



**ROSE TREE MEDIA SCHOOL DISTRICT
MEDIA, PENNSYLVANIA**

AUDIT REPORT

JUNE 30, 2022

ROSE TREE MEDIA SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

November 10, 2022

Board of School Directors
Rose Tree Media School District
Media, Pennsylvania

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rose Tree Media School District ("the District"), Media, Pennsylvania, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rose Tree Media School District, Media, Pennsylvania, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America,

and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued or, when applicable, one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Emphasis of a Matter

As discussed in Notes 1 and 18 to the financial statements, the District has adopted the requirements of GASB Statement No. 87, "Lease Accounting." The purpose of this statement is to increase the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating lease. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16, and the schedule of the District's proportionate share of the net pension liability, schedule of District pension contributions, schedule of District's proportionate share of the net OPEB liability – PSERS, schedule of District OPEB contributions – PSERS, and schedule of changes in the District's net OPEB liability – single employer plan on pages 62 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Board of Directors
Rose Tree Media School District

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 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

**ROSE TREE MEDIA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED
JUNE 30, 2022**

Management's Discussion and Analysis ("MD&A") of the Rose Tree Media School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of the MD&A is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

The District's total net deficit decreased in the amount of \$12,675,883 on an entity-wide basis. The decrease in the net deficit is due to a decrease in total expenses and an increase in revenues, in particular taxes and federal revenues. This was the District's first year back to full in-person learning coming out of the COVID-19 pandemic.

Revenue for the current year increased at the entity-wide level. This was due to an increase in tax collections and an increase in state revenue for the 50 percent reimbursement of the retirement subsidy as a result of the retirement rate increasing from 34.51 percent in 2021 to 34.94 percent in 2022. Federal revenues also increased due to grants the District received. Program revenues for the governmental activities accounted for \$17.3 million, or 16.2 percent, of total governmental activities revenues of \$106.5 million, and general revenues accounted for \$89.2 million, or 83.8 percent. Pennsylvania's Special Session Act 1 of 2006 provides property tax relief for homestead and farmstead owners through gaming revenue. Approved homestead/farmstead property owners received approximately \$221 in property tax relief per property for the 2021-2022 fiscal year. The District received approximately \$1.6 million dollars from state sources to distribute tax relief to approved property owners.

The General Fund completed the fiscal year with a positive assigned fund balance of \$9.4 million for future expenditures, \$200 thousand in non-spendable fund balance, and \$4.3 million in unassigned fund balance for a total of assigned/unassigned fund balance of \$13.9 million. The three totals equate to 12.5 percent of the 2022-2023 \$111.1 million operating budget. Unassigned fund balance of \$4.3 million is 3.9 percent of the 2022-2023 \$111.1 million operating budget and is within the 8 percent limit established by the Pennsylvania Department of Education. There was an increase in fund balance of a little less than \$0.92 million in the 2021-2022 fiscal year.

The instructional programs (including special education, vocational education, summer school, homebound instruction, adjudicated programs, and Delaware County Community College) cost \$58.2 million for salaries, benefits, technical services, tuition for private and approved private schools, supplies, and equipment. The cost of the instructional programs was supported by 54.5 percent of total revenue.

The support services programs (including pupil services, guidance, psychological services, home and school visitor, child accounting, curriculum and assessment, school and central office administration, school board of director services, tax collection, legal services, community relations, student health services, operation and maintenance of plant services, and student transportation) cost \$32.7 million for salaries, benefits, supplies, utilities, diesel fuel and gasoline, the insurance program, and equipment. The cost of the support programs was supported by 30.6 percent of total revenue.

**ROSE TREE MEDIA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
JUNE 30, 2022**

The operation of non-instructional services programs (including student activities, athletics, and support for public libraries) cost \$1.8 million for salaries, supplemental contracts, dues, fees for officials, supplies, and equipment. The cost of the non-instructional services programs was supported by 1.7 percent of total revenue.

The other expenditures and financing uses (including debt service, refund of prior years' revenue and capital funds transfer, and financing of the technology devices) cost \$13.1 million for interest and principal payments. The cost of the other financing uses was supported by 10.0 percent of total revenue.

REPORTING THE DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its overall activities. These statements include all the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the District (except for fiduciary funds held for student purposes), using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in the net position during the fiscal year. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as the District's property tax base, current property tax laws, student enrollment, and facility conditions in arriving at a conclusion regarding the overall health of the District.

Entity-wide Financial Analysis

The implementation of GASB Statements No. 68 and No. 75 has had an impact on entity-wide statements. The District is required to report its proportionate share of the net pension liability and to report the liability of other postemployment benefits, OPEB, on the entity-wide statements. The portion of the unfunded pension liability, as well as the unfunded other postemployment benefits, resulted in a total net deficit of (\$53,058,524). The majority of the unrestricted net deficit of (\$116,997,928) is a direct result of GASB No. 68 and GASB No 75. However, a portion of the District's total net position, \$63.9 million, reflects its investment in capital assets, net of related debt. This represents a 5 percent increase over last year. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**ROSE TREE MEDIA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
JUNE 30, 2022**

A comparative analysis of fiscal year 2022 and 2021 follows:

**Statement of Net Position
June 30, 2022 and 2021**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
ASSETS AND DEFERRED						
OUTFLOWS OF RESOURCES						
Assets:						
Current and other assets	\$ 54,407,079	\$ 57,965,164	\$ 1,035,284	\$ 130,480	\$ 55,442,363	\$ 58,095,644
Capital Assets	103,200,943	101,081,832	131,118	85,193	103,332,061	101,167,025
Total Assets	157,608,022	159,046,996	1,166,402	215,673	158,774,424	159,262,669
Deferred Outflows of Resources:						
Deferred outflows relating to pension	23,851,955	25,815,136	246,354	266,631	24,098,309	26,081,767
Deferred outflows relating to OPEB	1,868,553	1,469,863	18,667	14,955	1,887,220	1,484,818
Total Deferred Outflows of Resources	25,720,508	27,284,999	265,021	281,586	25,985,529	27,566,585
TOTAL ASSETS AND DEFERRED						
OUTFLOWS OF RESOURCES	\$ 183,328,530	\$ 185,331,995	\$ 1,431,423	\$ 497,259	\$ 184,759,953	\$ 185,829,254
LIABILITIES, DEFERRED INFLOWS OF						
RESOURCES, AND NET POSITION:						
Liabilities:						
Current Liabilities	\$ 19,972,936	\$ 18,332,439	\$ 67,747	\$ 165,024	\$ 20,040,683	\$ 18,497,463
Long-term Liabilities	192,938,720	226,851,081	1,379,146	1,641,234	194,317,866	228,492,315
Total Liabilities	212,911,656	245,183,520	1,446,893	1,806,258	214,358,549	246,989,778
Deferred Inflows of Resources:						
Deferred Pension	22,344,219	3,659,206	230,781	37,794	22,575,000	3,697,000
Deferred OPEB	871,559	862,259	13,369	14,624	884,928	876,883
Total Deferred Inflows of Resources	23,215,778	4,521,465	244,150	52,418	23,459,928	4,573,883
Net Position (Deficit):						
Net investment in capital assets	63,808,286	61,063,206	131,118	85,193	63,939,404	61,148,399
Unrestricted (deficit)	(116,607,190)	(125,436,196)	(390,738)	(1,446,610)	(116,997,928)	(126,882,806)
Total Net Deficit	(52,798,904)	(64,372,990)	(259,620)	(1,361,417)	(53,058,524)	(65,734,407)
TOTAL LIABILITIES, DEFERRED INFLOWS						
OF RESOURCES, AND NET DEFICIT	\$ 183,328,530	\$ 185,331,995	\$ 1,431,423	\$ 497,259	\$ 184,759,953	\$ 185,829,254

The Statement of Activities shows the cost of program services, the charges for services, and grants offsetting those services. The following table reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental and business-type activities.

**ROSE TREE MEDIA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
JUNE 30, 2022**

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
PROGRAM EXPENSES				
Governmental Activities:				
Instruction	\$ 60,458,089	\$(48,199,425)	\$ 64,976,639	\$(54,121,544)
Support services:				
Instructional student support	8,411,931	(7,223,953)	8,745,368	(7,831,644)
Administration	7,159,341	(6,416,733)	8,019,562	(7,301,574)
Maintenance	8,680,610	(7,780,207)	8,383,935	(7,596,414)
Pupil transportation	6,185,788	(4,573,528)	5,688,799	(4,080,069)
Student activities	1,863,924	(1,601,771)	1,723,776	(1,522,295)
Community services	164,514	(57,120)	100,882	(16,089)
Interest and fiscal charges	1,968,728	(1,764,520)	2,244,421	(2,033,598)
Total Governmental Activities	<u>\$ 94,892,926</u>	<u>\$(77,617,258)</u>	<u>\$ 99,883,382</u>	<u>\$(84,503,227)</u>
Business-type Activities:				
Food service	\$ 1,812,332	\$ 1,100,158	\$ 1,079,218	\$ (363,718)
Total Business-type Activities	<u>\$ 1,812,332</u>	<u>\$ 1,100,158</u>	<u>\$ 1,079,218</u>	<u>\$ (363,718)</u>

Governmental activities total cost of services decreased by little less than \$5 million over the prior year. Program revenues increased by a little less than \$1.9 million over the prior year, which resulted in the \$6.9 million decrease in net cost of services.

Business-type activities had a higher cost of services and a higher net cost of services. This was due to the District being closed in the previous year due to COVID-19. The District opened in-person learning from the beginning of the FY 2021-2022.

**Statement of Changes in Net Position
Fiscal Years Ended June 30, 2022 and 2021**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program Revenues:						
Charges for services	\$ 1,259,965	\$ 1,090,507	\$ 529,593	\$ 120,443	\$ 1,789,558	\$ 1,210,950
Operating grants	16,015,703	14,289,648	2,382,897	595,057	18,398,600	14,884,705
Total Program Revenues	<u>17,275,668</u>	<u>15,380,155</u>	<u>2,912,490</u>	<u>715,500</u>	<u>20,188,158</u>	<u>16,095,655</u>
General Revenues:						
Property taxes	80,558,293	78,458,762	-	-	80,558,293	78,458,762
Other taxes	3,266,660	1,973,797	-	-	3,266,660	1,973,797
Grants and entitlements	4,893,345	4,735,486	-	-	4,893,345	4,735,486
Investment earnings	93,252	55,255	816	29	94,068	55,284
Miscellaneous	379,794	292,113	823	-	380,617	292,113
Transfers	-	(50,000)	-	50,000	-	-
Total General Revenues	<u>89,191,334</u>	<u>85,465,413</u>	<u>1,639</u>	<u>50,029</u>	<u>89,192,983</u>	<u>85,515,442</u>
TOTAL REVENUES	<u>106,467,012</u>	<u>100,845,568</u>	<u>2,914,129</u>	<u>765,529</u>	<u>109,381,321</u>	<u>101,611,097</u>

**ROSE TREE MEDIA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
JUNE 30, 2022**

**Statement of Changes in Net Position
Fiscal Years Ended June 30, 2022 and 2021**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
(cont'd)						
EXPENSES						
Program Expenses:						
Instruction	60,458,089	64,976,639	-	-	60,458,089	64,976,639
Support Services:						
Instructional staff support	8,411,931	8,745,368	-	-	8,411,931	8,745,368
Administration	7,159,341	8,019,562	-	-	7,159,341	8,019,562
Maintenance	8,680,610	8,383,935	-	-	8,680,610	8,383,935
Pupil transportation	6,185,788	5,688,799	-	-	6,185,788	5,688,799
Student activities	1,863,924	1,723,776	-	-	1,863,924	1,723,776
Community services	164,514	100,882	-	-	164,514	100,882
Interest and fiscal charges	1,968,728	2,244,421	-	-	1,968,728	2,244,421
Food service	-	-	1,812,332	1,079,218	1,812,332	1,079,218
TOTAL EXPENSES	<u>94,892,926</u>	<u>99,883,382</u>	<u>1,812,332</u>	<u>1,079,218</u>	<u>96,705,258</u>	<u>100,962,600</u>
CHANGE IN NET POSITION	<u>\$ 11,574,086</u>	<u>\$ 962,186</u>	<u>\$ 1,101,797</u>	<u>\$ (313,689)</u>	<u>\$ 12,675,883</u>	<u>\$ 648,497</u>

Property tax revenue is up \$2.1 million due to a 2.6 percent Act 1 Index increase in the millage rate and increased interim tax collection from construction projects. Other taxes increased due, in part, to increases in realty transfer taxes from sales of properties located in the District. Miscellaneous revenue decreased due to a large donation from the Media PTG to build the new playground at Media Elementary School received in the 2020-2021 school year. Interest earnings decreased from the previous year based on the declining economic environment due to the global pandemic. The increases in expenditures continue to be the result of the pension liability through GASB 68 and the addition of OPEB through GASB 75 being posted to the entity-wide financial statements and addition of capital assets.

