



**TITUSVILLE AREA SCHOOL DISTRICT**

**AUDITED FINANCIAL STATEMENTS,  
REQUIRED SUPPLEMENTARY INFORMATION  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION A**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

# TITUSVILLE AREA SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A)

Required Supplementary Information (RSI)

June 30, 2020

The management's discussion and analysis of Titusville Area School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of the discussion and analysis is to look at the District's financial performance as a whole. The transmittal letter, the financial statements, and notes to the basic financial statements should also be reviewed for a more thorough overall understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of a reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June of 1999.

## **Financial Highlights for Year Ended June 30, 2020**

•As shown on the Titusville Area School District's GASB 34 Statement of Net Position, the District's total net position, deferred inflows of resources, and liabilities for the year ended June 30, 2020 was \$55,778,977. This is comprised of \$55,434,649 in total net position, deferred inflows of resources, and liabilities attributable to Governmental Activities and \$344,328 in total net position, deferred inflows of resources, and liabilities attributable to Business Type Activities.

•Total General Fund revenues received during the 2019-20 school year were \$33,643,850. Below is a breakdown of the various funding sources, as reflected on the District's Fund Financial Statements:

Local Sources	\$ 9,418,524	(28%)
State Sources	\$22,829,520	(68%)
Federal Sources	\$ 1,395,270	( 4%)
Other Sources	\$ 536	( 0%)

•Total General Fund expenditures as reported on the District's Fund Financial Statements for the 2019-20 school year were \$33,128,718. The following is a breakdown of the expenditures by major function:

1000	Instruction	\$18,958,289	(57%)
2000	Support Services	\$10,717,924	(32%)
3000	Non-Instructional Services	\$ 818,164	( 3%)
5000	Debt Service & Refund of Prior Years and Interfund Transfers	\$ 2,634,341	( 8%)

•The District has worked diligently to preserve a fund balance to help with cash flow needs, to reduce the impact of the pension spike (PSERS) and to assist the district in the event of unforeseen emergencies. At the end of the 2019-20 fiscal year, the unassigned fund balance was

\$2,644,747 and the committed fund balance was \$3,722,137.

- The fund balance increased by \$515,132 in the 2019-20 school year. The district will likely grow this fund balance slightly in the coming years.

- The District's Food Service Fund operations finished with an operating loss of \$89,308 in 2019-20 compared to \$133,150 in 2018-19. Food Service Fund net position remained the same at \$279,633. Starting with 2020-21 school year the district has implemented Community Eligibility Provision (CEP) in all buildings. This program allows all students to receive free lunch and breakfast. The District contracts its management of the food service operation to The Nutrition Group.

- GASB 68, Accounting and Financial Reporting for Pensions, establishes accounting and financial reporting requirements for governments that provide their employees with pensions. For the year ended June 30, 2020, the District reported a liability of \$48,513,565 for its proportionate share of the net pension liability. The District's net position continues to be negative due to recognizing this liability. It's important to note, that this negative net position does not have a negative impact on the district's daily operations.

- GASB 54 changed the classification of the district's Capital Reserve Fund; it is now classified as the Capital Project Fund and also is combined with the district's Construction Fund. For illustrative purposes these two funds are separated on the financial presentations.

- The District maintains a Capital Project fund balance for the sole purpose of capital improvements. Over the years, these funds have helped finance the District's building and major renovation projects. At June 30, 2020, this assigned fund balance was \$3,658,798. This balance reflects the board approved transfer of \$200,000 from the General Fund.

- The District raised \$10,011,137 through general obligation bonds for improvements to THS roof and HVAC systems, THS gymnasium, ECLC renovation and Carter Field turf project. The district also refunded the existing 2015 general obligation bonds. The new general obligation bonds were issued at historically low interest rates.

- The Titusville Area School District continues to maintain two fiduciary fund types – the Student Activities Fund, which is used exclusively for student groups; and the Private Purpose Trust Fund, which is used to fund scholarships. The balances at June 30, 2020 in these funds were \$59,543 and \$1,250,952 respectively. It is important to clarify that these funds are never used for operating expenses in the General Fund.

## ***Overview of the Annual Financial Report***

This annual report consists of three sections: The Management Discussion and Analysis (this section), a series of financial statements, and notes to those statements (required supplementary information).

The basic financial statements include two types of statements that present different financial views of the District:

### **•Government Wide Statements**

These statements report information about the District, including the District's net position and changes in net position (as a whole), using accounting methods similar to those used by private-sector companies. There are two government-wide statements included in this annual financial report, which provide both long-term and short-term information about the District's overall financial status:

- Statement of Net Position      Includes all the District's assets and liabilities
- Statement of Activities        Includes all the District's revenues and expenses

These government-wide statements are important components of financial reporting because they show the District's net position and how they have changed. Net position, the difference between assets and deferred outflows of resources, and deferred inflows of resources and liabilities, are one way to measure the District's financial health or position. Two important points, with respect to net position, follow:

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or diminishing, respectively.
- Additional non-financial factors, such as changes in the District's property tax base, student enrollment, condition of the school grounds and facilities, need to be considered for a true assessment of the District's overall strength.

The government-wide Statement of Net Position and the Statement of Activities are divided into two distinct types of activities:

- Governmental Activities - Most of the District's basic programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and community services. Property taxes, state and federal subsidies, and grants finance most of these activities.
- Business-Type Activities - These services are supported by fees charged to the users to recover the expenses of the goods or services provided. The School District's Food Service is reported as its only business-type activity.

## •Fund Financial Statements

These statements provide detailed information about the most significant funds, not the District as a whole.

-Governmental Funds - Most of the District's activities are reported in government funds, which focus on how money flows into and out of these funds and the change in financial position.

Typically, this is money available to spend during future periods or the next fiscal year. The accounting method used in financial reporting for governmental funds is called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps determine whether there are more or fewer resources that can be spent in the near future to finance the District's operations and educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds - These funds are used to account for the District activities that are similar to business operations in the private sector, or where the reporting focuses on determining net income, financial position, or changes in financial position. Typically, a significant portion of the funding in a proprietary fund is generated through user fees and charges.

