance of \$5,475,858. Revenues exceed budget

**OXFORD AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2021**

by \$4,260,532; this is attributed to additional real estate taxes and additional basic education funding from the state as well as additional federal funding. The overall variance was also due to reductions in budgeted expenditures. A reduction in student transportation expenses resulted in a savings of \$779,086.

Total expenditures exceeded total revenue in 2020 - 2021 by \$2,375,348. The general fund's unassigned fund balance decreased by \$2,406,271, bringing it to \$967,032, or 1.22 percent of anticipated expenditures with the planned utilization of \$7,882,129 to fund next year's 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, 2021, the District had \$145,852,455 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 \$753,631, or .52 percent from last year. The increase is attributed to the maintenance and planned improvements of school facilities. Total depreciation expense for the year amounted to \$4,048,467. The following schedule depicts the change in capital assets for the period July 1, 2020 through June 30, 2021. More detailed information about capital assets can be found in the notes to the financial statements.

Capital Assets

	Governmental Activities		Business-type Activities		Total		% Change 2020-2021
	2021	2020	2021	2020	2021	2020	
Land	\$ 5,255,835	\$ 5,255,835	\$ -	\$ -	\$ 5,255,835	\$ 5,255,835	0.00%
Building and Building Improvements	127,547,846	127,490,154	-	-	127,547,846	127,490,154	0.05%
Fixtures and Equipment	11,107,770	10,413,302	1,941,004	1,939,533	13,048,774	12,352,835	5.63%
Total Capital Assets	<u>143,911,451</u>	<u>143,159,291</u>	<u>1,941,004</u>	<u>1,939,533</u>	<u>145,852,455</u>	<u>145,098,824</u>	<u>0.52%</u>
Accumulated Depreciation	(66,630,811)	(62,645,082)	(1,294,467)	(1,231,729)	(67,925,278)	(63,876,811)	6.34%
Total Capital Assets, Net	<u>\$ 77,280,640</u>	<u>\$ 80,514,209</u>	<u>\$ 646,537</u>	<u>\$ 707,804</u>	<u>\$ 77,927,177</u>	<u>\$ 81,222,013</u>	<u>-8.66%</u>

Long-term Debt

As of June 30, 2021, the District had \$38,548,722 in general obligation bonds and notes outstanding, net of premiums, a decrease of \$5,242,527 over last year. More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.

**OXFORD AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2021**

Outstanding Long-term Debt

	Totals		\$ Change 2020-2021	% Change 2020-2021
	2021	2020		
General Obligation Bonds and Notes	<u>\$ 38,548,722</u>	<u>\$ 43,791,249</u>	<u>\$ (5,242,527)</u>	<u>-11.97%</u>

Factors Bearing on the District's Future

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

1. The following employee labor contracts:
 - a. June 30, 2022 will mark the expiration of the current four-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 2.75 percent in 2021 - 2022, and includes employee contributions for healthcare costs.
 - b. June 30, 2022 will mark the expiration of the current one-year classified employee's contract with the custodial/maintenance staff. The economic package (salaries and fringe benefits) over the next year provides for an annual increase of 2.7 percent in 2021 - 2022 and includes employee contributions for healthcare costs.
 - c. June 30, 2023 will mark the expiration of the four-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 increase equal to the Act 1 Index 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 2020 - 2021 at 34.51 percent of eligible wages. Employer contribution rates are expected to rise to 34.94 percent in 2021 - 2022. This increase will result in an additional expenditure of nearly \$328,089 for this District. The District has committed \$4,500,000 of its fund balance to cover future increased pension costs.
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.

**OXFORD AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021
(With Summarized Comparative Data for June 30, 2020)

	Governmental Activities	Business-type Activities	Totals	
			2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Cash and cash equivalents	\$ 4,939,144	\$ 23,924	\$ 4,963,068	\$ 5,399,738
Investments	15,305,363	1,596,547	16,901,910	19,290,150
Taxes receivable, net of allowance	1,610,408	-	1,610,408	1,816,608
Internal balances	2,556,612	(2,556,612)	-	-
Due from other governments	1,297,804	99,089	1,396,893	963,884
Other receivables	189,604	-	189,604	61,470
Inventories	-	27,771	27,771	72,768
Land	5,255,835	-	5,255,835	5,255,835
Buildings and improvements	127,547,846	-	127,547,846	127,490,154
Furniture and equipment	11,107,770	1,941,004	13,048,774	12,352,835
Accumulated depreciation	(66,630,811)	(1,294,467)	(67,925,278)	(63,876,811)
TOTAL ASSETS	<u>103,179,575</u>	<u>(162,744)</u>	<u>103,016,831</u>	<u>108,826,631</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to pension	13,103,173	346,710	13,449,883	11,157,496
Deferred outflows related to OPEB	1,408,965	12,458	1,421,423	725,498
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>14,512,138</u>	<u>359,168</u>	<u>14,871,306</u>	<u>11,882,994</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$117,691,713</u>	<u>\$ 196,424</u>	<u>\$117,888,137</u>	<u>\$120,709,625</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)				
LIABILITIES:				
Accounts payable	\$ 2,043,128	\$ 34,507	\$ 2,077,635	\$ 2,268,036
Accrued salaries, payroll withholdings, and benefits	5,269,442	-	5,269,442	4,548,156
Accrued interest payable	551,890	-	551,890	617,958
Unearned revenues	-	22,279	22,279	25,127
Other current liabilities	199,240	-	199,240	188,542
Long-term liabilities:				
Portion due or payable within one year:				
Bonds and note payable, net	5,417,527	-	5,417,527	5,242,527
Portion due or payable after one year:				
Bonds and note payable, net	33,131,195	-	33,131,195	38,548,722
Accumulated compensated absences	823,134	-	823,134	805,440
Net pension liability	82,182,795	2,213,205	84,396,000	79,484,000
Net OPEB liability	8,947,928	111,090	9,059,018	7,786,532
TOTAL LIABILITIES	<u>138,566,279</u>	<u>2,381,081</u>	<u>140,947,360</u>	<u>139,515,040</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pension	2,339,445	64,618	2,404,063	2,862,000
Deferred inflows related to OPEB	280,974	641	281,615	321,132
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,620,419</u>	<u>65,259</u>	<u>2,685,678</u>	<u>3,183,132</u>
NET POSITION (DEFICIT):				
Net investment in capital assets	38,731,918	646,537	39,378,455	37,430,764
Restricted for capital projects	1,882,162	-	1,882,162	1,950,039
Unrestricted (deficit)	(64,109,065)	(2,896,453)	(67,005,518)	(61,369,350)
TOTAL NET DEFICIT	<u>(23,494,985)</u>	<u>(2,249,916)</u>	<u>(25,744,901)</u>	<u>(21,988,547)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET DEFICIT	<u>\$117,691,713</u>	<u>\$ 196,424</u>	<u>\$117,888,137</u>	<u>\$120,709,625</u>