Reporting the District's Most Significant Funds

Governmental Funds – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds include Fund 10 (General Fund), Fund 32 (Capital Reserve funded by General Fund transfers and proceeds from extended-term financing), Funds 33 through 39 (Capital Projects funded with General Obligation Bond funds), and Fund 40 (Debt Service Fund). These funds are reported using the modified accrual accounting method, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services provided. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

**ROSE TREE MEDIA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
JUNE 30, 2022**

Proprietary Funds – Proprietary funds use the accrual basis of accounting, the same as on the entity-wide statements; therefore, the statements will essentially match the business-type activities portion of the entity-wide statements. The only proprietary fund is the Food Service Fund.

Fiduciary Funds – The District is the trustee, or fiduciary, for its scholarship program and other items listed as private-purpose trust. In addition, the District is the agent for funds held on behalf of students of the District. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. Fiduciary funds include a scholarship fund, student activity funds, and escheat funds. These assets are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Fund Financial Statements

The fund financial statements of the District's major funds provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's three types of funds, governmental, proprietary, and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

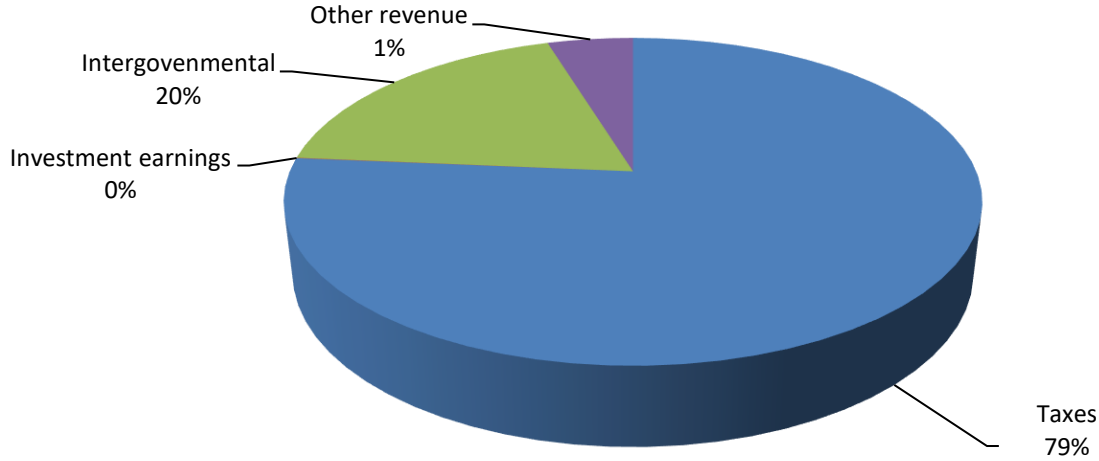
The District's governmental funds reported a combined fund balance of \$43.9 million, which is a decrease from last year's total of \$48.1 million. The General Fund fund balance increase can be attributed to an increase in local and state revenues. The Capital Projects funds balance decreased due to completion of District-wide capital projects. The Capital Reserve Fund increased due to a transfer in from the general fund for future projects. The schedule below indicates the fund balance and the total change in fund balances as of June 30, 2022 and 2021.

	Fund Balance		Increase (Decrease)
	June 30, 2022	June 30, 2021	
General Fund	\$ 13,898,694	\$ 12,980,056	\$ 918,638
Capital Projects Funds	25,515,165	32,490,236	(6,975,071)
Capital Reserve Fund	3,571,180	1,746,560	1,824,620
Other Funds	931,111	929,217	1,894
Total	\$ 43,916,150	\$ 48,146,069	\$ (4,229,919)

General Fund

The District's reliance upon current real estate tax revenues is demonstrated by the graph below that indicates 79 percent of total revenues for the General Fund come from current real estate taxes.

**ROSE TREE MEDIA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
JUNE 30, 2022**



The table that follows helps illustrate the financial activities and balance of the General Fund.

	<u>2022</u>	<u>2021</u>	<u>Dollar Change</u>	<u>Percent Change</u>
General Fund Revenue:				
Current real estate taxes	\$ 79,460,464	\$ 77,052,453	\$ 2,408,011	3.1%
Investment earnings	49,240	41,129	8,111	19.7%
Intergovernmental	20,909,048	19,025,135	1,883,913	9.9%
Other revenue	6,320,804	4,781,651	1,539,153	32.2%
Total	<u>\$106,739,556</u>	<u>\$100,900,368</u>	<u>\$ 5,839,188</u>	<u>5.8%</u>

Current real estate tax revenue increased \$2.4 million due to an increase in the millage rate and collection of interim taxes. Investment earnings increased due to market conditions as a result of the COVID-19 global pandemic in the prior year. Intergovernmental revenue increased due to the increase in retirement reimbursement and pandemic related grants. Other revenue increased due to more donations and increase in field income after pandemic year.

Other Funds

The Capital Projects Funds (33 through 39) had a decrease in fund balance due to capital expenditures in the current year. Capital Reserve Fund balance increased due to a transfer from the General Fund in the current year. The Capital Projects funds are used to keep the District's facilities in optimal operational condition to avoid costlier repairs in the future. Other governmental funds consist of the Debt Service Fund (40).

**ROSE TREE MEDIA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
JUNE 30, 2022**

Business-type Activities

The only business-type activity in the District is the Food Service program. This program had an improvement in net deficit of \$1.1 million for the fiscal year as a result of increased federal funding related to the children nutrition cluster programs.

General Fund Budget Information

The District keeps its books and prepares its financial reports on a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units. The District's financial statements are audited annually by a firm of independent certified public accountants, as required by Commonwealth Law. The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by the Superintendent and Director of Management Services and submitted to the Board of School Directors for approval prior to the beginning of the fiscal year on July 1 each year. The most significant budgeted fund is the General Fund.

Spending Review

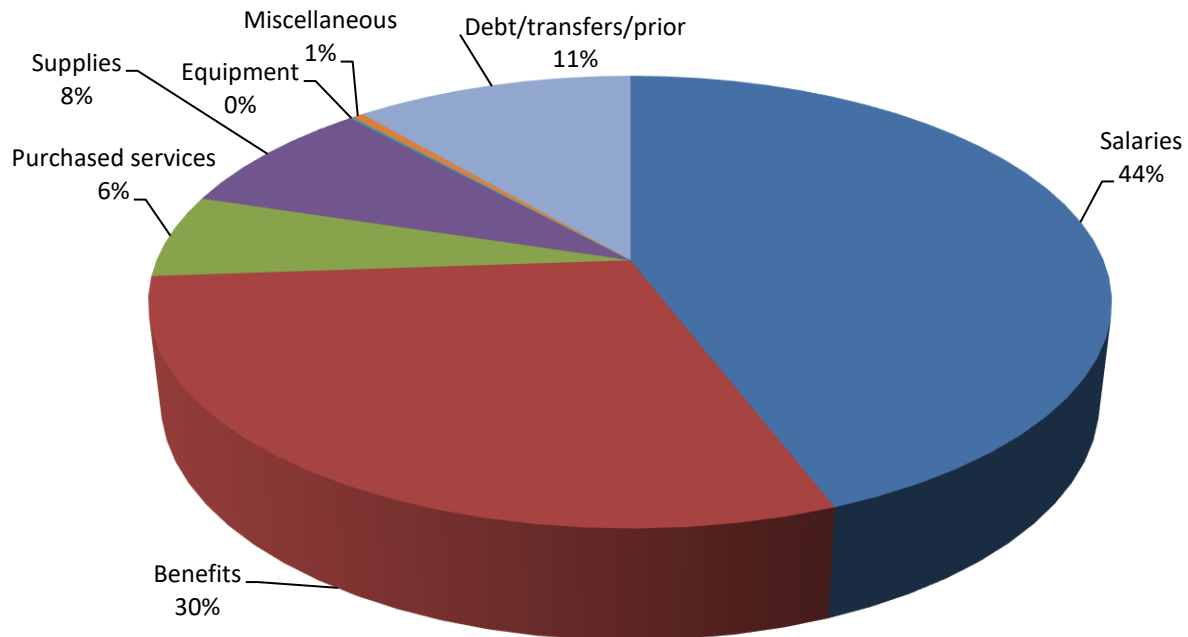
The final budget for expenditures and other financing reflects required Board-approved budgetary transfers in function categories due to spending patterns.

	Function Code	Original Budget	Final Budget	Dollar Difference	Percentage Difference
Instructional Services:					
Regular programs	1100	\$ 42,958,057	\$ 42,958,860	\$ 833	0.00%
Special programs	1200	14,607,626	14,503,353	(104,273)	(0.71)%
Vocational programs	1300	352,909	352,909	-	-
Other instructional programs	1400	1,013,849	992,379	(21,470)	(2.12)%
Nonpublic School Programs	1500	10,000	11,455	1,455	14.55%
Community college	1700	971,745	971,745	-	-
Total Instructional Services		<u>59,914,156</u>	<u>59,790,701</u>	<u>(123,455)</u>	<u>(0.21)%</u>
Support Services:					
Pupil services	2100	3,620,092	3,647,802	27,710	0.77%
Instructional staff services	2200	4,844,992	4,832,372	(12,620)	(0.26)%
Administrative services	2300	5,757,727	5,851,075	93,348	1.62%
Pupil health	2400	1,017,476	1,027,614	10,138	1.00%
Business services	2500	1,292,413	1,292,413	-	-
Operation and maintenance	2600	9,344,549	9,274,680	(69,869)	(0.75)%
Student transportation services	2700	6,005,857	6,065,929	60,072	1.00%
Central support services	2800	1,613,397	1,628,862	15,465	0.96%
Other support services	2900	147,106	147,106	-	-
Total Support Services		<u>33,643,609</u>	<u>33,767,853</u>	<u>124,244</u>	<u>0.37%</u>

**ROSE TREE MEDIA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
JUNE 30, 2022**

	Function Code	Original Budget	Final Budget	Dollar Difference	Percentage Difference
(cont'd)					
Non-instructional Services:					
Student activities	3200	1,742,818	1,751,624	8,806	0.51%
Community services	3300	154,772	156,577	1,805	1.17%
Total Non-instructional Services		<u>1,897,590</u>	<u>1,908,201</u>	<u>10,611</u>	<u>0.56%</u>
Debt Service and Transfers:					
Debt service/refund of prior year receipts	5100	11,281,961	10,984,395	-	-
Transfer out	5200	402,434	450,000	-	-
Budgetary reserve	5900	-	238,600	(11,400)	(4.56)%
Total Debt Service and Transfers		<u>11,684,395</u>	<u>11,397,930</u>	<u>(11,400)</u>	<u>(0.10)%</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES		<u>\$ 107,139,750</u>	<u>\$ 107,139,750</u>	<u>\$ -</u>	<u>\$ -</u>

As the graph below illustrates, the largest portions of General Fund expenditures and other financing uses are for salaries and benefits. The District is an educational service entity and as such is labor intensive.