The Food Service Fund is the Titusville Area School District's single proprietary fund. Similar accounting for this fund can be found under the Business-Type activities reported in the government-wide statements, however it provides more detail and additional information, such as cash flows.

Fiduciary Funds - These funds are ones in which the District is the trustee or fiduciary agent, responsible for the funds.

For the Titusville Area School District, there are two fiduciary funds: Student Activities Fund and Private-Purpose Trust Fund (Scholarships). All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. It is important to note that these funds are excluded from the District's other financial statements because the District cannot use these assets to finance its operations.

**Financial Analysis of the District as a Whole**

The following table illustrates the Titusville Area School District's total liabilities deferred inflows of resources and net position of \$55,778,977 at June 30, 2020.

**TABLE 1**  
**Fiscal Year Ended June 30**  
**Net Position**

	2019			2020		
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Current & Other Assets	\$13,267,555	\$164,131	\$13,431,686	\$23,777,598	\$190,648	\$23,968,246
Capital Assets, net	\$28,059,751	\$147,375	\$28,207,126	\$26,946,749	\$153,680	\$27,100,429
Deferred Outflows	\$4,445,758	\$0	\$4,445,758	\$4,710,302	\$0	\$4,710,302
<b>Total Assets &amp; Def Outflows</b>	<b>\$45,773,064</b>	<b>\$311,506</b>	<b>\$46,084,570</b>	<b>\$55,434,649</b>	<b>\$344,328</b>	<b>\$55,778,977</b>
Current & Other Liabilities	\$5,327,048	\$5,108	\$5,332,156	\$5,070,939	\$32,680	\$5,103,619
Noncurrent Liabilities	\$64,925,640	\$26,765	\$64,952,405	\$73,727,933	\$32,015	\$73,759,948
Deferred Inflows	\$4,489,666	\$0	\$4,489,666	\$4,720,661	\$0	\$4,720,661
<b>Total Liab &amp; Def Inflows</b>	<b>\$74,742,354</b>	<b>\$31,873</b>	<b>\$74,774,227</b>	<b>\$83,519,533</b>	<b>\$64,695</b>	<b>\$83,584,228</b>
Invested in Capital Assets Net of Related Debt	\$18,199,618	\$147,375	\$18,346,993	\$8,941,629	\$153,680	\$9,095,309
Unrestricted	(\$47,168,908)	\$132,258	(\$47,036,650)	(\$37,026,513)	\$125,953	(\$36,900,560)
<b>Total Net Position</b>	<b>(\$28,969,290)</b>	<b>\$279,633</b>	<b>(\$28,689,657)</b>	<b>(\$28,084,884)</b>	<b>\$279,633</b>	<b>(\$27,805,251)</b>
<b>Total Liabilities/Net Position</b>	<b>\$45,773,064</b>	<b>\$311,506</b>	<b>\$46,084,570</b>	<b>\$55,434,649</b>	<b>\$344,328</b>	<b>\$55,778,977</b>

Governmental activities include the Capital Project Fund which consists of the old Capital Reserve Fund and the Construction Fund. This fund is for capital improvements district-wide and also used to track the proceeds for various construction projects.

Since the implementation of GASB 68 the net position has been negative and will continue to be negative for the foreseeable future. GASB 68 requires districts to recognize their share of the PSERS net pension liability.

The District's net position improved for the 2019-20 school year. GASB 68 requires districts to recognize their share of the PSERS net pension liability.

The following table illustrates the Titusville Area School District's revenues and expenses for the fiscal years ended June 30, 2019 and June 30, 2020.

**TABLE 2**  
**Fiscal Year Ended June 30**  
**Changes in Net Position**

	<b>2019</b>			<b>2020</b>		
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
<b>Program Revenues</b>						
Charges for Services	\$52,398	\$260,256	\$312,654	\$47,531	\$125,099	\$172,630
Operating Grants/Contributions	\$10,000,886	\$996,167	\$10,997,053	\$10,023,685	\$1,179,660	\$11,203,345
Capital Grants/Contributions	\$26,239	\$0	\$26,239	\$46,804	\$0	\$46,804
<b>General Revenues</b>						
Property, Income & Other Taxes	\$8,205,907	\$0	\$8,205,907	\$8,327,718	\$0	\$8,327,718
Grants & Subsidies-Unrestricted	\$14,905,656	\$0	\$14,905,656	\$14,954,458	\$0	\$14,954,458
Investment Earnings	\$203,905	\$0	\$203,905	\$206,601	\$0	\$206,601
Other	\$117,402	\$0	\$117,402	\$80,421	\$0	\$80,421
Transfers Between Governments	(\$131,450)	\$131,450	\$0	(\$89,308)	\$89,308	\$0
<b>Total Revenues</b>	<b>\$33,380,943</b>	<b>\$1,387,873</b>	<b>\$34,768,816</b>	<b>\$33,597,910</b>	<b>\$1,394,067</b>	<b>\$34,991,977</b>
<b>Expenses</b>						
Instruction	\$20,383,133	\$0	\$20,383,133	\$20,274,256	\$0	\$20,274,256
Instruction Student Support	\$3,516,017	\$0	\$3,516,017	\$3,628,740	\$0	\$3,628,740
Administrative & Financial Svcs	\$2,999,523	\$0	\$2,999,523	\$3,181,812	\$0	\$3,181,812
Operation/Maintenance of Plant	\$3,269,914	\$0	\$3,269,914	\$3,054,925	\$0	\$3,054,925
Pupil Transportation	\$1,477,567	\$0	\$1,477,567	\$1,459,936	\$0	\$1,459,936
Non-Instructional Services	\$1,212,800	\$0	\$1,212,800	\$1,113,835	\$0	\$1,113,835
Food Services	\$0	\$1,389,573	\$1,389,573	\$0	\$1,394,067	\$1,394,067
<b>Total Expenses &amp; Other Uses</b>	<b>\$32,858,954</b>	<b>\$1,389,573</b>	<b>\$34,248,527</b>	<b>\$32,713,504</b>	<b>\$1,394,067</b>	<b>\$34,107,571</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$521,989</b>	<b>(\$1,700)</b>	<b>\$520,289</b>	<b>\$884,406</b>	<b>\$0</b>	<b>\$884,406</b>

The results of this year’s operations as a whole are reported in detail on the Statement of Activities (below). All expenses are reported in the first column. Specific charges, grants, revenues and subsidies directly related to specific expenses are deducted so that the final amount of the District’s activities that are supported by other general revenues can be shown. The two largest general revenues are the Basic Education Subsidy provided by the Commonwealth of Pennsylvania and the local taxes assessed to community taxpayers.