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

**OXFORD AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With Summarized Comparative Data for the Year Ended June 30, 2020)**

	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	
							2021	2020
GOVERNMENTAL ACTIVITIES:								
Instruction	\$53,137,351	\$ -	\$10,273,954	\$ -	\$(42,863,397)	\$ -	\$(42,863,397)	\$(41,047,825)
Instructional student support	4,205,142	-	542,432	-	(3,662,710)	-	(3,662,710)	(3,049,751)
Administrative and financial support services	5,796,864	187,834	498,522	-	(5,110,508)	-	(5,110,508)	(5,116,195)
Operation and maintenance of plant services	4,836,360	110,244	370,444	-	(4,355,672)	-	(4,355,672)	(4,296,822)
Pupil transportation	3,142,353	-	1,543,303	-	(1,599,050)	-	(1,599,050)	(1,168,654)
Student activities	858,761	52,235	84,583	-	(721,943)	-	(721,943)	(820,336)
Community services	7,710	-	3,285	-	(4,425)	-	(4,425)	(35,504)
Interest on long-term debt and issuance cost	782,527	-	1,552,419	-	769,892	-	769,892	133,776
TOTAL GOVERNMENTAL ACTIVITIES	<u>72,767,068</u>	<u>350,313</u>	<u>14,868,942</u>	<u>-</u>	<u>(57,547,813)</u>	<u>-</u>	<u>(57,547,813)</u>	<u>(55,401,311)</u>
BUSINESS-TYPE ACTIVITIES:								
Food service	1,917,198	27,619	1,295,483	-	-	(594,096)	(594,096)	(454,344)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>1,917,198</u>	<u>27,619</u>	<u>1,295,483</u>	<u>-</u>	<u>-</u>	<u>(594,096)</u>	<u>(594,096)</u>	<u>(454,344)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$74,684,266</u>	<u>\$ 377,932</u>	<u>\$16,164,425</u>	<u>\$ -</u>	<u>(57,547,813)</u>	<u>(594,096)</u>	<u>(58,141,909)</u>	<u>(55,855,655)</u>
GENERAL REVENUES								
Property taxes levied for general purposes					34,851,076	-	34,851,076	33,912,609
Taxes levied for specific purposes					4,757,272	-	4,757,272	4,278,711
Grants and entitlements not restricted to specific programs					14,674,127	-	14,674,127	14,668,615
Investment earnings					5,789	630	6,419	518,541
Miscellaneous					96,661	-	96,661	127,529
TOTAL GENERAL REVENUES					<u>54,384,925</u>	<u>630</u>	<u>54,385,555</u>	<u>53,506,005</u>
CHANGE IN NET DEFICIT					(3,162,888)	(593,466)	(3,756,354)	(2,349,650)
NET DEFICIT, BEGINNING OF YEAR					<u>(20,332,097)</u>	<u>(1,656,450)</u>	<u>(21,988,547)</u>	<u>(19,638,897)</u>
NET DEFICIT, END OF YEAR					<u>\$(23,494,985)</u>	<u>\$ (2,249,916)</u>	<u>\$(25,744,901)</u>	<u>\$(21,988,547)</u>

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

**OXFORD AREA SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021
(With Summarized Comparative Data for June 30, 2020)**

	Major Funds		Totals	
	General Fund	Capital Reserve Fund	2021	2020
ASSETS				
Cash and cash equivalents	\$ 4,932,887	\$ 6,257	\$ 4,939,144	\$ 5,392,238
Investments	13,429,458	1,875,905	15,305,363	17,382,359
Taxes receivable	2,229,843	-	2,229,843	2,175,771
Due from other funds	2,556,612	-	2,556,612	2,400,136
Due from other governments	1,297,804	-	1,297,804	903,705
Other receivables	189,604	-	189,604	60,741
TOTAL ASSETS	<u>\$ 24,636,208</u>	<u>\$ 1,882,162</u>	<u>\$ 26,518,370</u>	<u>\$ 28,314,950</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 2,043,128	\$ -	\$ 2,043,128	\$ 2,259,675
Accrued salaries, payroll withholdings, and benefits	5,269,442	-	5,269,442	4,548,156
Other liabilities	199,240	-	199,240	188,542
TOTAL LIABILITIES	<u>7,511,810</u>	<u>-</u>	<u>7,511,810</u>	<u>6,996,373</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues - delinquent taxes	1,887,462	-	1,887,462	1,725,331
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,887,462</u>	<u>-</u>	<u>1,887,462</u>	<u>1,692,284</u>
FUND BALANCES:				
Restricted for capital projects	-	1,882,162	1,882,162	1,950,039
Committed	14,269,904	-	14,269,904	14,269,904
Unassigned	967,032	-	967,032	3,373,303
TOTAL FUND BALANCES	<u>15,236,936</u>	<u>1,882,162</u>	<u>17,119,098</u>	<u>19,593,246</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 24,636,208</u>	<u>\$ 1,882,162</u>	<u>\$ 26,518,370</u>	<u>\$ 28,314,950</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, 2021**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 17,119,098
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Allowance for uncollectible taxes receivable		(619,435)
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:</p>		
Land	\$ 5,255,835	
Buildings and improvements	127,547,846	
Furniture and equipment	11,107,770	
Accumulated depreciation	<u>(66,630,811)</u>	77,280,640
<p>Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:</p>		
Bonds and note payable, net	(38,548,722)	
Accumulated compensated absences	(823,134)	
Accrued interest payable	(551,890)	
Net pension liability	(82,182,795)	
Net OPEB liability	<u>(8,947,928)</u>	(131,054,469)
<p>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:</p>		
Deferred outflows of resources:		
Deferred amounts related to pension	13,103,173	
Deferred inflows of resources:		
Deferred amounts related to pension	<u>(2,339,445)</u>	10,763,728
<p>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:</p>		
Deferred outflows of resources:		
Deferred amounts related to OPEB	1,408,965	
Deferred inflows of resources:		
Deferred amounts related to OPEB	<u>(280,974)</u>	1,127,991
<p>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.</p>		
		<u>1,887,462</u>
NET DEFICIT OF GOVERNMENTAL ACTIVITIES		<u><u>\$ (23,494,985)</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, 2021
(With Summarized Comparative Data for the Year Ended June 30, 2020)