**ROSE TREE MEDIA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
JUNE 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>Increase</u>
General Fund:			
Salaries	\$ 46,779,378	\$ 44,251,063	\$ 2,528,315
Benefits	30,164,313	29,694,329	469,984
Purchased services	6,468,257	5,951,953	516,304
Supplies	8,809,156	8,423,293	385,863
Equipment	171,759	131,889	39,870
Miscellaneous	2,514,502	234,329	2,280,173
Debt/transfers/prior	<u>10,912,713</u>	<u>11,136,714</u>	<u>(224,001)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES BY OBJECT	<u>\$105,820,918</u>	<u>\$ 99,823,570</u>	<u>\$ 5,997,348</u>

Expenditures and other financing uses increased by \$6.0 million, or 6.01 percent, over the prior year. The majority of the increase is the result of increased contractual salaries and benefits as well as purchased services. This includes leased equipment for technology.

CAPITAL ASSETS

At June 30, 2022, the District's governmental activities had \$103,200,943 net of depreciation invested in a broad range of capital assets including land, buildings, and furniture and equipment.

Business-type activities owned \$131,118 worth of net capital assets. These assets consist of movable equipment that will be depreciated in future years.

	<u>2022</u>	<u>2021</u>
Land	\$ 7,565,959	\$ 6,253,838
Construction-in-progress	4,074,680	2,054,231
Land improvements	3,399,745	2,868,263
Buildings	76,403,891	78,213,754
Furniture and equipment	10,952,905	10,668,118
Right to use assets	<u>934,881</u>	<u>108,821</u>
	<u>\$103,332,061</u>	<u>\$100,167,025</u>

The increase in construction-in-progress is a result of capital projects, including the contracted services for the new elementary school. The increase in land improvements was due to in part to delayed scheduling of capital projects brought on by the global pandemic in the prior year that were started in the current year. More detailed information about the District's capital assets is presented in Notes 1 and 5 to the financial statements.

**ROSE TREE MEDIA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
JUNE 30, 2022**

DEBT ADMINISTRATION

As of July 1, 2021, the District had total outstanding debt of \$66,900,000. Total debt outstanding as of June 30, 2022 was \$58,785,000.

Outstanding Debt

	2022	2021
General Obligation Notes/Bonds:		
Note Series of 2021	\$ 7,550,000	\$ -
Bond Series of 2018	35,960,000	35,965,000
Bond Series of 2017 A	9,235,000	9,260,000
Bond Series of 2017 B	6,040,000	6,180,000
Bond Series of 2016	-	7,560,000
Bond Series of 2015	-	3,895,000
Bonds Series A and B of 2007	-	4,040,000
	<u>\$ 58,785,000</u>	<u>\$ 66,900,000</u>
TOTAL	<u>\$ 58,785,000</u>	<u>\$ 66,900,000</u>

ECONOMIC FACTORS EXPECTED TO HAVE A SIGNIFICANT EFFECT ON FUTURE OPERATIONS

The District maintains an AA bond rating from Standard & Poor's, and the market value in the District is considered extremely strong. The District's fiscal performance and position have historically been sound. The District's bonds payable total as of June 30, 2022 is \$58.8 million. The District's remaining borrowing capacity is \$133 million. The current debt will be paid in full by 2028-2029.

The real estate market continues to be a major factor in the economic environment. Additional commercial and housing developments are in various planning stages throughout the four municipalities located within the District. The District retained a consulting group to review and evaluate the existing facilities plans and their underlying assumptions in light of any potential impact from the pandemic. The study identified areas that are in need of improvement and additional classroom spaces that will be needed to address the increase in enrollment. In September 2020, the Board of School Directors unanimously approved moving forward with building a new school, including the acquisition of new land to proactively address enrollment growth in the District. The Room to Learn Room to Grow microsite was officially launched in November 2020: <https://www.roomtolearnroomtogrow.org>. The site is dedicated to communications about the new elementary school. The District held multiple public meetings and presentations throughout the year. The Room to Learn Room to Grow microsite is periodically updated as information becomes available. The District continues to perform well academically and continues to be a top-rated, public school district.

**ROSE TREE MEDIA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
JUNE 30, 2022**

The District was able to maintain current programs through fiscal planning. All employees are covered by agreements ranging in end dates through the 2024-2025 fiscal year. Investment earnings increased slightly in the current fiscal year and hopefully will continue to rise. The District took steps to plan for increases in the Pennsylvania School Employees' Retirement System by assigning a portion of fund balance for a portion of future increases as well as future healthcare costs. Half of the District's bus fleet runs on CNG, which is less expensive than diesel and is provides for cleaner running vehicles for the stakeholders of the District. The District also filed an application for the 2022 Clean School Bus Rebate competition offered through the United States Environmental Protection Agency. If selected, this would allow for the District to replace some of the existing diesel school buses with low-emission school buses. The District continues to improve efficiencies and reduce expenditures to maintain current programs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's financial report is designed to provide citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to show the Board's accountability for the monies it oversees. If you have questions about this report or wish to request additional financial information, please contact Dr. Vanessa Scott, Director of Management Services and Board Secretary, Rose Tree Media School District, 308 North Olive Street, Media, Pennsylvania 19063-2403, (610) 627-6136.

ROSE TREE MEDIA SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022
(With Summarized Comparative Data for June 30, 2021)

	Governmental Activities	Business-type Activities	Totals	
			2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Cash and cash equivalents	\$ 7,175,366	\$ 910,457	\$ 8,085,823	\$ 24,452,371
Investments	40,515,422	-	40,515,422	27,441,597
Taxes receivable	1,450,016	-	1,450,016	1,737,526
Due from other governments	4,176,141	83,909	4,260,050	3,817,091
Prepaid expenses	159,265	2,075	161,340	44,800
Internal balances	64,749	(64,749)	-	-
Other receivables	866,120	5,089	871,209	586,887
Inventories	-	98,503	98,503	15,372
Land	7,565,959	-	7,565,959	6,253,838
Land improvements	6,361,855	-	6,361,855	5,593,692
Construction-in-progress	4,074,680	-	4,074,680	2,054,231
Buildings and improvements	169,255,816	-	169,255,816	165,761,528
Furniture and equipment	39,012,769	331,024	39,343,793	38,372,971
Right to use assets	1,557,207	-	1,557,207	358,114
Accumulated depreciation/amortization	(124,627,343)	(199,906)	(124,827,249)	(118,227,349)
TOTAL ASSETS	157,608,022	1,166,402	158,774,424	158,262,669
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows relating to pension	23,851,955	246,354	24,098,309	26,081,767
Deferred outflows relating to OPEB	1,868,553	18,667	1,887,220	1,484,818
TOTAL DEFERRED OUTFLOWS OF RESOURCES	25,720,508	265,021	25,985,529	27,566,585
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 183,328,530	\$ 1,431,423	\$ 184,759,953	\$ 185,829,254
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)				
LIABILITIES:				
Accounts payable	\$ 1,800,839	\$ 6,515	\$ 1,807,354	\$ 887,044
Accrued salaries and benefits	7,083,866	-	7,083,866	7,400,152
Retainage payable	232,892	-	232,892	29,267
Accrued interest	523,192	-	523,192	654,670
Unearned revenue	425,638	61,232	486,870	387,406
Long-term liabilities:				
Portion due or payable within one year:				
Bonds/notes payable in future years, net	8,948,524	-	8,948,524	8,693,622
Leases payable	649,940	-	649,940	438,802
Accumulated compensated absences/early retirement incentives	308,045	-	308,045	6,500
Portion due or payable after one year:				
Bonds/notes payable in future years, net	52,758,112	-	52,758,112	61,581,635
Leases payable	994,039	-	994,039	794,803
Accumulated compensated absences/early retirement incentives	2,266,589	-	2,266,589	2,262,906
Net pension liability	125,731,389	1,298,611	127,030,000	153,281,000
Net OPEB liability	11,188,591	80,535	11,269,126	10,571,971
TOTAL LIABILITIES	212,911,656	1,446,893	214,358,549	246,989,778
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows relating to pension	22,344,219	230,781	22,575,000	3,697,000
Deferred inflows relating to OPEB	871,559	13,369	884,928	876,883
TOTAL DEFERRED INFLOWS OF RESOURCES	23,215,778	244,150	23,459,928	4,573,883
NET POSITION (DEFICIT):				
Net investment in capital assets	63,808,286	131,118	63,939,404	61,148,399
Unrestricted (deficit)	(116,607,190)	(390,738)	(116,997,928)	(126,882,806)
TOTAL NET DEFICIT	(52,798,904)	(259,620)	(53,058,524)	(65,734,407)
TOTAL LIABILITIES AND NET POSITION (DEFICIT)	\$ 183,328,530	\$ 1,431,423	\$ 184,759,953	\$ 185,829,254

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

**ROSE TREE MEDIA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With Summarized Comparative Data for the Year Ended June 30, 2021)**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Deficit			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
							2022	2021
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 60,458,089	\$ 1,100,819	\$ 11,157,845	\$ -	\$(48,199,425)	\$ -	\$(48,199,425)	\$(54,121,544)
Instructional student support	8,411,931	-	1,187,978	-	(7,223,953)	-	(7,223,953)	(7,831,644)
Administrative and financial support services	7,159,341	-	742,608	-	(6,416,733)	-	(6,416,733)	(7,301,574)
Operation and maintenance of plant services	8,680,610	-	900,403	-	(7,780,207)	-	(7,780,207)	(7,596,414)
Pupil transportation	6,185,788	-	1,612,260	-	(4,573,528)	-	(4,573,528)	(4,080,069)
Student activities	1,863,924	68,816	193,337	-	(1,601,771)	-	(1,601,771)	(1,522,295)
Community services	164,514	90,330	17,064	-	(57,120)	-	(57,120)	(16,089)
Interest on long-term debt	1,968,728	-	204,208	-	(1,764,520)	-	(1,764,520)	(2,033,598)
TOTAL GOVERNMENTAL ACTIVITIES	94,892,926	1,259,965	16,015,703	-	(77,617,258)	-	(77,617,258)	(84,503,227)
BUSINESS-TYPE ACTIVITIES:								
Food service	1,812,332	529,593	2,382,897	-	-	1,100,158	1,100,158	(363,718)
TOTAL BUSINESS-TYPE ACTIVITIES	1,812,332	529,593	2,382,897	-	-	1,100,158	1,100,158	(363,718)
TOTAL PRIMARY GOVERNMENT	\$ 96,705,258	\$ 1,789,558	\$ 18,398,600	\$ -	(77,617,258)	1,100,158	(76,517,100)	(84,866,945)
GENERAL REVENUES								
Property taxes, levied for general purposes					80,558,293	-	80,558,293	78,458,762
Taxes levied for specific purposes					3,266,660	-	3,266,660	1,973,797
Grants and entitlements not restricted to specific programs					4,893,345	-	4,893,345	4,735,486
Investment earnings					93,252	816	94,068	55,284
Miscellaneous					379,794	823	380,617	292,113
Transfers					-	-	-	-
TOTAL GENERAL REVENUES					89,191,344	1,639	89,192,983	85,515,442
CHANGE IN NET DEFICIT					11,574,086	1,101,797	12,675,883	648,497
NET DEFICIT, BEGINNING OF YEAR (RESTATED)					(64,372,990)	(1,361,417)	(65,734,407)	(66,382,904)
NET DEFICIT, END OF YEAR					\$(52,798,904)	\$ (259,620)	\$(53,058,524)	\$(65,734,407)