**TABLE 3**  
**For Fiscal Year Ended June 30**  
**Governmental Activities**

	<b>2019</b>		<b>2020</b>	
	<i>Total Cost of Services</i>	<i>Net Cost of Services</i>	<i>Total Cost of Services</i>	<i>Net Cost of Services</i>
Functions/Programs				
Instruction	\$20,383,133	\$13,799,065	\$20,274,256	\$13,374,963
Instruction Student Support	\$3,516,017	\$3,056,025	\$3,628,740	\$3,137,234
Administration & Business	\$2,999,523	\$2,560,253	\$3,181,812	\$2,710,703
Operation/Maintenance-Plant Svcs	\$3,269,914	\$2,959,097	\$3,054,925	\$2,726,304
Pupil Transportation	\$1,477,567	\$435,081	\$1,459,936	\$390,216
Other Support Services	\$18,692	\$18,692	\$18,577	\$18,577
Student Activities	\$809,176	\$667,917	\$776,742	\$731,861
Community Services	\$38,582	\$36,490	\$31,847	\$30,067
Interest on Long-Term Debt	\$346,350	(\$753,189)	\$286,669	(\$524,441)
Total Governmental Activities	\$32,858,954	\$22,779,431	\$32,713,504	\$22,595,484
LESS				
Unrestricted Grants & Subsidies		\$14,905,656		\$14,954,458
Total needs from local taxes and/or other revenues		\$7,873,775		\$7,641,026

Table 3 shows the District’s eight major functions: Instruction, Instructional Student Support, Administrative & Business, Operation and Maintenance of Plant Services, Pupil Transportation, Student Activities, Community Services, and Interest on Long-Term Debt. The table also illustrates each program’s net cost (total cost less revenues generated by that activity). A major purpose of this table is to show the net costs offset by unrestricted grants and subsidies. Local taxes and other miscellaneous revenues support this remaining financial need of \$7,641,026.

**TABLE 4  
For Fiscal Year Ended June 30  
Business-Type Activities**

	<b>2019</b>		<b>2020</b>	
	<i>Total Cost of Services</i>	<i>Net Cost of Services</i>	<i>Total Cost of Services</i>	<i>Net Cost of Services</i>
Food Service	\$1,389,573	\$133,150	\$1,394,067	\$89,308

Table 4 reflects the activities of the Food Service Program, which is the only Business-Type activity of the Titusville Area School District. As mentioned above the Food Service operated at a loss of \$89,308 for the 2019-20 school year.

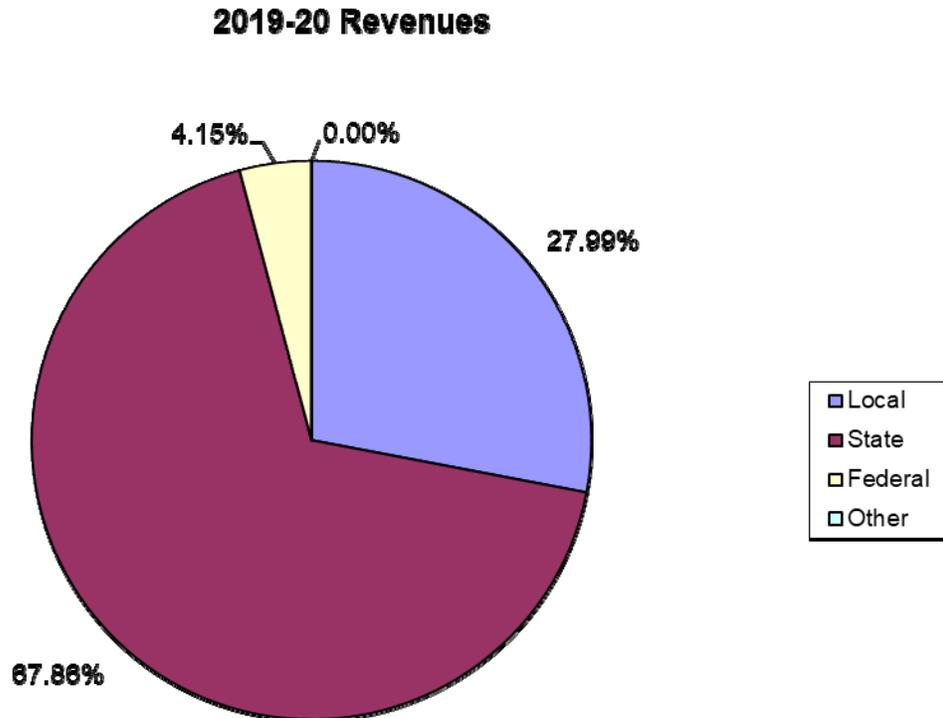
There are more detailed reports of the Food Service Fund that appear later in this document.

**The District Funds**

According to the District’s Fund Financial Statements, at June 30, 2020, the District governmental funds reflected a combined fund balance of \$19,809,869 with a total of \$3,722,137 committed in the General Fund and \$3,658,798 assigned in the portion of the Capital Project Fund that is for district-wide improvements. The Capital Project Fund – Construction has a committed fund balance of \$9,784,187, which will be used for upcoming construction projects.