	Major Funds		Totals	
	General Fund	Capital Reserve Fund	2021	2020
REVENUES				
Local sources	\$ 40,060,514	\$ 599	\$ 40,061,113	\$ 39,158,622
State sources	25,969,410	-	25,969,410	26,507,651
Federal sources	3,650,178	-	3,650,178	2,009,924
TOTAL REVENUES	69,680,102	599	69,680,701	67,676,197
EXPENDITURES				
Current:				
Instruction	48,193,933	-	48,193,933	46,363,240
Support services	16,958,743	-	16,958,743	16,608,401
Operation of non-instructional services	811,652	-	811,652	1,024,583
Capital outlays	-	68,476	68,476	1,323,306
Debt service	6,091,122	-	6,091,122	6,349,148
TOTAL EXPENDITURES	72,055,450	68,476	72,123,926	71,668,678
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(2,375,348)</u>	<u>(67,877)</u>	<u>(2,443,225)</u>	<u>(3,992,481)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	16,976,498
Payment of debt - refunding	-	-	-	(18,781,546)
Bond premium	-	-	-	2,075,882
Refund of prior year revenues	(30,923)	-	(30,923)	(5,093)
TOTAL OTHER FINANCING SOURCES (USES)	(30,923)	-	(30,923)	265,741
NET CHANGE IN FUND BALANCES	(2,406,271)	(67,877)	(2,474,148)	(3,726,740)
FUND BALANCES, BEGINNING OF YEAR	17,643,207	1,950,039	19,593,246	23,319,986
FUND BALANCES, END OF YEAR	<u>\$ 15,236,936</u>	<u>\$ 1,882,162</u>	<u>\$ 17,119,098</u>	<u>\$ 19,593,246</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, 2021**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (2,474,148)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$3,985,729) exceeded capital outlays (\$752,160) in the period.	(3,233,569)
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.	162,131
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 debt repayments, net of premiums and discounts exceeds proceeds from debt refunding.	5,242,527
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.	(17,694)
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.	66,068
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.	(2,111,968)
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.	<u>(796,235)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (3,162,888)</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, 2021**

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 40,075,537	\$ 38,829,759	\$ 40,060,514	\$ 1,230,755
State sources	24,794,661	24,924,511	25,969,410	1,044,899
Federal sources	1,065,275	1,665,300	3,650,178	1,984,878
TOTAL REVENUES	<u>65,935,473</u>	<u>65,419,570</u>	<u>69,680,102</u>	<u>4,260,532</u>
EXPENDITURES				
Instruction:				
Regular programs	29,435,473	30,272,435	30,271,047	1,388
Special programs	14,951,314	15,367,708	15,367,705	3
Vocational programs	2,271,154	2,373,174	2,373,174	-
Other instructional programs	278,585	182,006	182,007	(1)
Total Instruction	<u>46,936,526</u>	<u>48,195,323</u>	<u>48,193,933</u>	<u>1,390</u>
Support services:				
Pupil personnel services	1,811,729	1,844,815	1,844,812	3
Instructional staff services	1,267,014	1,395,857	1,395,858	(1)
Administrative services	3,944,995	3,943,877	3,943,887	(10)
Pupil health	801,634	569,620	569,620	-
Business services	611,508	605,638	605,638	-
Operation and maintenance of plant services	4,805,332	4,452,842	4,397,554	55,288
Student transportation services	3,927,702	3,636,156	2,857,070	779,086
Central support services	1,674,853	1,364,456	1,325,150	39,306
Other support services	22,000	22,000	19,154	2,846
Total Support Services	<u>18,866,767</u>	<u>17,835,261</u>	<u>16,958,743</u>	<u>876,518</u>
Operation of noninstructional services:				
Student activities	1,185,471	916,104	803,992	112,112
Community services	77,124	32,966	7,660	25,306
Total Operation of Noninstructional Services	<u>1,262,595</u>	<u>949,070</u>	<u>811,652</u>	<u>137,418</u>
Debt service	6,035,811	6,122,045	6,091,122	30,923
TOTAL EXPENDITURES	<u>73,101,699</u>	<u>73,101,699</u>	<u>72,055,450</u>	<u>1,046,249</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(7,166,226)</u>	<u>(7,682,129)</u>	<u>(2,375,348)</u>	<u>5,306,781</u>
OTHER FINANCING USES				
Budgetary reserve	(200,000)	(200,000)	-	(200,000)
Refund of prior year revenues	-	-	(30,923)	(30,923)
TOTAL OTHER FINANCING USES	<u>(200,000)</u>	<u>(200,000)</u>	<u>(30,923)</u>	<u>(230,923)</u>
NET CHANGE IN FUND BALANCE	<u>(7,366,226)</u>	<u>(7,882,129)</u>	<u>(2,406,271)</u>	<u>5,475,858</u>
FUND BALANCE, BEGINNING OF YEAR	<u>17,643,207</u>	<u>17,643,207</u>	<u>17,643,207</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 10,276,981</u>	<u>\$ 9,761,078</u>	<u>\$ 15,236,936</u>	<u>\$ 5,475,858</u>