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

**ROSE TREE MEDIA SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022
(With Summarized Comparative Data for June 30, 2021)**

	General Fund	Capital Projects Fund	Capital Reserve Fund	Debt Service Fund	Totals	
					2022	2021
ASSETS						
Cash and cash equivalents	\$ 3,660,672	\$ 2,007,680	\$ 575,903	\$ 931,111	\$ 7,175,366	\$ 24,283,749
Investments	14,776,312	24,737,561	1,001,549	-	40,515,422	27,441,597
Taxes receivable	1,450,016	-	-	-	1,450,016	1,737,526
Due from other funds	64,749	-	2,000,000	-	2,064,749	114,835
Due from other governments	4,176,141	-	-	-	4,176,141	3,756,650
Prepaid expenditures	159,265	-	-	-	159,265	43,920
Other receivables	866,120	-	-	-	866,120	586,887
TOTAL ASSETS	\$ 25,153,275	\$ 26,745,241	\$ 3,577,452	\$ 931,111	\$ 56,407,079	\$ 57,965,164
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 797,383	\$ 997,184	\$ 6,272	\$ -	\$ 1,800,839	\$ 823,232
Retainage payable	-	232,892	-	-	232,892	29,267
Due to other funds	2,000,000	-	-	-	2,000,000	-
Accrued salaries and benefits	7,083,866	-	-	-	7,083,866	7,400,152
Unearned revenues	425,638	-	-	-	425,638	286,194
Accumulated compensated absences	-	-	-	-	-	6,500
TOTAL LIABILITIES	10,306,887	1,230,076	6,272	-	11,543,235	8,545,345
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues - delinquent taxes	947,694	-	-	-	947,694	1,273,750
TOTAL DEFERRED INFLOWS OF RESOURCES	947,694	-	-	-	947,694	1,273,750
FUND BALANCES:						
Nonspendable - prepaid expenditures	159,265	-	-	-	159,265	43,920
Restricted for capital projects	-	25,515,165	3,571,180	-	29,086,345	34,236,796
Assigned for debt service	-	-	-	931,111	931,111	929,217
Assigned for future expenditures	4,312,725	-	-	-	4,312,725	3,490,952
Assigned for future land acquisition	5,000,000	-	-	-	5,000,000	-
Assigned for future capital expenditures	-	-	-	-	-	2,000,000
Assigned for future benefits funding	-	-	-	-	-	-
Assigned for GW	1,000	-	-	-	1,000	-
Assigned for Media	6,000	-	-	-	6,000	1,000
Assigned for SLMS	-	-	-	-	-	17,151
Assigned for Summer School	117,776	-	-	-	117,776	-
Assigned for Transition Quality Empowerment	5,000	-	-	-	5,000	2,500
Assigned - PCHS - Business, Marching Band, Chorus	7,000	-	-	-	7,000	7,000
Unassigned	4,289,928	-	-	-	4,289,928	7,417,533
TOTAL FUND BALANCES	13,898,694	25,515,165	3,571,180	931,111	43,916,150	48,146,069
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 25,153,275	\$ 26,745,241	\$ 3,577,452	\$ 931,111	\$ 56,407,079	\$ 57,965,164

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

**ROSE TREE MEDIA SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2022**

TOTAL GOVERNMENTAL FUND BALANCES \$ 43,916,150

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

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

Land	\$ 7,565,959	
Land improvements	6,361,855	
Construction-in-progress	4,074,680	
Buildings and improvements	169,255,816	
Furniture and equipment	39,012,769	
Right to use assets	1,557,207	
Accumulated depreciation/amortization	<u>(124,627,343)</u>	103,200,943

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Bonds/Notes payable in future years, net	(61,706,636)	
Leases payable	(1,643,979)	
Accumulated compensated absences/early retirement incentives	(2,574,634)	
Accrued interest	(523,192)	
Net OPEB liability	(11,188,591)	
Net pension liability	<u>(125,731,389)</u>	(203,368,421)

Deferred inflows and outflows of resources related to the District's pension plan do not represent current resources or uses of resources and, therefore, are not reported in the funds. Deferred inflows and outflows of resources consist of the following:

Deferred outflows of resources:		
Deferred outflows related to pension	23,851,955	
Deferred outflows related to OPEB	1,868,553	
Deferred inflows of resources:		
Deferred inflows related to pension	(22,344,219)	
Deferred inflows related to OPEB	<u>(871,559)</u>	2,504,730

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.

947,694

NET DEFICIT OF GOVERNMENTAL ACTIVITIES

\$ (52,798,904)

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

ROSE TREE MEDIA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
(With Summarized Comparative Data for the Year Ended June 30, 2021)

	General Fund	Capital Projects Fund	Capital Reserve Fund	Debt Service Fund	Totals	
					2022	2021
REVENUES						
Local sources	\$ 85,827,668	\$ 49,786	\$ 1,832	\$ 1,894	\$ 85,881,180	\$ 81,892,410
State sources	19,138,572	-	-	-	19,138,572	17,446,647
Federal sources	1,773,316	-	-	-	1,773,316	1,578,488
TOTAL REVENUES	<u>106,739,556</u>	<u>49,786</u>	<u>1,832</u>	<u>1,894</u>	<u>106,793,068</u>	<u>100,917,545</u>
EXPENDITURES						
Current:						
Instruction	58,217,418	-	-	-	58,217,418	57,187,796
Support services	32,672,495	140,746	490,001	-	33,303,242	30,399,072
Operation of noninstructional services	1,796,653	-	-	-	1,796,653	1,429,320
Capital outlays	-	6,949,636	1,286,304	-	8,235,940	4,249,313
Debt service	10,734,352	98,975	-	-	10,833,327	10,686,714
TOTAL EXPENDITURES	<u>103,420,918</u>	<u>7,189,357</u>	<u>1,776,305</u>	<u>-</u>	<u>112,386,580</u>	<u>103,952,215</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,318,638</u>	<u>(7,139,571)</u>	<u>(1,774,473)</u>	<u>1,894</u>	<u>(5,593,512)</u>	<u>(3,034,670)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds of note	-	7,725,000	-	-	7,725,000	-
Proceeds of extended term financing	-	-	1,199,093	-	1,199,093	1,167,327
Bond refunding payment	-	(7,560,500)	-	-	(7,560,500)	-
Bond discount	-	-	-	-	-	-
Interfund transfers	(2,400,000)	-	2,400,000	-	-	(50,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,400,000)</u>	<u>164,500</u>	<u>3,599,093</u>	<u>-</u>	<u>1,363,593</u>	<u>1,117,327</u>
NET CHANGES IN FUND BALANCES	918,638	(6,975,071)	1,824,620	1,894	(4,229,919)	(1,917,343)
FUND BALANCES, BEGINNING OF YEAR	<u>12,980,056</u>	<u>32,490,236</u>	<u>1,746,560</u>	<u>929,217</u>	<u>48,146,069</u>	<u>50,063,412</u>
FUND BALANCES, END OF YEAR	<u>\$ 13,898,694</u>	<u>\$ 25,515,165</u>	<u>\$ 3,571,180</u>	<u>\$ 931,111</u>	<u>\$ 43,916,150</u>	<u>\$ 48,146,069</u>

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

**ROSE TREE MEDIA 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, 2022**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (4,229,919)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation expense and writeoffs in the period. 3,119,111

Because some revenues 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 and are recorded as deferred inflows of resources. Unavailable revenues decreased by this amount this year. (326,056)

The issuance of long-term debt (e.g. bonds/notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences. 7,704,626

Governmental funds report bond discounts as other financing uses and deferred bond refunding option proceeds and bond premiums as other financing sources. However, these amounts are reported on the statement of net position as deferred charges and credits and are amortized over the life of the debt. 453,621

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). (311,728)

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. 131,478

In the statement of activities, OPEB expense reflects the change in net pension liability, net of deferrals. In the governmental funds, however, OPEB expenditures reflect payments made to fund the OPEB plan. This is the amount by which the change in net OPEB liability and deferred inflows and outflows of resources related to OPEB exceeded OPEB expenditures in the governmental funds during the year. (301,493)

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. This is the amount by which the change in net pension liability and related deferrals exceeded pension contributions during the year. 5,334,446

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 11,574,086

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

**ROSE TREE MEDIA SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 85,024,698	\$ 85,024,698	\$ 85,827,668	\$ 802,970
State sources	17,640,079	17,640,079	19,138,572	1,498,493
Federal sources	984,021	984,021	1,773,316	789,295
TOTAL REVENUES	<u>103,648,798</u>	<u>103,648,798</u>	<u>106,739,556</u>	<u>3,090,758</u>
EXPENDITURES				
Instruction:				
Regular programs	42,958,027	42,958,860	42,064,446	894,414
Special programs	14,607,626	14,503,353	14,307,704	195,649
Vocational programs	352,909	352,909	350,920	1,989
Nonpublic school programs	1,013,849	992,379	512,220	480,159
Other instructional programs	10,000	11,455	10,383	1,072
Community college	971,745	971,745	971,745	-
Total Instruction	<u>59,914,156</u>	<u>59,790,701</u>	<u>58,217,418</u>	<u>1,573,283</u>
Support Services:				
Pupil personnel services	3,620,092	3,647,802	3,622,841	24,961
Instructional staff services	4,844,992	4,832,372	4,803,180	29,192
Administrative services	5,757,727	5,851,075	5,820,721	30,354
Pupil health	1,017,476	1,027,614	1,037,741	(10,127)
Business services	1,292,413	1,292,413	1,299,074	(6,661)
Operation and maintenance of plant services	9,344,549	9,274,680	8,472,337	802,343
Student transportation services	6,005,857	6,065,929	6,065,929	-
Data processing services	1,613,397	1,628,862	1,404,209	224,653
Other support services	147,106	147,106	146,463	643
Total Support Services	<u>33,643,609</u>	<u>33,767,853</u>	<u>32,672,495</u>	<u>1,095,358</u>
Operation of Noninstructional Activities:				
Student activities	1,742,818	1,751,624	1,632,139	119,485
Community services	154,772	156,577	164,514	(7,937)
Total Operation of Noninstructional Services	<u>1,897,590</u>	<u>1,908,201</u>	<u>1,796,653</u>	<u>111,548</u>
Debt service	11,281,961	10,984,395	10,734,352	250,043
TOTAL EXPENDITURES	<u>106,737,316</u>	<u>106,451,150</u>	<u>103,420,918</u>	<u>3,030,232</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,088,518)</u>	<u>(2,802,352)</u>	<u>3,318,638</u>	<u>6,120,990</u>
OTHER FINANCING USES				
Budgetary reserve	-	(238,600)	-	238,600
Transfers out	(402,434)	(450,000)	(2,400,000)	(1,950,000)
TOTAL OTHER FINANCING USES	<u>(402,434)</u>	<u>(688,600)</u>	<u>(2,400,000)</u>	<u>(1,711,400)</u>
NET CHANGE IN FUND BALANCE	(3,490,952)	(3,490,952)	918,638	4,409,590
FUND BALANCE, BEGINNING OF YEAR	<u>12,980,056</u>	<u>12,980,056</u>	<u>12,980,056</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 9,489,104</u>	<u>\$ 9,489,104</u>	<u>\$ 13,898,694</u>	<u>\$ 4,409,590</u>