**General Fund Budget**

The following pie chart shows the breakdown of the District’s revenues for 2019-20:



- The District’s IDEA federal revenue is passed through IU#6 and is recorded as local revenue.
- Year-end expenditure budget transfers were requested for various major function areas as reported in The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.

**Capital Assets**

The Titusville Area School District has completed the following major renovations and/or construction projects:

Titusville Middle School	New Construction	March 1999
Titusville High School	Major Renovation/New Construction	December 2000
Titusville Maintenance Bldg.	New Construction Due to Fire	July 2001
Hydetown Elementary School	Renovation/New Construction	August 2001
Main Street Elementary School	Renovation/New Construction	August 2002
Pleasantville Elementary School	Renovation	Summer 2011

As of June 30, 2020, the District Governmental Activities had \$26,946,749 invested in capital assets. Table 5 illustrates the breakdown of these capital assets and reflects a bottom line total of Capital Assets Net of Accumulated Depreciation.

**TABLE 5**  
**June 30**  
**Capital Assets**

	2019	2020
Land and Land Improvements	\$1,805,417	\$1,805,417
Buildings and Improvements	\$54,663,752	\$54,666,489
Furniture and Equipment	\$6,944,577	\$6,940,631
Construction In Progress	\$0	\$245,928
Total Capital Assets	\$63,413,746	\$63,658,465
LESS: Accumulated Depreciation	(\$35,353,995)	(\$36,711,716)
Total Capital Assets Net Accumulated Depreciation	\$28,059,751	\$26,946,749

**Debt Administration**

As of fiscal year, ended June 30, 2020 the Titusville Area School District had \$15,845,000 in general obligation bonds outstanding.

Three bond issues:

Bond Series of 2020A	\$8,500,000
Bond Series of 2020B	\$7,345,000

### Looking Forward

The financial outlook for the Titusville Area School District continues to be stable. Currently, the greatest uncertainty is COVID-19 and its future impact on local state, and federal funding. In the near term, it's likely that federal funding to the states and local school districts will drive major budget decisions. State budgets have been severely impacted by COVID-19 and will need assistance to weather the impacts of COVID-19.

There are other concerns on the horizon that will impact the 2021-22 budget and beyond. While the rate of pension increases has slowed, they are still expected to rise over the next several budgets. The District has implemented a plan using committed fund balance to help offset the impact of these increases. Charter school costs have continued to rise and are expected to be over \$950,000 in 2021-22. The state funding formula for cyber schools continues to be a major financial burden with no link between cyber schools' actual costs and what they invoice individual districts. These issues are exacerbated with the COVID-19 pandemic. The district has taken an aggressive approach to mitigate these costs. The Rockets Online Campus (ROC) has been reorganized to help attract new students and maintain existing cyber students.

The district has also developed a program to maximize our special education resources by allowing other districts to enroll their students in TASD programs. This program and partnership is expected to generate \$150,000 in additional revenue for the 2020-21 fiscal year. The district is looking to further expand this program in the future. Resources generated through this program will be reinvested into the educational system.

The District issued general obligation bonds in January of 2020. These funds are being used for building renovations to the Early Childhood Learning Center (ECLC), roof and HVAC replacement at THS, THS gymnasium renovations, and renovations to Carter Field. The capital reserve fund will be used to supplement these projects as well. For planning purposes, the District continues to maintain a five-year capital improvement plan.

### Contacting the District Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the funds it receives. Questions about the information contained in this annual financial report should be directed to Shawn G. Sampson, Business Manager/Assistant Board Secretary, Titusville Area School District, 301 East Spruce Street, Titusville, PA 16354.

**SECTION B**  
**AUDITOR'S REPORT**



## INDEPENDENT AUDITOR'S REPORT

Board of Directors of the  
Titusville Area School District  
Titusville, Pennsylvania

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Titusville Area School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Titusville Area School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Titusville Area School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-1 through A-10 and the schedules of the District's proportionate share of the net pension liability, District contributions for the pension plan, changes in the District's total OPEB liability and related ratios, District's proportionate share of the PSERS net OPEB liability, and District contributions for the PSERS OPEB plan, on pages F-1 through F-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Titusville Area School District's basic financial statements. The schedules of findings and questioned costs, revenues budget and actual general fund, expenditures budget and actual general fund, activity fund type and trust funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and*

*Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedules of findings and questioned costs, revenues budget and actual general fund, expenditures budget and actual general fund, activity fund type and trust funds and the schedule of expenditures of federal and state awards are the responsibility of management and were 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 schedules of findings and questioned costs, revenues budget and actual general fund, expenditures budget and actual general fund, activity fund type and trust funds and the schedule of expenditures of federal and state awards are 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 23, 2020, on our consideration of the Titusville Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Titusville Area School District's internal control over financial reporting and compliance.

*McGill, Power, Bell & Associates, LLP*

McGill, Power, Bell & Associates, LLP

Franklin, Pennsylvania

November 23, 2020



**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***

Board of Directors of the  
Titusville Area School District  
Titusville, 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 Titusville Area School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Titusville Area School District’s basic financial statements, and have issued our report thereon dated November 23, 2020.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*McGill, Power, Bell & Associates, LLP*

McGill, Power, Bell & Associates, LLP

Franklin, Pennsylvania

November 23, 2020



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

Board of Directors of the  
Titusville Area School District  
Titusville, Pennsylvania

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

We have audited Titusville Area School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Titusville Area School District's major federal programs for the year ended June 30, 2020. Titusville Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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 Titusville Area School District's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Titusville Area School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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