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

**OXFORD AREA SCHOOL DISTRICT
STATEMENTS OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2021 AND 2020**

	Food Service Fund	
	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS:		
Cash and cash equivalents	\$ 23,924	\$ 7,500
Investments	1,596,547	1,907,791
Due from other governments	99,089	60,179
Accounts receivable	-	729
Inventories	27,771	72,768
Furniture and equipment	1,941,004	1,939,533
Accumulated depreciation	(1,294,467)	(1,231,729)
TOTAL ASSETS	2,393,868	2,612,055
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows related to pension	346,710	285,614
Deferred outflows related to OPEB	12,458	13,265
TOTAL DEFERRED OUTFLOWS OF RESOURCES	359,168	298,879
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,753,036	\$ 3,055,650
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)		
LIABILITIES:		
Accounts payable	\$ 34,507	\$ 8,361
Due to other funds	2,556,612	2,400,136
Unearned revenues	22,279	25,127
Long-term liabilities:		
Net OPEB liability	111,090	108,420
Net pension liability	2,213,205	2,084,392
TOTAL LIABILITIES	4,937,693	4,626,436
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to pension	64,618	82,627
Deferred inflows related to OPEB	641	3,037
TOTAL DEFERRED INFLOWS OF RESOURCES	65,259	85,664
NET POSITION (DEFICIT):		
Investment in capital assets	646,537	707,804
Unrestricted (deficit)	(2,896,453)	(2,364,254)
TOTAL NET DEFICIT	(2,249,916)	(1,656,450)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET DEFICIT	\$ 2,753,036	\$ 3,055,650

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, 2021 AND 2020**

	Food Service Fund	
	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Food service revenues	\$ 27,619	\$ 284,905
Total Operating Revenues	<u>27,619</u>	<u>284,905</u>
 OPERATING EXPENSES		
Salaries	541,810	608,872
Employee benefits	581,936	545,137
Purchased professional and technical services	124,584	77,477
Other operating expenses	6,406	11,410
Supplies	593,141	825,583
Depreciation	62,738	64,776
Dues and fees	6,583	11,557
Total Operating Expenses	<u>1,917,198</u>	<u>2,147,812</u>
 OPERATING LOSS	<u>(1,889,579)</u>	<u>(1,862,907)</u>
 NONOPERATING REVENUES		
Earnings on investments	630	25,707
State sources	189,764	204,876
Federal sources	1,105,719	1,203,687
Total Nonoperating Revenues	<u>1,296,113</u>	<u>1,434,270</u>
 CHANGE IN NET DEFICIT	(593,466)	(428,637)
 NET DEFICIT, BEGINNING OF YEAR	<u>(1,656,450)</u>	<u>(1,227,813)</u>
 NET DEFICIT, END OF YEAR	<u>\$ (2,249,916)</u>	<u>\$ (1,656,450)</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, 2021 AND 2020**

	Food Service Fund	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 25,500	\$ 294,614
Payments to suppliers	(563,013)	(830,726)
Payments to employees	(1,072,957)	(1,118,577)
NET CASH USED BY OPERATING ACTIVITIES	(1,610,470)	(1,654,689)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Advances from other funds	189,785	527,964
State sources	175,115	184,187
Federal sources	951,590	1,079,615
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,316,490	1,791,766
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(1,471)	(17,468)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,471)	(17,468)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Earnings on investments	630	25,707
Sale (purchase) of investments	311,245	(234,088)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	311,875	(208,381)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,424	(88,772)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,500	96,272
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 23,924	\$ 7,500
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (1,889,579)	\$ (1,862,907)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	62,738	64,776
Donated commodities	96,558	118,766
Decrease (Increase) in:		
Accounts receivable	729	1,858
Inventories	44,997	(22,571)
Deferred outflows of resources - pension	(61,096)	24,212
Deferred outflows of resources - OPEB	807	(2,735)
Increase (Decrease) in:		
Accounts payable	26,146	2,106
Unearned revenues	(2,848)	7,851
Net pension liability	128,813	(31,784)
Net OPEB liability	2,670	3,270
Deferred inflows of resources - pension	(18,009)	43,422
Deferred inflows of resources - OPEB	(2,396)	(953)
NET CASH USED BY OPERATING ACTIVITIES	\$ (1,610,470)	\$ (1,654,689)
<u>SUPPLEMENTAL DISCLOSURE</u>		
Noncash noncapital financing activity:		
USDA donated commodities	\$ 96,558	\$ 118,766

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

**OXFORD AREA SCHOOL DISTRICT
STATEMENTS OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2021 AND 2020**

	<u>Private Purpose Trust</u>		<u>Custodial Fund</u>	
	<u>Scholarship Fund</u>		<u>Student Activities Fund</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
ASSETS:				
Cash	<u>\$ 189,570</u>	<u>\$ 159,182</u>	<u>\$ 119,843</u>	<u>\$ 156,798</u>
TOTAL ASSETS	<u>\$ 189,570</u>	<u>\$ 159,182</u>	<u>\$ 119,843</u>	<u>\$ 156,798</u>
 LIABILITIES AND NET POSITION:				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 5,125	\$ -
NET POSITION, RESTATED	<u>189,570</u>	<u>159,182</u>	<u>114,718</u>	<u>156,798</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 189,570</u>	<u>\$ 159,182</u>	<u>\$ 119,843</u>	<u>\$ 156,798</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, 2021 AND 2020**

	Private Purpose Trust		Custodial Fund	
	Scholarship Fund		Student Activities Fund	
	2021	2020	2021	2020
REVENUES				
Contributions	\$ 93,522	\$ 57,362	\$ 32,160	\$ 109,153
Interest income	61	76	122	1,507
Total Revenues	<u>93,583</u>	<u>57,438</u>	<u>32,282</u>	<u>110,660</u>
EXPENSES				
Scholarships	63,176	62,365	-	-
Miscellaneous expenses	19	19	-	-
Student activity expense	-	-	74,362	110,654
Total Expenses	<u>63,195</u>	<u>62,384</u>	<u>74,362</u>	<u>110,654</u>
CHANGE IN NET POSITION	30,388	(4,946)	(42,080)	6
NET POSITION, BEGINNING OF YEAR, RESTATE	<u>159,182</u>	<u>164,128</u>	<u>156,798</u>	<u>156,792</u>
NET POSITION, END OF YEAR	<u><u>\$ 189,570</u></u>	<u><u>\$ 159,182</u></u>	<u><u>\$ 114,718</u></u>	<u><u>\$ 156,798</u></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 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 \$619,435. 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 2020 - 2021 was 32.0104 mills (\$32.0104 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 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

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 three 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.