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

ROSE TREE MEDIA SCHOOL DISTRICT
STATEMENTS OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2022
(With Comparative Data for June 30, 2021)

	Major Enterprise Fund	
	Food Service Fund	
	2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 910,457	\$ 168,622
Due from other governments	83,909	60,441
Accounts receivable	5,089	-
Prepaid expenses	2,075	880
Inventories	98,503	15,372
Total Current Assets	1,100,033	245,315
PROPERTY AND EQUIPMENT:		
Net furniture and equipment	131,118	85,193
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows relating to pension	246,354	266,631
Deferred outflows relating to OPEB	18,667	14,955
Total Deferred Outflows of Resources	265,021	281,586
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,496,172	\$ 612,094
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	\$ 6,515	\$ 63,812
Due to other funds	64,749	114,835
Unearned revenue	61,232	101,212
Total Current Liabilities	132,496	279,859
NONCURRENT LIABILITIES:		
Net pension liability	1,298,611	1,566,971
Net OPEB liability	80,535	74,263
Total Noncurrent Liabilities	1,379,146	1,641,234
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows relating to pension	230,781	37,794
Deferred inflows relating to OPEB	13,369	14,624
Total Deferred Inflows of Resources	244,150	52,418
NET POSITION (DEFICIT):		
Investment in capital assets	131,118	85,193
Unrestricted (deficit)	(390,738)	(1,446,610)
Total Net Deficit	(259,620)	(1,361,417)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	\$ 1,496,172	\$ 612,094

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

ROSE TREE MEDIA SCHOOL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Data for the Year Ended June 30, 2021)

	Major Enterprise Fund	
	Food Service Fund	
	2022	2021
OPERATING REVENUES		
Food service revenues	\$ 529,593	\$ 120,443
TOTAL OPERATING REVENUES	529,593	120,443
OPERATING EXPENSES		
Salaries	588,413	281,645
Employee benefits	240,512	245,216
Purchased professional and technical services	2,406	215,605
Purchased property services	76,010	66,136
Supplies	875,785	240,100
Depreciation	29,206	30,516
TOTAL OPERATING EXPENSES	1,812,332	1,079,218
OPERATING INCOME (LOSS)	(1,282,739)	(958,775)
NONOPERATING REVENUES		
Earnings on investments	816	29
State sources	172,434	76,048
Federal sources	2,210,463	519,009
Insurance recoveries	823	-
Transfer from general fund	-	50,000
TOTAL NONOPERATING REVENUES	2,384,536	645,086
CHANGE IN NET DEFICIT	1,101,797	(313,689)
NET DEFICIT, BEGINNING OF YEAR	(1,361,417)	(1,047,728)
NET DEFICIT, END OF YEAR	\$ (259,620)	\$ (1,361,417)

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

**ROSE TREE MEDIA SCHOOL DISTRICT
STATEMENTS OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Data for the Year Ended June 30, 2021)**

	Major Enterprise Fund	
	Food Service Fund	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	\$ 484,524	\$ 105,985
Payments to suppliers	(1,001,983)	(458,643)
Payments to employees	(882,716)	(492,436)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,400,175)	(845,094)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State sources	246,567	72,524
Federal sources	1,968,935	429,996
Transfers from general fund	-	50,000
Insurance recoveries	823	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	2,216,325	552,520
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Equipment acquisition	(75,131)	(12,177)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(75,131)	(12,177)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Earnings on investments	816	29
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	816	29
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	741,835	(304,722)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	168,622	473,344
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 910,457	\$ 168,622
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (1,282,739)	\$ (958,775)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	29,206	30,516
Donated commodities	143,927	35,916
(Increase) Decrease in:		
Accounts receivable	(5,089)	2,237
Prepaid expenditures	(1,195)	(880)
Inventories	(83,131)	24,571
Deferred outflows relating to pension	20,277	(54,908)
Deferred outflows relating to OPEB	(3,712)	1,425
Increase (Decrease) in:		
Accounts payable	(57,297)	3,592
Due to other funds	(50,086)	(279)
Unearned revenue	(39,980)	(16,695)
Net OPEB liability	6,272	(8,297)
Net pension liability	(268,360)	103,998
Deferred inflows relating to OPEB	(1,255)	7,851
Deferred inflows relating to pension	192,987	(15,366)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (1,400,175)	\$ (845,094)
SUPPLEMENTAL DISCLOSURE		
NONCASH NONCAPITAL FINANCING ACTIVITY:		
USDA donated commodities	\$ 143,927	\$ 35,916

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

**ROSE TREE MEDIA SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2022**

	<u>Private- Purpose Trust</u>	<u>Custodial Fund Student Activities</u>
ASSETS		
Cash and cash equivalents	\$ 46,450	\$ 155,025
Accounts receivable	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 46,450</u></u>	<u><u>\$ 155,025</u></u>
 LIABILITIES AND NET POSITION		
LIABILITIES:		
Other current liabilities	<u>\$ -</u>	<u>\$ -</u>
 NET POSITION:		
Reserved for student activities	-	155,025
Reserved for trust	<u>46,450</u>	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 46,450</u></u>	<u><u>\$ 155,025</u></u>

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

**ROSE TREE MEDIA SCHOOL DISTRICT
STATEMENTS OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Data for the Year Ended June 30, 2021)**

	Private-Purpose Trust		Custodial Fund Student Activities	
	2022	2021	2022	2021
ADDITIONS				
Local contributions	\$ 34,183	\$ 32,289	\$ -	\$ -
Member contributions	-	-	37,623	21,027
TOTAL ADDITIONS	<u>34,183</u>	<u>32,289</u>	<u>37,623</u>	<u>21,027</u>
DEDUCTIONS				
Fees paid and scholarships awarded	37,950	19,550	-	-
Student activities	-	-	69,418	35,330
TOTAL DEDUCTIONS	<u>37,950</u>	<u>19,550</u>	<u>69,418</u>	<u>35,330</u>
CHANGE IN NET POSITION	(3,767)	12,739	(31,795)	(14,303)
NET POSITION, BEGINNING OF YEAR	<u>50,217</u>	<u>37,478</u>	<u>186,820</u>	<u>201,123</u>
NET POSITION, END OF YEAR	<u>\$ 46,450</u>	<u>\$ 50,217</u>	<u>\$ 155,025</u>	<u>\$ 186,820</u>

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

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Rose Tree Media School District ("the District") operates four elementary schools, one middle school, and one senior high school to provide education and related services to the residents of Edgmont, Middletown, and Upper Providence Townships and the Borough of Media. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the District Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member Board form of government.

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. The more significant of these accounting policies are as follows:

Reporting Entity

GASB's *Codification of Governmental Accounting and Financial Reporting Standards* ("GASB Codification") established the criteria for determining the activities, organization, 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.

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 custodial 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 reconciliations with brief explanations to better identify the relationship between the entity-wide statements and the statements of governmental funds.

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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 function. 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 function 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 borrowing 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 special revenue and capital projects funds. Unrestricted net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

Fund Financial Statements

During the District 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 proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. 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:

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

The **Capital Projects Fund** is used to account for the acquisition, construction, and renovation of major capital facilities and their related capital assets.

The **Capital Reserve Fund** is used to accumulate resources for future capital needs of the District.

The **Debt Service Fund** is used to account for funds segregated to pay for future debt service payments.

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. During the year ended June 30, 2022, the District recognized certain revenues from the Commonwealth of Pennsylvania which were received more than 60 days after year end but are usually received within 60 days of year end. The District determined that their exclusion would be misleading to the financial statements.

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 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 Fund

The proprietary fund is accounted for using the accrual basis of accounting. This fund accounts for operations that are financed primarily by user charges. The economic resources

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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 the proprietary fund. The District does not attempt to allocate all "building-wide costs" to the proprietary fund. However, the food service department partially refunds these costs to the general fund. Similarly, the proprietary fund does not recognize a cost for the building space it occupies.

This fund distinguishes 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 salaries and benefits, food production costs, supplies, and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Custodial funds account for the assets held by the District as a trustee or agent 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.

Investments

Investments consist of nonnegotiable certificates of deposit and external investment pools. The investments are recorded at amortized cost. Nonnegotiable certificates of deposit and external investment pools 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 are referred to as either "due to/from other funds" (i.e., the current

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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."

The District does not record an allowance for uncollectible taxes because it is considered to be immaterial.

Property Taxes

Property taxes attach as an enforceable lien on property as of July 1. 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 to collection	-	Penalty period, 10% of gross levy
February 28	-	Lien date

Real estate taxes for the District are collected from the Townships of Edgemont, Middletown, and Upper Providence and the Borough of Media. The tax on real estate in those municipalities for public school purposes for fiscal 2021-2022 was 14.164 mills (\$14.164 per \$1,000 of assessed valuation) as levied by the Board of School Directors. Assessed valuations of property are determined by the Delaware County Board of Assessment.

Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both entity-wide and fund financial statements.

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 or \$10,000 in the aggregate and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Purchased equipment at less than \$1,500 yet deemed critical to inventory control will be recorded at its original cost for inventory purposes only. Donated capital assets are recorded at estimated fair value at the date of donation.

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

Buildings and improvements	40 years
Land improvements	20 years
Furniture and equipment	3 - 20 years
Leased assets	Term of lease

Compensated Absences

District policies permit employees to accumulate earned but unused vacation, 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 only the compensated absence liability payable from expendable available financial resources.

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 bond discounts are reported as netting items against the outstanding bond liability and amortized over the term of the related debt. All amounts are amortized using the straight-line method. Bond issuance costs are expensed at the time of issuance.

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, except for refundings paid from proceeds which are reported as other financing uses.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the financial statements will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

statement elements represent acquisition or use of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense/ expenditure) until that time. The District currently has four types of items that qualify for reporting in this category. Deferred amounts on the refunding of bonds are reflected as deferred outflows of resources on the entity-wide statement of net position. 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. The proprietary funds report the same three components of net position as do the entity-wide financial statements. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed, unless the Board, Finance Committee, or Director of Management Services has provided otherwise in their commitment or assignment actions.

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 School 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 School Directors.

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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 or Director of Management Services may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

In the general fund, the District strives to maintain an unassigned fund balance of not less than two percent and not more than eight percent of budgeted expenditures.

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, 2021, 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

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, "Lease Accounting." The purpose of this statement is to increase the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases.

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

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

legally required, although project-length financial plans are adopted for all capital projects funds.

The District is required to publish notice by advertisement at least once in two newspapers of general circulation in the municipalities in which it is located, and within 10 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to the date final action on adoption is taken by the Board.