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

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

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

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

*McGill, Power, Bell & Associates, LLP*

McGill, Power, Bell & Associates, LLP

Franklin, Pennsylvania

November 23, 2020

**SECTION C**  
**GOVERNMENT - WIDE FINANCIAL STATEMENTS**

**TITUSVILLE AREA SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 20,887,982	\$ 4,269	\$ 20,892,251
Taxes receivable, net	978,789	-	978,789
Due from other funds	(130,949)	130,949	-
Due from other governments	2,037,291	45,750	2,083,041
Other receivables	4,485	-	4,485
Inventories	-	9,680	9,680
<b>TOTAL CURRENT ASSETS</b>	<b>23,777,598</b>	<b>190,648</b>	<b>23,968,246</b>
<b>NONCURRENT ASSETS</b>			
<b>CAPITAL ASSETS</b>			
Land and land improvements	1,805,417	-	1,805,417
Building and building improvements	54,666,489	-	54,666,489
Furniture and equipment	6,940,631	958,090	7,898,721
Construction in progress	245,928	-	245,928
Accumulated depreciation	(36,711,716)	(804,410)	(37,516,126)
<b>TOTAL CAPITAL ASSETS</b>	<b>26,946,749</b>	<b>153,680</b>	<b>27,100,429</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>26,946,749</b>	<b>153,680</b>	<b>27,100,429</b>
<b>TOTAL ASSETS</b>	<b>50,724,347</b>	<b>344,328</b>	<b>51,068,675</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Relating to the net OPEB liability, net of amortization	1,395,660	-	1,395,660
Relating to the net pension liability, net of amortization	3,314,642	-	3,314,642
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>4,710,302</b>	<b>-</b>	<b>4,710,302</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>55,434,649</b>	<b>344,328</b>	<b>55,778,977</b>

**TITUSVILLE AREA SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019, CONTINUED**

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	284,013	23,341	307,354
Current portion of capital lease payable	120,101	-	120,101
Current portion of bonds payable	1,582,898	-	1,582,898
Accrued interest payable	223,810	-	223,810
Accrued salaries and payroll liabilities	2,838,946	-	2,838,946
Unearned revenues	-	9,339	9,339
Other current liabilities	21,171	-	21,171
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,070,939</b>	<b>32,680</b>	<b>5,103,619</b>
<b>NONCURRENT LIABILITIES</b>			
Capital lease payable	96,054	-	96,054
Bonds payable	16,422,222	-	16,422,222
Net OPEB liability	8,199,535	-	8,199,535
Compensated absences	496,557	32,015	528,572
Net pension liability	48,513,565	-	48,513,565
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>73,727,933</b>	<b>32,015</b>	<b>73,759,948</b>
<b>TOTAL LIABILITIES</b>	<b>78,798,872</b>	<b>64,695</b>	<b>78,863,567</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Relating to the net OPEB liability, net of amortization	2,721,924	-	2,721,924
Relating to the net pension liability, net of amortization	1,998,737	-	1,998,737
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>4,720,661</b>	<b>-</b>	<b>4,720,661</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>83,519,533</b>	<b>64,695</b>	<b>83,584,228</b>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	8,941,629	153,680	9,095,309
Unrestricted	(37,026,513)	125,953	(36,900,560)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (28,084,884)</b>	<b>\$ 279,633</b>	<b>\$ (27,805,251)</b>

See accompanying notes to financial statements

**TITUSVILLE AREA SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities</b>							
Instruction	\$ 20,274,256	\$ 11,632	\$ 6,840,857	\$ 46,804	\$ (13,374,963)	\$ -	\$ (13,374,963)
Instructional student support	3,628,740	-	491,506	-	(3,137,234)	-	(3,137,234)
Administration and financial support services	3,181,812	-	471,109	-	(2,710,703)	-	(2,710,703)
Operation and maintenance of plant services	3,054,925	-	328,621	-	(2,726,304)	-	(2,726,304)
Pupil transportation	1,459,936	-	1,069,720	-	(390,216)	-	(390,216)
Other support services	18,577	-	-	-	(18,577)	-	(18,577)
Student activities	776,742	35,899	8,982	-	(731,861)	-	(731,861)
Community services	31,847	-	1,780	-	(30,067)	-	(30,067)
Bond discounts, premiums & fees, net	(123,972)	-	-	-	123,972	-	123,972
Interest on long-term debt	410,641	-	811,110	-	400,469	-	400,469
<b>Total governmental activities</b>	<b>32,713,504</b>	<b>47,531</b>	<b>10,023,685</b>	<b>46,804</b>	<b>(22,595,484)</b>	<b>-</b>	<b>(22,595,484)</b>
<b>Business-type activities</b>							
Food service	1,394,067	125,099	1,179,660	-	-	(89,308)	(89,308)
<b>Total</b>	<b>\$ 34,107,571</b>	<b>\$ 172,630</b>	<b>\$ 11,203,345</b>	<b>\$ 46,804</b>	<b>(22,595,484)</b>	<b>(89,308)</b>	<b>(22,684,792)</b>
<b>General revenues</b>							
Property taxes, levied for general purposes, net					7,149,166	-	7,149,166
Other taxes levied					1,178,552	-	1,178,552
Grants, subsidies, and contributions not restricted					14,954,458	-	14,954,458
Investment earnings					206,601	-	206,601
Operating transfers in (out)					(89,308)	89,308	-
Loss on sale of capital assets					536	-	536
Miscellaneous income					79,885	-	79,885
<b>Total general revenues</b>					<b>23,479,890</b>	<b>89,308</b>	<b>23,569,198</b>
<b>Change in net position</b>					<b>884,406</b>	<b>-</b>	<b>884,406</b>
<b>NET POSITION (DEFICIT), JULY 1, 2019</b>					<b>(28,969,290)</b>	<b>279,633</b>	<b>(28,689,657)</b>
<b>NET POSITION (DEFICIT), JUNE 30, 2020</b>					<b>\$ (28,084,884)</b>	<b>\$ 279,633</b>	<b>\$ (27,805,251)</b>

See accompanying notes to financial statements.