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, 2020, 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.

Implementation of GASB Statement No. 84

During the year ended June 30, 2021, the District implemented Governmental Accounting Standards Board Statement No. 84 ("GASB 84"). GASB 84 provides new and expanded guidance for financial reporting for governmental entities reporting fiduciary activities. The implementation of GASB 84 has resulted in changes to the District's financial reporting. Under

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

GASB 84, all fiduciary funds are not required to report both a statement of fiduciary net position and a statement of changes in fiduciary net position.

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.

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

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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.

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 other instructional services, instructional staff services, and administrative services incurred expenditures in excess of appropriations of \$1, \$1, and \$10, respectively for the year ended June 30, 2021. The excess of expenditures over appropriations was financed by current year revenue sources which exceeded budgeted amounts.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CASH, POOLED CASH, 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, 2021, the carrying amount of the District's deposits was \$5,272,481, and the bank balance was \$6,352,644. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$5,852,644 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.

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 \$16,901,910 in investments, \$9,447,817 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 \$2,046,566 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 \$5,407,527 in certificates of deposit held with banks. The certificates of deposit have maturities of less than one year as of June 30, 2021 and are fully

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

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, 2021, PLGIT and PSDLAF were rated as AAAM by a nationally recognized statistical rating organization.

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, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 5,255,835	\$ -	\$ -	\$ 5,255,835
Total Capital Assets Not Being Depreciated	<u>5,255,835</u>	<u>-</u>	<u>-</u>	<u>5,255,835</u>
Capital assets being depreciated:				
Buildings and improvements	127,490,154	57,692	-	127,547,846
Furniture and equipment	10,413,302	694,468	-	11,107,770
Total Capital Assets Being Depreciated	<u>137,903,456</u>	<u>752,160</u>	<u>-</u>	<u>138,655,616</u>
Less accumulated depreciation	<u>62,645,082</u>	<u>3,985,729</u>	<u>-</u>	<u>66,630,811</u>
Total Capital Assets Being Depreciated, Net	<u>75,258,374</u>	<u>(3,233,569)</u>	<u>-</u>	<u>72,024,805</u>
Governmental Activities Assets, Net	<u>\$ 80,514,209</u>	<u>\$(3,233,569)</u>	<u>\$ -</u>	<u>\$ 77,280,640</u>
Capital assets being depreciated:				
Furniture and equipment	\$ 1,939,532	\$ 1,471	\$ -	\$ 1,941,004
Less accumulated depreciation	<u>1,231,729</u>	<u>62,738</u>	<u>-</u>	<u>1,294,467</u>
Business-type Activities Assets, Net	<u>\$ 707,803</u>	<u>\$(61,267)</u>	<u>\$ -</u>	<u>\$ 646,537</u>

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

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

Governmental Activities:

Instruction	\$ 2,912,336
Instructional student support	230,254
Administrative and financial support services	356,161
Operation and maintenance of plant services	265,742
Pupil transportation	172,651
Student activities	<u>48,585</u>

Total Depreciation Expense - Governmental Activities \$ 3,985,729

Business-type Activities:

Food service	<u>\$ 62,738</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 \$2,556,612 due from the food service fund to the general fund as of June 30, 2021.

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, 2021:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Bonds and note payable, net	\$ 43,791,249	\$ -	\$ 5,242,527	\$ 38,548,722	\$5,417,527
Accumulated compen- sated absences	805,440	17,694	-	823,134	-
Net pension liability	77,399,608	4,783,187	-	82,182,795	-
Net OPEB liability	<u>7,678,112</u>	<u>1,269,816</u>	<u>-</u>	<u>8,947,928</u>	<u>-</u>
TOTALS	<u>\$129,674,409</u>	<u>\$ 6,070,697</u>	<u>\$ 5,242,527</u>	<u>\$130,502,579</u>	<u>\$5,417,527</u>

The following summarizes the changes in the long-term liabilities of business-type activities for the year ended June 30, 2021:

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Net pension liability	\$ 2,084,392	\$ 128,813	\$ -	\$ 2,213,205	\$ -
Net OPEB liability	108,420	2,670	-	111,090	-
TOTALS	\$ 2,192,812	\$ 131,483	\$ -	\$ 2,324,295	\$ -

Bonds and note payable at June 30, 2021 is comprised of the following:

Bonds and note payable, at face	\$ 36,475,000
Unamortized premium	<u>2,073,722</u>
Bonds and note payable, net	<u>\$ 38,548,722</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 2014, maturing through February 15, 2022, bearing interest ranging from 0.30% to 4.00%, interest payable semi-annually on February 15 and August 15.	\$ 1,330,000
Series A of 2014, maturing through February 15, 2022, bearing interest ranging from 0.35% to 5.00%, interest payable semi-annually on February 15 and August 15.	2,905,000
Series of 2015, maturing through February 1, 2023, bearing interest ranging from 1.50% to 4.00%, interest payable semi-annually on February 1 and August 1.	2,635,000
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.	8,380,000
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.	4,760,000

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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.

16,735,000

TOTAL

\$ 36,475,000

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>
2022	\$ 4,790,000	\$ 1,230,589	\$ 6,020,589
2023	4,915,000	996,355	5,911,355
2024	5,115,000	829,661	5,944,661
2025	5,250,000	672,843	5,922,843
2026	5,430,000	510,328	5,940,328
2027 - 2029	<u>10,975,000</u>	<u>440,975</u>	<u>11,415,975</u>
	<u>\$ 36,475,000</u>	<u>\$ 4,680,751</u>	<u>\$ 41,155,751</u>

NOTE 8 OPERATING LEASE - LESSOR

The District rents excess office space to Brandywine River Valley Home, Health & Hospice under an agreement in effect through April 30, 2024. This lease is considered as an operating lease for accounting purposes. The following is a summary of the minimum rental income for the remaining term at June 30, 2021:

<u>Year Ending June 30,</u>	
2022	\$ 96,336
2023	97,926
2024	<u>68,843</u>
	<u>\$ 263,105</u>

An amount of \$93,576 was received under operating leases during the year ended June 30, 2021.

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 of age and service that is equal to or greater than 92, with a minimum of 35 years of service. Benefits are generally equal to 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

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

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.