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

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2022, the carrying amount of the District's deposits was \$8,287,298, and the bank balance was \$10,248,653. The cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund ("PSDLAF"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. As of June 30, 2022, PSDLAF was rated AAAM by a nationally recognized statistical rating organization.

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

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

and credit of the Commonwealth of Pennsylvania; (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, provided that approved collateral as provided by law is pledged by the depository.

All of the District's \$40,515,422 in investments are invested in PSDLAF. Of the investments, \$1,736,748 is invested in non-negotiable certificates of deposit with maturities of less than 12 months. The remaining \$38,778,674 is invested in 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. PSDLAF is administered by PMA Financial Network, Inc., and the pool is audited annually by PricewaterhouseCoopers LLP, an independent certified public accounting firm.

Interest Rate Risk

The District's investment policy follows the Pennsylvania School Code as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investment policy follows the Pennsylvania School Code in limiting its investment choices to those with certain credit ratings. All certificates of deposit are fully covered by FDIC insurance.

Concentration Risk

The District places no limit on the amount it may invest in any one issuer.

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 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.

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated/ amortized:				
Land	\$ 6,253,838	\$ 1,312,121	\$ -	\$ 7,565,959
Construction-in-progress	<u>2,054,231</u>	<u>3,254,932</u>	<u>1,234,483</u>	<u>4,074,680</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>8,308,069</u>	<u>4,567,053</u>	<u>1,234,483</u>	<u>11,640,639</u>
Capital assets being depreciated/ amortized				
Land improvements	5,593,692	768,163	-	6,361,855
Buildings and improvements	165,761,528	3,494,288	-	169,255,816
Furniture and equipment	38,086,530	1,157,410	231,171	39,012,769
Right to use assets	<u>358,114</u>	<u>1,199,093</u>	<u>-</u>	<u>1,557,207</u>
Total Capital Assets Being Depreciated/ Amortized	<u>209,799,864</u>	<u>6,618,954</u>	<u>231,171</u>	<u>216,187,647</u>
Less accumulated depreciation for:				
Land improvements	2,725,429	236,681	-	2,962,110
Buildings and improvements	87,547,774	5,304,151	-	92,851,925
Furniture and equipment	27,503,605	893,981	206,604	28,190,982
Right to use assets	<u>249,293</u>	<u>373,033</u>	<u>-</u>	<u>622,326</u>
Total accumulated depreciation	<u>118,026,101</u>	<u>6,807,846</u>	<u>206,604</u>	<u>124,627,343</u>
Total Capital Assets Being Depreciated/ Amortized, Net	<u>91,773,763</u>	<u>(188,892)</u>	<u>24,567</u>	<u>91,560,304</u>
GOVERNMENTAL ACTIVITIES ASSETS, NET	<u>\$100,081,832</u>	<u>\$ 4,378,161</u>	<u>\$ 1,259,050</u>	<u>\$ 103,200,943</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated/ amortized:				
Machinery and equipment	\$ 286,441	\$ 75,131	\$ 30,548	\$ 331,024
Less accumulated depreciation/ amortization	<u>201,248</u>	<u>29,206</u>	<u>30,548</u>	<u>199,906</u>
BUSINESS-TYPE ACTIVITIES, NET	<u>\$ 85,193</u>	<u>\$ 45,925</u>	<u>\$ -</u>	<u>\$ 131,118</u>

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

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

Governmental Activities:

Instruction	\$ 5,294,606
Instructional student support	228,273
Administrative and financial support services	23,854
Operation and maintenance of plant services	499,419
Pupil transportation	440,124
Student activities	<u>321,570</u>
Total Governmental Activities	<u>\$ 6,807,846</u>

Business-type Activities:

Food service	<u>\$ 29,206</u>
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NOTE 6 INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2022 is as follows:

<u>Due To</u>	<u>Amount</u>	<u>Due From</u>	<u>Amount</u>
General Fund	\$ 64,749	Food Service	\$ 64,749
Capital Reserve Fund	<u>2,000,000</u>	General Fund	<u>2,000,000</u>
Total	<u>\$ 2,064,749</u>		<u>\$ 2,064,749</u>

Interfund balances between funds represent temporary loans recorded at year end subsequent to a final allocation of expenses. The balances generally are paid shortly after year end.

The general fund transferred \$2,400,000 to the capital reserve fund to support future capital projects.

NOTE 7 GENERAL LONG-TERM DEBT

The following summarizes the changes in the long-term liabilities of governmental activities for the year ended June 30, 2022:

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Bonds/note payable, net	\$ 70,275,257	\$ 7,725,000	\$ (16,293,621)	\$ 61,706,636	\$8,948,524
Leases payable	1,233,605	1,199,093	(788,719)	1,643,979	649,940
Accumulated compensated absences/early retirement incentive	2,269,406	305,228	-	2,574,634	308,045
Net OPEB liability	10,497,708	690,883	-	11,188,591	-
Net pension liability	151,714,029	-	(25,982,640)	125,731,389	-
TOTALS	<u>\$235,990,005</u>	<u>\$ 9,920,204</u>	<u>\$ (40,064,980)</u>	<u>\$202,845,229</u>	<u>\$9,906,509</u>

Bonds payable, net consists of the following:

Bonds payable, at face	\$ 58,785,000
Bond premiums	<u>2,921,636</u>
Bonds payable, net	<u>\$ 61,706,636</u>

Payments of long-term liabilities for governmental activities are expected to be funded by the general fund, capital projects fund, and capital reserve fund.

The following summarizes the changes in the long-term liabilities of business-type activities for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Net OPEB liability	\$ 74,263	\$ 6,272	\$ -	\$ 80,535	\$ -
Net pension liability	1,566,971	-	(268,360)	1,298,611	-
TOTALS	<u>\$ 1,641,234</u>	<u>\$ 6,272</u>	<u>\$ (268,360)</u>	<u>\$ 1,379,146</u>	<u>\$ -</u>

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

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

General Obligation Bonds and Note

Series of 2017 A, maturing through April 1, 2025, bearing fixed interest of 1.94%, interest payable semi-annually on April 1 and October 1.	\$ 9,235,000
Series of 2017 B, maturing through February 1, 2025, bearing fixed interest of 1.94%, interest payable semi-annually on February 1 and August 1.	6,040,000
Series of 2018, maturing through April 1, 2029, bearing interest ranging from 2% to 5%, interest payable semi-annually on April 1 and October 1.	35,960,000
2021 Note, maturing through January 25, 2023, bearing an interest rate of 0.696%, interest payable monthly. The proceeds from this Note were used to currently refund GOB Series of 2016 and to pay the costs of issuance of the Note. The refunding resulted in a gross savings of \$149,927 and a present value savings of \$147,675.	<u>7,550,000</u>
TOTAL	<u>\$ 58,785,000</u>

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

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2023	\$ 8,540,000	\$ 2,035,088	\$ 10,575,088
2024	8,640,000	1,976,537	10,616,537
2025	8,810,000	1,801,607	10,611,607
2026	9,000,000	1,613,150	10,613,150
2027	9,450,000	1,163,150	10,613,150
2028 - 2029	<u>14,345,000</u>	<u>939,750</u>	<u>15,284,750</u>
	<u>\$ 58,785,000</u>	<u>\$ 9,529,282</u>	<u>\$ 68,314,282</u>

NOTE 8 LEASES PAYBLE

The District has entered into lease agreements as a lessee for financing the acquisition of medical and technology equipment used throughout the District. These lease agreements have been capitalized (see Note 5).

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LEASES PAYABLE (cont'd)

Presented below is a summary of minimum lease payments to maturity by years for all leases:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 649,940	\$ 31,759	\$ 681,699
2024	551,608	17,000	568,608
2025	399,355	8,456	407,811
2026	14,474	2,199	16,673
2027	13,935	1,502	15,437
2028	14,667	770	15,437
Total	<u>\$ 1,643,979</u>	<u>\$ 61,686</u>	<u>\$ 1,705,665</u>

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 District year, and part-time per diem public school employees who render at least 80 days of service in the District year in any of the reporting entities in Pennsylvania. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. The PSERS issues a publicly available annual comprehensive 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

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62, with at least one year of credited service, (b) age 60 with 30 or more years of credited service, or (c) 35 or more years of service regardless of age. Act 120 of 2010 ("Act 120") preserves the benefits of existing members and introduced benefit reductions for individuals who became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E"), and Membership Class T-F ("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service, or attain a total combination and age and

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

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 10 years of service.

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

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

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.

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

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, 2022, the rate of the employer contribution was 34.94 percent of covered payroll, which was comprised of 33.99 percent for pension contributions, 0.80 percent for healthcare contributions, and 0.15 percent for Act 5 defined contributions. The District's contribution to PSERS for pension contributions for the year ended June 30, 2022 was \$15,877,891.

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

At June 30, 2022, the District reported a liability of \$127,030,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the District's proportion was 0.3094 percent, which was a decrease of 0.0019 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized pension expense of \$10,543,445. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$20,220,000
Difference between expected and actual experience	94,000	1,669,000
Changes in proportions	1,974,000	686,000
Changes in assumption	6,151,000	-
Difference between employer contributions and proportionate share of total contributions	1,418	-
Contributions subsequent to the date of measurement	<u>15,877,891</u>	<u>-</u>
	<u>\$24,098,309</u>	<u>\$22,575,000</u>

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

Deferred outflows of resources of \$15,877,891, resulting from the District's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2023	\$ (3,080,944)
2024	(2,054,186)
2025	(2,686,452)
2026	<u>(6,533,000)</u>
	<u>\$ (14,354,582)</u>

Actuarial Assumptions

The total pension liability as of June 30, 2022 was determined by rolling forward the system's total pension liability as of the June 30, 2020 actuarial valuation to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 7.00 percent, including inflation of 2.50 percent
- Salary increases – effective average of 4.50 percent, which reflects an allowance for inflation of 2.50 percent, and 2.00 percent for real wage growth and merit or seniority increases
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The 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.

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

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 entity	27.0%	5.2%
Private equity	12.0%	7.3%
Fixed income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	0.1%
Leverage	(13.0%)	0.1%
	<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.

Change in Assumption

The discount rate used to measure the total pension liability decreased from 7.25 percent to 7.00 percent as of June 30, 2021.

Discount Rate

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

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

The following presents the net pension liability, calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's proportionate share of the net pension liability	\$166,732,000	\$127,030,000	\$ 93,540,000

Pension Plan Fiduciary Net Position

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

The District contributes to the Health Insurance Premium Assistance Program, which is a governmental cost sharing, multiple-employer other postemployment benefits ("OPEB") plan 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. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. As of June 30, 2021, 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.

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Pension Plan Description

PSERS is a government 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 District year, and part-time per diem public school employees who render at least 80 days of service in the District year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

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

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, 2022, the rate of the employer contribution was 34.94 percent of covered payroll, which was comprised of 33.99 percent for pension contributions, 0.80 percent for healthcare contributions, and 0.15 percent for Act 5 defined contributions. The District's OPEB contribution to PSERS for the year ended June 30, 2022 was \$373,707.

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

At June 30, 2022, the District reported a liability of \$7,328,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. The District's proportion of the net liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was 0.3092 percent, which was a decrease of 0.0016 percent from its proportion measured as of June 30, 2020.

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

For the year ended June 30, 2022, the District recognized OPEB expense of \$502,401. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 68,000	\$ -
Changes in assumptions	780,000	98,000
Net difference between projected and actual investment earnings	14,000	-
Changes in proportions	194,000	31,000
Difference between employer contributions and proportionate share of total contributions	2,600	-
Contributions subsequent to the measurement date	<u>373,707</u>	<u>-</u>
	<u>\$ 1,432,307</u>	<u>\$ 129,000</u>

Change in Assumption

The discount rate used to measure the total OPEB liability decreased from 2.66 percent as of June 30, 2020 to 2.18 percent as of June 30, 2021.