**SECTION D**  
**FUND FINANCIAL STATEMENTS**

**TITUSVILLE AREA SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	General	Capital Project Fund-Construction (Major Fund)	Capital Project Fund (Major Fund)	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 7,592,262	\$ 9,836,922	\$ 3,458,798	\$ 20,887,982
Taxes receivable	987,108	-	-	987,108
Intergovernmental receivables	413,843	-	-	413,843
Due from other funds	-	-	200,000	200,000
State subsidies receivable	1,417,341	-	-	1,417,341
Federal subsidies receivable	206,107	-	-	206,107
Other receivable	4,485	-	-	4,485
<b>TOTAL ASSETS</b>	<b>\$ 10,621,146</b>	<b>\$ 9,836,922</b>	<b>\$ 3,658,798</b>	<b>\$ 24,116,866</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 231,278	\$ 52,735	\$ -	\$ 284,013
Accrued salaries and payroll liabilities	2,838,946	-	-	2,838,946
Interfund payable	330,949	-	-	330,949
Other current liabilities	21,171	-	-	21,171
<b>TOTAL LIABILITIES</b>	<b>3,422,344</b>	<b>52,735</b>	<b>-</b>	<b>3,475,079</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - delinquent taxes	831,918	-	-	831,918
	<u>831,918</u>	<u>-</u>	<u>-</u>	<u>831,918</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Committed	3,722,137	9,784,187	-	13,506,324
Assigned	-	-	3,658,798	3,658,798
Unassigned	2,644,747	-	-	2,644,747
<b>TOTAL FUND BALANCES</b>	<b>6,366,884</b>	<b>9,784,187</b>	<b>3,658,798</b>	<b>19,809,869</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 10,621,146</b>	<b>\$ 9,836,922</b>	<b>\$ 3,658,798</b>	<b>\$ 24,116,866</b>

See accompanying notes to financial statements.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

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Total fund balances - governmental funds	\$ 19,809,869
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 as assets in governmental funds. The cost of assets is \$63,658,465 and the accumulated depreciation is \$36,711,716.	26,946,749
Property taxes receivable will be collected this year but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	823,599
Long-term liabilities including bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Bonds payable	(18,005,120)
Accrued interest on the bonds	(223,810)
Capital lease payable	(216,155)
Net OPEB liability	(8,199,535)
Compensated absences	(496,557)
Net OPEB deferred inflows and outflows	(1,326,264)
Net pension deferred inflows and outflows	1,315,905
Net pension liability	<u>(48,513,565)</u>
<b>TOTAL NET DEFICIT - GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>(28,084,884)</u></b>

See accompanying notes to financial statements.

**TITUSVILLE AREA SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2020**

	General	Capital Project Fund-Construction (Major Fund)	Capital Project Fund (Major Fund)	Debt Service Fund (Major Fund)	Total Government Funds
<b>REVENUES AND OTHER FINANCING SOURCES</b>					
<b>REVENUES</b>					
Local sources	\$ 9,418,524	\$ 18,978	\$ 72,319	\$ -	\$ 9,509,821
State sources	22,829,520	-	-	-	22,829,520
Federal sources	1,395,270	-	-	-	1,395,270
<b>OTHER FINANCING SOURCES</b>					
Interfund transfer	-	-	200,000	-	200,000
Proceeds from bond issuance	-	7,950,000	-	-	7,950,000
Proceeds from refunding bond issuance	-	-	-	7,895,000	7,895,000
Bond premium	-	2,061,137	-	182,822	2,243,959
Gain on sale of capital assets	536	-	-	-	536
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>33,643,850</b>	<b>10,030,115</b>	<b>272,319</b>	<b>8,077,822</b>	<b>52,024,106</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>					
<b>EXPENDITURES</b>					
Instruction	18,958,289	-	-	-	18,958,289
Support services	10,717,924	-	-	-	10,717,924
Operation of noninstructional services	818,164	-	-	167,667	985,831
Facilities acquisition and improvements	-	245,928	-	-	245,928
Debt service					
Principal	2,041,814	-	-	-	2,041,814
Interest	284,297	-	-	15,155	299,452
<b>OTHER FINANCING USES</b>					
Refunded bond issue	-	-	-	7,895,000	7,895,000
Refund of prior year revenue	18,922	-	-	-	18,922
Interfund transfer	289,308	-	-	-	289,308
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>33,128,718</b>	<b>245,928</b>	<b>-</b>	<b>8,077,822</b>	<b>41,452,468</b>
Revenues and other financing sources over (under) expenditures and other financing uses	515,132	9,784,187	272,319	-	10,571,638
<b>FUND BALANCE, JULY 1, 2019</b>	<b>5,851,752</b>	<b>-</b>	<b>3,386,479</b>	<b>-</b>	<b>9,238,231</b>
<b>FUND BALANCE, JUNE 30, 2020</b>	<b>\$ 6,366,884</b>	<b>\$ 9,784,187</b>	<b>\$ 3,658,798</b>	<b>\$ -</b>	<b>\$ 19,809,869</b>

See accompanying notes to financial statements.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**TO THE STATEMENT OF ACTIVITIES**  
**JUNE 30, 2020**

Total net change in fund balances - governmental funds \$ 10,571,638

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 expense. This is the amount by which depreciation expense exceeds capital outlays in the period.

Depreciation expense	\$ 1,519,443	
Capital Outlays	\$ 406,441	(1,113,002)

Because some property taxes will not be collected for several months after the District's fiscal year ends they are not considered as "available" revenues in the governmental funds. Deferred tax revenues decreased by this amount this year. (47,930)

Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. 9,820,000

Proceeds from bond offerings are a revenue on the governmental funds but the proceeds increases long-term liabilities in the statement of net position. (15,845,000)

Capital lease principal payment is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. 116,815

Other:

Change in compensated absences	(53,007)	
Change in net OPEB liability	(770,967)	
Change in accrued interest	(111,188)	
Change in pension liability	403,493	
Change in pension deferred inflows and outflows	(887,157)	
Change in OPEB deferred inflows and outflows	920,698	
Change in bond discount	(25,369)	
Change in bond premium	(2,094,618)	
		(2,618,115)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 884,406**