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, 2021, the rate of the employer contribution was 34.51 percent of covered payroll, which was comprised of 33.51 percent for pension contributions, 0.82 percent for healthcare contributions, and .18 percent for the PSERS defined contribution plan. The District's contribution to PSERS for pension for the year ended June 30, 2021 was \$7,837,639.

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

At June 30, 2021, the District reported a liability of \$84,396,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was 0.1714 percent, which was an increase of 0.0015 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$9,682,837. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 3,709,000	\$ -
Difference between expected and actual experience	221,000	2,023,000
Changes in proportions	1,446,000	-
Difference between employer contributions and proportionate share of total contributions	236,244	381,063
Contributions subsequent to the date of measurement	7,837,639	-
	\$ 13,449,883	\$ 2,404,063

An amount of \$7,837,639 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, 2022. 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,		
2022	\$	732,569
2023		820,648
2024		913,501
2025		741,463
		\$ 3,208,181

Actuarial Assumptions

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

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 7.25 percent, including inflation of 2.75 percent
- Salary increases – effective average of 5.00 percent, which reflects an allowance for inflation of 2.75 percent, real wage growth and, for merit or seniority, increases of 2.25 percent.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Experience rates were based on a study from July 1, 2010 through June 30, 2015.

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 (hedged)	15.0%	5.2%
Private equity	15.0%	7.2%
Fixed income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return (HF)	10.0%	2.5%
Risk parity	8.0%	3.3%
Infrastructure/MLPs	6.0%	5.7%
Real estate	10.0%	5.5%
Cash	6.0%	(1.0%)
Financing (LIBOR)	(14.0%)	(0.7%)
	<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, 2021.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

Discount Rate

The discount used to measure the total pension liability was 7.25 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 7.25 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability	\$104,415,000	\$ 84,396,000	\$ 67,436,000

Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report, which can be found on the system's website at www.psers.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, 2021, the District's share of debt and operating costs was \$70,310. 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.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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, 2020, 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.

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, 2020, there were no

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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, 2020 was 0.82 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 \$189,518 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$3,703,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the system's total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was 0.1714 percent, which was an increase of 0.0015 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the District recognized OPEB expense of \$213,000. At June 30, 2021, 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>
Net difference between projected and actual investment earnings	\$ 6,000	\$ -
Difference between expected and actual experience	34,000	-
Change in proportionate share of the net pension liability	104,000	-
Change in assumptions	151,000	81,000
Difference between employer contributions and proportionate share of total contributions	-	3,907
Contributions subsequent to the date of measurement	189,518	-
	<u>\$ 484,518</u>	<u>\$ 84,907</u>

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

An amount of \$189,518 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, 2022. 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:

Year Ending June 30,		
2022	\$	34,796
2023		33,787
2024		32,968
2025		59,583
2026		45,876
Thereafter		3,083
		\$ 210,093

Actuarial Assumptions

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

- Actuarial cost method – entry age normal, level percent of pay
- Investment return – 2.66 percent, S&P 20-year Municipal Bond Rate
- Salary growth – effective average of 5.00 percent, comprised of inflation of 2.75 percent and 2.25 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 the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate pre-age 65 at 50 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 2021.
- Cost method – amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

- 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.)

Change in assumption: The discount rate used to measure the total OPEB liability decreased from 2.79 percent as of June 30, 2019 to 2.66 percent as of June 30, 2020.

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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	50.3%	(1.0%)
U.S. core fixed income	46.5%	(0.1%)
Non-U.S. developed fixed	3.2%	(0.1%)
	<u>100.0%</u>	

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

Discount Rate

The discount rate used to measure the total OPEB liability was 2.66 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

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 2.66 percent, which represents the S&P 20-year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

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, 2020, 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, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 688 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, 2020, 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:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 3,703,000	\$ 3,703,000	\$ 3,704,000

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 2.66 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 (1.66 percent) or one percentage point higher (3.66 percent) than the current rate:

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
District's proportionate share of the net OPEB liability	\$ 4,222,000	\$ 3,703,000	\$ 3,274,000

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, 2021, the plan had 400 participants, consisting of 381 active participants, 0 vested former participants, and 19 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 2021, the District paid \$108,712 to plan members eligible for receiving benefits.

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of June 30, 2020. The total OPEB liability as of June 30, 2020 was determined by rolling forward the system's total OPEB liability as of the June 30, 2019 actuarial valuation to the June 30, 2020 measurement date using the actuarial assumptions noted below.

Discount Rate

The discount rate was 1.86 percent based on the S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2020, a decrease from the prior measurement date (3.36 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	2.5700%	5.0200%	45	1.3700%	1.6500%
30	2.5700%	4.0200%	50	1.9200%	2.0600%
35	1.5000%	2.8500%	55	3.3800%	3.1100%
40	1.3400%	1.6000%	60	5.5700%	6.4000%

Mortality

Separate rates are assumed preretirement and postretirement using the RP-2014 Mortality Tables for Males and Females.

Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale 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	19%	19%	27%	10%
56	17%	17%	32%	30%
57	17%	17%	32%	30%
58	17%	17%	32%	35%
59	22%	21%	31%	36%
60	14%	17%	31%	36%
61	29%	30%	29%	31%
62	51%	61%	51%	61%
63	26%	26%	26%	26%
64	21%	22%	21%	22%
65	100%	100%	100%	100%

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

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

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, 70 percent of Act 93 administrators, and 60 percent of teachers and support staff are assumed to elect coverage. Thirty percent of vested former participants are assumed to elect coverage at age 62. Spouses are assumed to cease coverage upon attainment of age 65.

Percent Married at Retirement

Twenty-five 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	\$ 7,078	\$ 10,222
50 - 54	\$ 9,374	\$ 11,553
55 - 59	\$ 11,417	\$ 12,088
60 - 64	\$ 14,898	\$ 13,887
65+	\$ 7,312	\$ 7,312

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

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

contained in the valuation mortality table. Retiree contributions are \$1.90 per \$1,000 of coverage per year and are assumed to not increase.