An amount of \$373,707 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	
2023	\$ 176,781
2024	174,781
2025	192,084
2026	166,952
2027	128,000
Thereafter	<u>91,000</u>
	<u>\$ 929,600</u>

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Actuarial Assumptions

The total OPEB liability as of June 30, 2021 was determined by rolling forward the system's total OPEB liability as of June 30, 2020 to June 30, 2021 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 – 2.18 percent – S&P 20-year Municipal Bond Rate
- Salary growth – effective average of 4.50 percent comprised of inflation of 2.50 percent and 2.00 percent for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on 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 based on study performed from July 1, 2010 to June 30, 2015
- 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, 2019 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
- Asset valuation method – market value
- Participation rate – 63 percent of eligible retirees are assumed to elect premium assistance.
- Mortality rates were based on the RP-2015 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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	79.8%	1.0%
U.S. core fixed income	17.5%	0.7%
Non-U.S. developed fixed income	2.7%	(0.3%)
	<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, 2021.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.18 percent. Under the plan's funding policy, contributions are structured for short-term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 2.18 percent, which represents the S&P 20-year Municipal Bond Rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System's 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, 2021, 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, 2021, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2021, 611 members were receiving less than the \$1,200 per year cap, which is a small percentage of the total population and has a minimal impact on the healthcare cost trends as depicted below.

The following presents the system's net OPEB liability for June 30, 2021, calculated using current healthcare cost trends, as well as what the system's net OPEB liability would be if its healthcare

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

cost trends were one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 7,328,000	\$ 7,328,000	\$ 7,329,000

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 2.18 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 (1.18 percent) or one percentage point higher (3.18 percent) than the current rate:

	<u>1% Decrease 1.18%</u>	<u>Current Discount Rate 2.18%</u>	<u>1% Increase 3.18%</u>
District's proportionate share of the net OPEB liability	\$ 8,410,000	\$ 7,328,000	\$ 6,437,000

OPEB Plan Fiduciary Net Position

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

NOTE 11 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. 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.

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

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 2022, the District paid \$210,295 to plan members eligible for receiving benefits.

Participants

As of June 30, 2022, the Plan had 555 participants (542 active, 13 retired).

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of July 1, 2021. The total OPEB liability as of July 1, 2021 was determined by rolling forward the Plan's total OPEB liability as of the July 1, 2020 actuarial valuation to the July 1, 2021 measurement date using the actuarial assumptions noted below.

Discount Rate

The discount rate was 2.28 percent, based on the S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2021.

Salary

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of 2.5 percent cost of living adjustment, 1.0 percent real wage growth, and for teachers and administrators, a merit increase which varies by age from 2.75 to 0.0 percent.

Withdrawal

Rates of withdrawal vary by age, gender, and years of service. Sample rates for employees with more than 10 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.

<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%

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

Mortality

Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit plan actuarial valuations.

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%

Percent of Eligible Retirees Electing Coverage in Plan

One hundred percent of administrators who are eligible for subsidized benefits, forty-five percent of administrators who are not eligible for subsidized benefits, and forty-five percent of teachers, administrative assistants, confidential secretaries, and support staff are assumed to elect coverage.

Percent Married at Retirement

Forty 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.

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

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 drugs 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	\$ 6,824	\$ 9,855
50 - 54	\$ 9,037	\$ 11,138
55 - 59	\$ 11,007	\$ 11,655
60 - 64	\$ 14,364	\$ 13,388

The above claims are based on the HDHP plan. For retirees electing the Personal Choice plan, claims were increased by a factor of 1.2802.

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 5.5 percent in 2021 through 2023. Rates gradually decrease from 5.4 percent in 2024 to 4.0 percent in 2075 and after based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Value of Assets

The actuarial value of assets is equal to the market value of assets.

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

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

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 2021. Due to the timing of District turnover, the data is believed to be representative of the population for the 2021-2022 school year.

Sensitivity Analysis

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

	1% Decrease <u>1.28%</u>	Current Discount Rate <u>2.28%</u>	1% Increase <u>3.28%</u>
Total OPEB liability	\$ 4,202,456	\$ 3,941,126	\$ 3,690,669

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 <u> </u>	Healthcare Trend Rate <u> </u>	1% Increase <u> </u>
Total OPEB liability	\$ 3,552,707	\$ 3,941,126	\$ 4,399,113

Changes in Total OPEB Liability

Total OPEB obligation as of June 30, 2021	\$ 3,856,971
Service cost	327,267
Interest on OPEB obligation	75,708
Effect of assumption changes or inputs	(108,525)
Benefit payments	<u>(210,295)</u>
Total OPEB obligation as of June 30, 2022	<u>\$ 3,941,126</u>

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

The amount of OPEB expense for the single employer plan recognized by the District was \$351,418 for the year ended June 30, 2022. At June 30, 2022, 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>
Differences between expected and actual experience	\$ -	\$ 591,513
Change in assumptions	277,599	164,415
Contributions subsequent to the measurement date	<u>177,314</u>	<u>-</u>
	<u>\$ 454,913</u>	<u>\$ 755,928</u>

An amount of \$177,314 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Deferred outflows of resources due to the change in assumptions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2023	\$ (51,557)
2024	(51,557)
2025	(51,557)
2026	(51,557)
2027	(51,557)
Thereafter	<u>(220,544)</u>
	<u>\$ (478,329)</u>

NOTE 12 AGGREGATION OF NET OPEB LIABILITY

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

	<u>PSERS Healthcare Premium Assistance Plan (See Note 10)</u>	<u>District Postemployment Healthcare Benefits Plan (See Note 11)</u>	<u>Total</u>
Deferred Outflows Related to OPEB	\$ 1,432,307	\$ 454,913	\$ 1,887,220
Net OPEB Liability	\$ 7,328,000	\$ 3,941,126	\$ 11,269,126
Deferred Inflows Related to OPEB	\$ 129,000	\$ 755,928	\$ 884,928

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13 JOINT VENTURES

The District participates in a joint venture with other school districts of Delaware County, Pennsylvania to support the Delaware County Community College. The financial statements of the Delaware County Community College Authority ("DCCCA") are available from the DCCCA located at 901 South Media Line Road, Media, Pennsylvania 19063.

The District has entered into lease agreements with the DCCCA to provide rental payments to retire the Authority's outstanding debt obligations. The lease agreements generally provide that in the event the Authority either retires all of its outstanding obligations which were issued to finance school facilities construction or acquisition, or accumulate sufficient reserves to cover such obligations prior to the expiration of the applicable schedules, there will be no subsequently scheduled rental payments made. Inasmuch as the annual rentals include reserve funds which either are invested by authorities or used for advance retirement of obligations, it is anticipated that less than scheduled rentals will eventually be paid.

Future Authority rental payments are:

<u>Year Ending June 30,</u>	
2023	\$ 227,721
2024	210,503
2025	210,289
2026	210,316
2027	210,218
2028 - 2035	<u>1,369,075</u>
Total	2,438,122
Less: Interest requirements	<u>(461,410)</u>
Outstanding rental payments	<u>\$ 1,976,712</u>

NOTE 14 COMMITMENTS AND CONTINGENCIES

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 expenditures 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.

Litigation

Certain litigation claims are pending against the District. In the opinion of District management and legal counsel, the potential losses, if any, on such claims are not yet determinable.

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 COMMITMENTS AND CONTINGENCIES (cont'd)

Capital Improvement Commitments

As of June 30, 2022, the District was in the process of several capital projects. Construction commitments completed to date are as follows:

Project	Contract Amount	Completed 6/30/2022	Commitment
Glenwood:			
Classroom renovations	\$ 87,515	\$ 68,543	\$ 18,972
Penncrest:			
HVAC improvements	2,334,929	1,829,159	505,770
New School:			
Consulting	3,128,000	1,836,519	1,291,481
Five Star, Inc:			
Indian Lane Elementary School	158,000	2,880	155,120
Ford Brothers			
Indian Lane ES Interior	9,800	900	8,900
Rose Tree ES Interior	59,680	2,700	56,980
Penncrest Mechanical	20,800	1,800	19,000
Moxie Mechanical:			
Interior Renovation	80,000	24,840	61,160
Indian Lane Mechanical	234,505	21,604	212,901
Jones Masonry Restoration at			
Indian Lane ES and Rose Tree ES	287,000	101,790	185,210
Stan Roch Plumbing	125,110	50,594	74,516
Hirschberg Mechanical LLC (Marotta/Main Architects)	356,575	13,568	343,007
 Total Commitments Related to Construction-in-progress	 \$ 6,881,914	 \$ 3,954,897	 \$ 2,933,017

Additionally, at June 30, 2022, the District had \$119,783 in construction-in-progress not subject to construction commitments.

NOTE 15 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for workers' compensation, for

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 15 RISK MANAGEMENT (cont'd)

which the District retains risk of loss. For insured programs, there were no significant reductions in insurance coverages during the 2021-2022 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 16 DEFICIT NET POSITION

For governmental activities, business-type activities, and the food service fund, the unrestricted net deficit amounts of \$116,607,190 (governmental activities) and \$390,738 (business-type activities and the food service fund), 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 proportionate contributions to its pension plan, and the deferred outflows resulting from the change in the District's share of the net pension liability. This is offset by the District's actuarially determined pension liability and the deferred inflows resulting from the differences between projected and actual investment earnings.

NOTE 17 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

General fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2020:

Pupil health	\$	10,127
Business services	\$	6,661
Community services	\$	7,937

The excess of expenditures over appropriations was financed by areas in which expenditures did not exceed budgeted projections.

NOTE 18 CHANGE IN ACCOUNTING PRINCIPLE

In accordance with adoption of GASB Statement No. 87, as discussed in Note 1, the District has restated its July 1, 2021 net position in its governmental activities to record the right to use assets and lease liabilities associated with the District's leasing arrangement. The net result of this change is an increase of \$874 in net deficit in its governmental activities.

NOTE 19 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through November 10, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

	MEASUREMENT DATE						
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.3094%	0.3113%	0.3059%	0.3001%	0.3003%	0.2905%	0.2899%
District's proportion of the net pension liability - dollar value	\$ 127,030,000	\$ 153,281,000	\$ 143,108,000	\$ 144,063,000	\$ 148,313,000	\$ 143,963,000	\$ 125,572,000
District's covered employee payroll	\$ 43,263,380	\$ 43,543,360	\$ 41,941,801	\$ 40,210,095	\$ 40,384,565	\$ 37,396,172	\$ 36,591,524
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	293.62%	352.02%	341.21%	358.28%	367.25%	384.97%	343.17%
Plan fiduciary net position as a percentage of the total pension liability	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

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.

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

	<u>June 30, 2022</u>	<u>June 30, 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>
Contractually required contribution	\$ 15,877,891	\$ 14,705,223	\$ 14,526,065	\$ 13,673,027	\$ 12,762,684	\$ 11,792,293	\$ 9,349,043
Contributions in relation to the contractually required contribution	<u>15,877,891</u>	<u>14,705,223</u>	<u>14,526,065</u>	<u>13,673,027</u>	<u>12,762,684</u>	<u>11,792,293</u>	<u>9,349,043</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 46,713,419	\$ 43,883,089	\$ 43,543,360	\$ 41,941,801	\$ 40,210,095	\$ 40,384,565	\$ 37,396,172
Contributions as a percentage of covered employee payroll	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%

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.