See accompanying notes to financial statements.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Variance - Original with Final Budget	Actual (Budgetary Basis)	Variance with Final Budget	Budgetary Basis to GAAP Difference	Actual Amounts GAAP basis
	Original	Final	Positive (Negative)		Positive (Negative)		
<b>REVENUES</b>							
Local revenues	\$ 9,273,106	\$ 9,273,106	\$ -	\$ 9,418,524	\$ 145,418	\$ (47,928)	\$ 9,370,596
State program revenues	22,801,281	22,801,281	-	22,829,520	28,239	-	22,829,518
Federal program revenues	1,314,978	1,314,978	-	1,395,270	80,292	-	1,395,270
Total revenues	33,389,365	33,389,365	-	33,643,314	253,949	(47,928)	33,595,384
<b>EXPENDITURES</b>							
Regular programs	14,473,906	14,423,623	50,283	14,083,056	340,567	(1,289,537)	15,372,593
Special programs	3,666,578	3,666,578	-	3,612,532	54,046	(5,961)	3,618,493
Vocational programs	946,717	946,717	-	853,401	93,316	-	853,401
Other instructional programs	440,983	440,983	-	404,300	36,683	(1,547)	405,847
Adult education programs	5,000	5,000	-	5,000	-	-	5,000
Pupil personnel services	1,503,533	1,503,533	-	1,458,959	44,574	(216,677)	1,675,636
Instructional staff services	1,060,324	1,082,020	(21,696)	1,082,019	1	12,602	1,069,417
Administrative services	2,446,639	2,446,639	-	2,374,117	72,522	(194,982)	2,569,099
Pupil health	342,902	342,902	-	326,767	16,135	(901)	327,668
Business services	467,861	467,861	-	448,083	19,778	3,037	445,046
Operation and maintenance of plant services	3,102,452	3,102,452	-	2,994,265	108,187	(60,660)	3,054,925
Student transportation services	1,495,884	1,495,884	-	1,459,338	36,546	(598)	1,459,936
Central and other support services	606,074	606,074	-	555,799	50,275	(221)	556,020
Other support services	19,500	19,500	-	18,577.00	923	-	18,577.00
Student activities	779,846	787,921	(8,075)	787,921	-	11,179	776,742
Community services	29,963	30,244	(281)	30,243	1	(1,604)	31,847
Debt service	2,470,266	2,470,266	-	2,326,111	144,155	1,911,704	414,407
<b>TOTAL EXPENDITURES</b>	33,858,428	33,838,197	20,231	32,820,488	1,017,709	165,834	32,654,654
Excess (deficiency) of revenues over expenditures	(469,063)	(448,832)	20,231	822,826	1,271,658	117,906	940,730
<b>OTHER FINANCING SOURCES (USES)</b>							
Gain on sale of capital assets	2,000	2,000	-	536	(1,464)	-	536
Refund of prior year revenue	(3,000)	(18,923)	(15,923)	(18,922)	1	18,922	-
Operating transfers in (out)	(285,000)	(289,308)	(4,308)	(289,308)	-	-	(289,308)
Budgetary reserve	(500,000)	(500,000)	-	-	500,000	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(786,000)	(806,231)	(20,231)	(307,694)	498,537	18,922	(288,772)
<b>NET CHANGE IN FUND BALANCE</b>	(1,255,063)	(1,255,063)	-	515,132	1,770,195	136,828	651,958
<b>FUND BALANCE, JULY 1, 2019</b>	5,851,752	5,851,752	-	5,851,752	-	(34,879,835)	(29,028,083)
<b>FUND BALANCE, JUNE 30, 2020</b>	<b>\$ 4,596,689</b>	<b>\$ 4,596,689</b>	<b>\$ -</b>	<b>\$ 6,366,884</b>	<b>\$ 1,770,195</b>	<b>\$ (34,743,007)</b>	<b>\$ (28,376,125)</b>

See accompanying notes to financial statements.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS - FOOD SERVICE**  
**JUNE 30, 2020**

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**ASSETS**

**CURRENT ASSETS**

Cash	\$ 4,269
Due from other governments	45,750
Interfund receivables	130,949
Inventory	<u>9,680</u>

**TOTAL CURRENT ASSETS** 190,648

**NONCURRENT ASSETS**

Furniture and equipment	958,090
Accumulated depreciation	<u>(804,410)</u>

**TOTAL NONCURRENT ASSETS** 153,680

**TOTAL ASSETS** 344,328

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable	23,341
Unearned revenue	<u>9,339</u>

**TOTAL CURRENT LIABILITIES** 32,680

**NONCURRENT LIABILITIES**

Long-term portion of compensated absences	<u>32,015</u>
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**TOTAL LIABILITIES** 64,695

**NET POSITION**

Net investment in capital assets	153,680
Unrestricted	<u>125,953</u>

**TOTAL NET POSITION** \$ 279,633

See accompanying notes to financial statements.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS - FOOD SERVICE**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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<b>OPERATING REVENUES</b>	
Food service revenue	\$ 125,099
<b>TOTAL OPERATING REVENUES</b>	<u>125,099</u>
<b>OPERATING EXPENSES</b>	
Salaries	459,418
Employee benefits	270,415
Food service provider	526,761
Repairs and maintenance	39,143
Travel	749
Supplies	76,669
Depreciation	15,892
Purchased professional and technical services	4,022
Other expenses	998
<b>TOTAL OPERATING EXPENSES</b>	<u>1,394,067</u>
Operating income (loss)	<u>(1,268,968)</u>
<b>NONOPERATING REVENUES</b>	
State sources	137,106
Federal sources	1,042,554
<b>TOTAL NONOPERATING REVENUES</b>	<u>1,179,660</u>
Net income (loss) before operating transfers	(89,308)
Operating transfers	<u>89,308</u>
<b>CHANGES IN NET POSITION</b>	-
<b>NET POSITION, JULY 1, 2019</b>	<u>279,633</u>
<b>NET POSITION, JUNE 30, 2020</b>	<u><u>\$ 279,633</u></u>