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 6.0 percent in 2018 and 5.5 percent in 2019 through 2023. Rates gradually decrease from 5.4 percent in 2022 to 4.0 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 July 2019. Due to the timing of District turnover, the data is believed to be representative of the population for the 2020 - 2021 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 0.86%</u>	<u>Current Discount Rate 1.86%</u>	<u>1% Increase 2.86%</u>
Net OPEB liability	\$ 5,864,906	\$ 5,356,018	\$ 4,894,005

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

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.

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB liability	\$ 4,609,461	\$ 5,356,018	\$ 6,257,914

Changes in total OPEB liability:

Total OPEB obligation as of June 30, 2019	\$ 4,272,532
Service cost	318,727
Interest on OPEB obligation	152,555
Effect of assumption changes or inputs	706,252
Benefit payments	(94,048)
Total OPEB obligation as of June 30, 2020	\$ 5,356,018

The amount of OPEB expense for the single employer plan recognized by the District was \$824,770 for the year ended June 30, 2020. At June 30, 2020, 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
Change in assumptions	\$ 657,608	\$ 196,708
Difference between actual and expected experience	170,585	-
Contributions subsequent to the date of measurement	108,712	-
	\$ 936,905	\$ 196,708

Change in assumptions: The discount rate changed from 3.36 percent to 1.86 percent.

An amount of \$108,712 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, 2022. 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:

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

Year Ending June 30,

2022	\$ 47,402
2023	47,402
2024	47,402
2025	47,402
2026	47,402
Thereafter	394,475
	\$ 631,485

NOTE 13 AGGREGATION OF NET OPEB LIABILITY

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	\$ 484,518	\$ 936,905	\$ 1,421,423
Net OPEB liability	\$ 3,703,000	\$ 5,356,018	\$ 9,059,018
Deferred inflows related to OPEB	\$ 84,907	\$ 196,708	\$ 281,615

NOTE 14 FUND BALANCES

As of June 30, 2021, fund balances are composed of the following:

	General Fund	Capital Reserve Fund	Total Governmental Funds
Restricted:			
Capital projects	\$ -	\$ 1,882,162	\$ 1,882,162
Committed:			
Capital projects	3,869,904	-	3,869,904
Healthcare costs	2,450,000	-	2,450,000
Retirement costs	4,500,000	-	4,500,000
Utility costs	350,000	-	350,000
Revenue shortfalls	3,100,000	-	3,100,000
Unassigned	967,032	-	967,032
Total Fund Balances	\$ 15,236,936	\$ 1,882,162	\$ 17,119,098

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 15 UNCERTAINTY

COVID-19 Pandemic

As a result of the spread of the COVID-19 coronavirus which was ongoing at June 30 2021, economic and operational uncertainties have arisen which may impact the District in fiscal year 2022. The extent of the potential impact is unknown as the COVID-19 pandemic continues to develop.

NOTE 16 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 17 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 2020 - 2021 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 18 DEFICIT NET POSITION

For governmental activities, business-type activities, and the food service fund, the unrestricted net deficit amounts of \$64,109,065, \$2,896,453, and \$2,896,453, 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.

OXFORD AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 19 PRIOR PERIOD ADJUSTMENT

The District has increased its July 1, 2019 net position in the custodial fund by \$156,792 due to the effects of implementing GASB Statement No. 84, "Fiduciary Activities." Amounts previously recorded as liabilities are now recorded as revenues and expenses.

NOTE 20 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through January 13, 2022, 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)**

	<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>	<u>June 30, 2014</u>
District's proportion of the net pension liability	0.1714%	0.1699%	0.1681%	0.1652%	0.1636%	0.1616%	0.1645%
District's proportion of the net pension liability - dollar value	\$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	\$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	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	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, 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	\$ 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>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>						
District's covered employee payroll	\$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	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, 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	0.1714%	0.1699%	0.1681%	0.1652%
District's proportion of the net OPEB liability - dollar value	\$ 3,703,000	\$ 3,614,000	\$ 3,505,000	\$ 3,524,000
District's covered employee payroll	\$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	15.80%	16.26%	15.87%	16.06%
Plan fiduciary net position as a percentage of the total OPEB liability	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, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 189,518	\$ 197,441	\$ 184,535	\$ 188,272
Contributions in relation to the contractually required contribution	<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>
District's covered employee payroll	\$23,388,956	\$23,436,815	\$22,233,092	\$22,088,500
Contributions as a percentage of covered employee payroll	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, 2020	June 30, 2019	June 30, 2018	June 30, 2017
TOTAL OPEB LIABILITY				
Service cost	\$ 318,727	\$ 397,432	\$ 374,994	\$ 367,026
Interest on total OPEB liability	152,555	114,766	107,973	79,626
Effect of assumption changes or inputs	706,252	357,326	2,295	(86,626)
Benefit payments	(94,048)	(110,748)	(100,652)	(134,636)
NET CHANGE IN TOTAL OPEB LIABILITY	1,083,486	758,776	384,610	225,390
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	4,272,532	3,513,756	3,129,146	2,903,756
TOTAL OPEB LIABILITY, END OF YEAR	<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>
DISTRICT'S NET OPEB LIABILITY	<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%
Covered employee payroll	22,284,312	22,284,312	20,157,465	20,157,465
District's net OPEB liability as a percentage of covered payroll	24.03%	19.17%	17.43%	15.52%
Expected average remaining years of service of all participants	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 13, 2022

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, 2021, 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 13, 2022.

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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

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 13, 2022

Board of School Directors
Oxford Area School District
Oxford, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited the Oxford Area School District's ("the District") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Board of School Directors
Oxford Area School District

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Unmodified Opinion on Each Major Program