**ROSE TREE MEDIA 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				
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's proportion of the net OPEB liability	0.3092%	0.3108%	0.3059%	0.3001%	0.3003%
District's proportion of the net OPEB liability - dollar value	\$ 7,328,000	\$ 6,715,000	\$ 6,506,000	\$ 6,257,000	\$ 6,118,000
District's covered employee payroll	\$ 43,543,360	\$ 43,883,089	\$ 43,543,360	\$ 41,941,801	\$ 40,384,565
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	16.83%	15.30%	14.94%	14.92%	15.15%
Plan fiduciary net position as a percentage of the total OPEB liability	5.30%	5.69%	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.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 373,707	\$ 346,107	\$ 375,174	\$ 348,117	\$ 333,744
Contributions in relation to the contractually required contribution	<u>373,707</u>	<u>346,107</u>	<u>375,174</u>	<u>348,117</u>	<u>333,744</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	46713417	\$ 46,713,419	\$ 43,883,089	\$ 43,543,360	\$ 41,941,801
Contributions as a percentage of covered employee payroll	0.80%	0.82%	0.84%	0.83%	0.83%

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.

**ROSE TREE MEDIA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY - SINGLE EMPLOYER PLAN**

	MEASUREMENT DATE				
	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
TOTAL OPEB LIABILITY					
Service cost	\$ 327,267	\$ 268,380	\$ 262,024	\$ 276,247	\$ 254,143
Interest on total OPEB liability	75,708	121,588	103,898	110,744	78,199
Differences between expected and actual experience	-	(946)	-	-	-
Effect of assumption changes or inputs	(108,526)	197,084	(83,510)	(289,261)	169,498
Benefit payments	(210,295)	(173,367)	(136,649)	(133,451)	(117,846)
NET CHANGE IN TOTAL OPEB LIABILITY	84,154	412,739	145,763	(35,721)	383,994
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	3,856,972	3,444,233	3,298,470	3,334,191	2,950,197
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 3,941,126</u>	<u>\$ 3,856,972</u>	<u>\$ 3,444,233</u>	<u>\$ 3,298,470</u>	<u>\$ 3,334,191</u>
<u>PLAN FIDUCIARY NET POSITION</u>					
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISTRICT'S NET OPEB LIABILITY	<u>\$ 3,941,126</u>	<u>\$ 3,856,972</u>	<u>\$ 3,444,233</u>	<u>\$ 3,298,470</u>	<u>\$ 3,334,191</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 40,618,842	\$ 40,618,842	\$ 39,178,948	\$ 39,178,948	\$ 37,184,397
District's net OPEB liability as a percentage of covered payroll	9.70%	9.50%	8.79%	8.42%	8.97%
Expected average remaining service years of all participants	12	12	12	12	12

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.

SINGLE AUDIT



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

November 10, 2022

Board of School Directors
Rose Tree Media School District
Media, 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 Rose Tree Media School District ("the District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 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") as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Board of School Directors
Rose Tree Media 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

November 10, 2022

Board of School Directors
Rose Tree Media School District
Media, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Rose Tree Media School District's ("the District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence

we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

Board of School Directors
Rose Tree Media School District

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

Report on Internal Control Over Compliance

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

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

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

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

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

**ROSE TREE MEDIA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

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 (UNEARNED) REVENUE 07/01/2021	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 06/30/2022	AMOUNT PASSED THROUGH TO SUBRECIPIENTS
U.S. Department of Education											
<u>Passed through Pennsylvania Department of Education</u>											
Title I - Improving Basic Programs	I	84.010	013-21-0368	09/24/20-09/30/21	\$ 133,140	\$ 40,515	\$ 40,515	\$ -	\$ -	\$ -	\$ -
Title I - Improving Basic Programs	I	84.010	013-22-0368	08/31/21-09/30/22	148,206	94,244	-	137,462	137,462	43,218	-
Total CFDA #84.010						134,759	40,515	137,462	137,462	43,218	-
Title II - Improving Teacher Quality	I	84.367	020-22-0368	08/31/21-09/30/22	68,067	52,880	-	67,302	67,302	14,422	-
Total CFDA #84.367						52,880	-	67,302	67,302	14,422	-
Title IV - Student Support and Academic Enrichment Grants	I	84.365	144-21-0368	09/24/20-09/30/21	11,865	913	913	-	-	-	-
Title IV - Student Support and Academic Enrichment Grants	I	84.365	144-22-0368	08/31/21-09/30/22	10,012	2,859	-	10,012	10,012	7,153	-
Total CFDA #84.365						3,772	913	10,012	10,012	7,153	-
Elementary and Secondary School Emergency Relief Fund	I	84.425D	200-200368	03/13/20-09/30/21	128,508	-	(1,194)	1,194	1,194	-	-
Elementary and Secondary School Emergency Relief Fund	I	84.425D	200-210368	03/13/20-09/30/23	491,646	308,642	8,347	261,018	261,018	(39,277)	-
Total CDEA #84.425D						308,642	7,153	262,212	262,212	(39,277)	-
Governor's Emergency Education Relief Fund	I	84.425C	252-200368	03/13/20-09/30/22	44,567	4,691	4,691	-	-	-	-
Elementary and Secondary School Emergency Relief Fund	I	84.425U	223-210368	03/13/20-09/30/24	994,458	289,297	-	449,129	449,129	159,832	-
ARP ESSER Learning Loss Set Aside	I	84.425U	225-210368	03/13/21-09/30/24	55,209	3,011	-	-	-	(3,011)	-
ARP ESSER After School Set Aside	I	84.425U	225-210368	03/13/21-09/30/24	11,042	602	-	-	-	(602)	-
ARP ESSER Summer School Set Aide	I	84.425U	225-210368	03/13/21-09/30/24	11,042	602	-	-	-	(602)	-
Total CDEA #84.425U						298,203	4,691	449,129	449,129	155,617	-
Total Passed through Pennsylvania Department of Education Subgrant from U.S. Department of Education						798,256	53,272	926,117	926,117	181,133	-
<u>Passed through Delaware County Intermediate Unit</u>											
IDEA	I	84.027	062-22-0025	07/01/21-06/30/22	599,900	304,349	-	599,900	599,900	295,551	-
IDEA - Section 619	I	84.173	062-22-0025	07/01/21-06/30/22	2,532	2,532	-	2,532	2,532	-	-
Total CFDA #84.173						2,532	-	2,532	2,532	-	-
Total Passed through Delaware County Intermediate Unit						306,881	-	602,432	602,432	295,551	-
<u>Passed through Lancaster-Lebanon Intermediate Unit 13</u>											
IDEA	I	84.027	N/A	07/01/21-09/30/22	20,000	-	-	20,000	20,000	20,000	-
Total Passed through Lancaster-Lebanon Intermediate Unit 13						-	-	20,000	20,000	20,000	-
Total CFDA #84.027						304,349	-	619,900	619,900	315,551	-
Total Special Education Cluster						306,881	-	622,432	622,432	315,551	-
<u>Passed through Pennsylvania Commission on Crime and Delinquency</u>											
Elementary and Secondary School Emergency Relief Fund	I	84.425D	N/A	03/13/20-09/30/22	121,010	121,010	27,596	93,414	93,414	-	-
Total Passed through Pennsylvania Commission on Crime and Delinquency						121,010	27,596	93,414	93,414	-	-
Total U.S. Department of Education						1,226,147	80,868	1,641,963	1,641,963	496,684	-
U.S. Department of Health and Human Services											
<u>Passed through Pennsylvania Department of Human Services</u>											
Medical Assistance Program	I	93.778	N/A	07/01/20-06/30/21	7,239	5,769	5,769	-	-	-	-
Medical Assistance Program	I	93.778	N/A	07/01/21-06/30/22	6,069	3,543	-	6,069	6,069	2,526	-
Total CFDA# 93.778						9,312	5,769	6,069	6,069	2,526	-
Total U.S. Department of Health and Human Services						9,312	5,769	6,069	6,069	2,526	-

Continued on next page.

**ROSE TREE MEDIA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

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 (UNEARNED) REVENUE 07/01/2021	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 06/30/2022	AMOUNT PASSED THROUGH TO SUBRECIPIENTS
(cont'd)											
U.S. Department of Agriculture											
Passed through Pennsylvania Department of Agriculture											
National School Lunch Program	I	10.555	N/A	07/01/21-06/30/22	N/A	143,927	-	143,927	143,927	-	-
Passed through Pennsylvania Department of Education											
National School Lunch Program	I	10.555	N/A	07/01/20-06/30/21	N/A	53,589	53,589	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/21-06/30/22	N/A	1,567,983	-	1,638,967	1,638,967	70,984	-
Supply Chain Assistance	I	10.555	N/A	07/01/21-06/30/22	N/A	75,882	-	75,882	75,882	-	-
SNP Emergency Operating Cost	I	10.555	N/A	07/01/21-06/30/22	N/A	36,013	-	36,013	36,013	-	-
Total CFDA #10.555						<u>1,877,394</u>	<u>53,589</u>	<u>1,894,789</u>	<u>1,894,789</u>	<u>70,984</u>	<u>-</u>
Breakfast Program	I	10.553	N/A	07/01/20-06/30/21	N/A	3,221	3,221	-	-	-	-
Breakfast Program	I	10.553	N/A	07/01/21-06/30/22	N/A	206,737	-	217,459	217,459	10,722	-
Total CFDA #10.553						<u>209,958</u>	<u>3,221</u>	<u>217,459</u>	<u>217,459</u>	<u>10,722</u>	<u>-</u>
Total Child Nutrition Cluster						<u>2,087,352</u>	<u>56,810</u>	<u>2,112,248</u>	<u>2,112,248</u>	<u>81,706</u>	<u>-</u>
P-EBT Local Admin Funds	I	10.649	N/A	07/01/21-06/30/22	N/A	614	-	614	614	-	-
Total U.S. Department of Agriculture						<u>2,087,966</u>	<u>56,810</u>	<u>2,112,862</u>	<u>2,112,862</u>	<u>81,706</u>	<u>-</u>
TOTAL FEDERAL AWARDS						<u>\$ 3,323,425</u>	<u>\$ 143,447</u>	<u>\$ 3,760,894</u>	<u>\$ 3,760,894</u>	<u>\$ 580,916</u>	<u>\$ -</u>
Total Education Stabilization Funds (CFDA 84.425C, 84.425D, and 84.425U)						<u>\$ 727,855</u>	<u>\$ 39,440</u>	<u>\$ 804,755</u>	<u>\$ 804,755</u>	<u>\$ 116,340</u>	<u>\$ -</u>

Source Code:

I = Indirect Funding

ROSE TREE MEDIA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SCOPE OF 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 includes surplus food consumed by the District during the 2021-2022 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, 2022 was \$222,885.

NOTE E INDIRECT COST RATE

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

ROSE TREE MEDIA 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 major programs [*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 Program or Cluster
84.425C	Governor's Emergency Education Relief Fund
84.425D	Elementary and Secondary School Emergency Relief Fund
84.425U	Elementary and Secondary School Emergency Relief Fund
84.425U	ARP ESSER Learning Loss Set Aside
84.425U	ARP ESSER After School Set Aside
84.425U	ARP ESSER Summer School Set Aide
10.555, 10.553	Child Nutrition Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

X Yes _____ No

ROSE TREE MEDIA 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.