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

Report on Internal Control Over Compliance

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

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

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

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

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

**OXFORD AREA SCHOOL DISTRICT
SCHEDULE OF FEDERAL FINANCIAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor Project Title	SOURCE CODE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (DEFERRED) REVENUE 7/01/2020	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2021	PASSED THROUGH TO SUBRECIPIENTS
U.S. Department of Education											
Passed through Pennsylvania Department of Education											
Title I - Grants to Local Education Agencies	I	84.010	013-20-0315	10/01/19-09/30/20	\$ 761,884	\$ 162,788	\$ 162,788	\$ -	\$ -	\$ -	\$ -
Title I - Grants to Local Education Agencies	I	84.010	013-21-0315	10/01/20-09/30/21	859,634	527,223	-	439,264	439,264	(87,959)	-
Total CFDA# 84.010						690,011	162,788	439,264	439,264	(87,959)	-
Title II - Improving Teacher Quality	I	84.367	020-19-0316	10/01/19-09/30/20	136,074	36,947	36,947	-	-	-	-
	I	84.367	020-21-0316	10/01/20-09/30/21	146,842	84,129	-	55,131	55,131	(28,998)	-
Total CFDA# 84.367						121,076	36,947	55,131	55,131	(28,998)	-
Title III - Language Inst LEP	I	84.365	010-20-0315	10/01/19-09/30/20	64,031	-	(53,972)	53,972	53,972	-	-
Title III - Language Inst LEP	I	84.365	010-21-0315	10/01/20-09/30/21	74,214	58,555	-	163,338	163,338	104,783	-
Total CFDA# 84.365						58,555	(53,972)	217,310	217,310	104,783	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-20-0315	07/01/19-06/30/20	57,599	-	(23,775)	23,775	23,775	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-21-0315	07/01/20-06/30/21	57,632	50,066	-	53,608	53,608	3,542	-
Total CFDA# 84.424						50,066	(23,775)	77,383	77,383	3,542	-
Elementary and Secondary School Emergency Relief Fund	I	84.425D	N/A	03/13/20-09/30/21	624,159	32,850	1,476	463,831	463,831	432,457	-
Total CFDA #84.425D						32,850	1,476	463,831	463,831	432,457	-
Governor's Emergency Education Relief Fund	I	84.425C	N/A	03/13/20-09/30/21	95,256	20,053	-	20,520	20,520	467	-
COVID-19 SECIM	I	84.425C	N/A	03/13/20-09/30/21	62,899	62,899	-	62,899	62,899	-	-
Total CFDA# 84.425C						82,952	-	83,419	83,419	467	-
Passed through Pennsylvania Commission on Crime and Delinquency											
ESSR School Health and Safety Support	I	84.425D	N/A	03/13/20-09/30/21	286,074	286,042	-	286,042	286,042	-	-
COVID-19 School Health and Safety	I	84.425C	N/A	03/13/20-09/30/21	112,488	-	-	112,488	112,488	112,488	-
Total CFDA# 84.425						286,042	-	398,530	398,530	112,488	-
Subgrant from U.S. Department of Education											
Passed through Chester County Intermediate Unit											
IDEA Part B	I	84.027	062-19-0024	07/01/18-06/30/19	613,564	245,426	245,426	-	-	-	-
IDEA Part B	I	84.027	062-20-0024	07/01/19-06/30/20	627,118	418,079	-	627,118	627,118	209,039	-
Total CFDA# 84.027						663,505	245,426	627,118	627,118	209,039	-
IDEA Preschool	I	84.173	131-19-0024B	07/01/18-06/30/19	900	900	900	-	-	-	-
IDEA Preschool	I	84.173	131-20-0024B	07/01/19-06/30/20	1,144	-	-	1,144	1,144	1,144	-
Total CFDA# 84.027						900	900	1,144	1,144	1,144	-
Total Special Education Cluster						664,405	246,326	628,262	628,262	210,183	-
Chester County Cares	I	21.019	19947	03/1/20-12/30/20	1,104,411	1,104,411	-	1,104,411	1,104,411	-	-
Total CFDA# 21.019						1,104,411	-	1,104,411	1,104,411	-	-
Total U.S. Department of Education						3,090,368	369,790	3,467,541	3,467,541	746,963	-

Continued on next page.

**OXFORD AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor Project Title (cont'd)	SOURCE CODE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (DEFERRED) REVENUE 7/01/2020	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2021	PASSED THROUGH TO SUBRECIPIENTS
Federal Emergency Management Agency											
Passed through Pennsylvania Emergency Management Agency (PEMA)											
PEMA grant	I	97.039	N/A	07/01/20-06/30/21	10,447	10,447	-	10,447	10,447	-	-
Total CFDA# 97.039						10,447	-	10,447	10,447	-	-
Total Federal Emergency Management Agency						10,447	-	10,447	10,447	-	-
U.S. Department of Agriculture											
Passed through Pennsylvania Department of Agriculture											
National School Lunch Program	I	10.555	N/A	07/01/20-06/30/21	N/A	96,558	-	96,558	96,558	-	-
Passed through Pennsylvania Department of Education											
National School Lunch Program	I	10.555	N/A	07/01/19-06/30/20	N/A	37,723	37,723	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/20-06/30/21	N/A	656,289	-	751,583	751,583	95,294	-
Total CFDA# 10.555						790,570	37,723	848,141	848,141	95,294	-
Breakfast Program	I	10.553	N/A	07/01/18-06/30/19	N/A	-	-	-	-	-	-
Breakfast Program	I	10.553	N/A	07/01/20-06/30/21	N/A	257,578	-	257,578	257,578	-	-
Total CFDA# 10.553						257,578	-	257,578	257,578	-	-
Total Child Nutrition Cluster						1,048,148	37,723	1,105,719	1,105,719	95,294	-
Total U.S. Department of Agriculture						1,048,148	37,723	1,105,719	1,105,719	95,294	-
TOTAL FEDERAL AWARDS						<u>\$ 4,148,963</u>	<u>\$ 407,513</u>	<u>\$ 4,583,707</u>	<u>\$ 4,583,707</u>	<u>\$ 842,257</u>	<u>\$ -</u>
Total Education Stabilization Fund (CFDA #84.425C and #84.425D)						<u>\$ 401,844</u>	<u>\$ 1,476</u>	<u>\$ 945,780</u>	<u>\$ 945,780</u>	<u>\$ 545,412</u>	<u>\$ -</u>

Source Code:

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 CFDA #10.555, include surplus food consumed by the District during the 2020 - 2021 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, 2021 was \$172,190.

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? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X 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:

CFDA Numbers

Name of Federal Programs or Cluster

84.425D, 84.425C
21.019

Elementary and Secondary School Emergency Relief Fund, Governor's Emergency Education Relief Fund, COVID-19 SECIM, ESSR School Health and Safety Support, COVID-19 School Health and Safety (Education Stabilization Fund) Chester County Cares (Coronavirus Relief Fund)

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.