See accompanying notes to financial statements.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS - FOOD SERVICE**  
**JUNE 30, 2020**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from users	\$ 130,608
Cash payments to employees for services	(454,168)
Cash payments to suppliers for goods and services	(524,979)
Cash payments for other operating expenses	<u>(290,256)</u>
Net cash used for operating activities	<u>(1,138,795)</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

State sources	136,480
Federal sources	<u>1,024,691</u>
Net cash provided by non-capital financing activities	<u>1,161,171</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchase of capital assets	<u>(22,197)</u>
Net cash used for capital and related financing activities	<u>(22,197)</u>

Net increase in cash 179

**CASH, JULY 1, 2019** 4,090

**CASH, JUNE 30, 2020** \$ 4,269

**OPERATING LOSS** \$ (1,268,968)

Adjustments to reconcile operating loss to net cash used for operating activities:

Depreciation	15,892
Increase (decrease) in interfund receivables	3,008
(Increase) decrease in other receivable	66,066
(Increase) decrease in inventory	12,385
Increase (decrease) in accounts payable	22,063
Increase (decrease) in compensated absences	5,250
Increase (decrease) in unearned revenue	<u>5,509</u>

Total adjustments 130,173

**NET CASH USED FOR OPERATING ACTIVITIES** \$ (1,138,795)

See accompanying notes to financial statements.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2020**

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	Private Purpose Trust	Activity Fund
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash	\$ 1,250,962	\$ 59,453
	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<u>1,250,962</u>	<u>59,453</u>
<b>LIABILITIES</b>		
Due to student groups	-	59,453
	<u>                    </u>	<u>                    </u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>59,453</u>
<b>NET POSITION</b>		
Restricted for legal purposes	1,250,962	-
	<u>                    </u>	<u>                    </u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 1,250,962</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

**TITUSVILLE AREA SCHOOL DISTRICT  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

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	Private Purpose Trust
<b>ADDITIONS</b>	
Gifts and contributions	\$ 29,486
Interest income	36,554
	<u>66,040</u>
 <b>DEDUCTIONS</b>	
Scholarships awarded	<u>29,043</u>
	<u>29,043</u>
 <b>CHANGES IN NET POSITION</b>	 36,997
 <b>NET POSITION, JULY 1, 2019</b>	 <u>1,213,965</u>
 <b>NET POSITION, JUNE 30, 2020</b>	 <u><u>\$ 1,250,962</u></u>

See accompanying notes to financial statements.

**SECTION E**  
**NOTES TO FINANCIAL STATEMENTS**

# TITUSVILLE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A – ENTITY

The Titusville Area School District, organized under the laws of the Commonwealth of Pennsylvania, is comprised of students from the municipalities of the City of Titusville, the Boroughs of Centerville and Hydetown, the Townships of Oil Creek and Rome, all of which are located in Crawford County; the Townships of Allegheny, Cherrytree, Oil Creek and Pleasantville all located in Venango County; and the Township of Southwest in Warren County. The School District is operated by a nine-member Board which is elected at-large from the municipalities listed above. The objective of the School District is to provide elementary and secondary education to the School District's students as prescribed by the laws and regulations of the Commonwealth of Pennsylvania.

#### Reporting Entity

The Governmental Accounting Standards Board Statement No. 14 "*The Financial Reporting Entity*", established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the school as a reporting entity, management has addressed all potential component units, which may or may not fall within the school's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the school's reporting entity are financial accountability and the nature and significance of the relationship.

This report includes all of the funds of the District based on the above criteria.

### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Titusville Area School District have been prepared in accordance with generally accepted accounting principles (GAAP). The School District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

#### Fund Account Structure

The accounts of the School District are maintained and the accompanying fund financial statements have been prepared using the accounting practices prescribed or permitted by the Manual of Accounting and Related Financial Procedures for Pennsylvania Department of School Systems (revised), issued by the Pennsylvania Department of Education in accordance of school laws of Pennsylvania.

# TITUSVILLE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three broad fund categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate fund types.

#### Governmental Fund Types

These are the funds through which most governmental functions are furnished. The funds included in this category are:

##### General Fund

The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund.

##### Capital Projects Fund

Capital Projects Funds are used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlay (other than those financed by proprietary funds, special assessment funds and trust funds).

##### Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of principal and interest on the School District's general obligation bonds.

#### Proprietary Fund Types

Proprietary Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Food Service Fund is a proprietary fund.

# TITUSVILLE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### Fiduciary Fund Types

Trust and agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. These include expendable trust and agency funds. The trust fund accounts for the awarding of scholarships and other accounts sponsored by individuals. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The activity fund accounts for programs operated and sponsored by various school clubs and organizations.

#### Basis of Presentation

##### Government-wide Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus. 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. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

# TITUSVILLE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### Fund Financial Statements

Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities, and any necessary deferred outflows and inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and, all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenditures, and changes in net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows related to the net pension and OPEB obligations reported on the statement of net position qualify for reporting in this category.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Delinquent taxes, reported in the balance sheet of the governmental fund statement and deferred inflows relating to the net pension and OPEB obligations reported on the statement of net position qualify for reporting in this category.

# TITUSVILLE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### Net Position

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy the School District's obligations. Net position is classified as follows:

*Net Investment in Capital Assets:* This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of debt that is attributable to the acquisition, construction, and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.

*Restricted Net Position:* This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

*Unrestricted:* This consists of all other net position that does not meet the definition of net investment in capital assets or restricted net position.

#### Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

1. *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal resolutions of the School District Board of Directors (the district's highest level of decision-making authority). Those committed amounts cannot be used for any other purpose unless the School District's board removes the specified use by taking same type of action imposing the commitment.
4. *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

# TITUSVILLE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The School District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance.

It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

#### *Basis of Accounting*

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

#### *Revenues, Exchange and Non-exchange Transactions*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest, tuition, grants, student fees and rentals.

# TITUSVILLE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

#### Budgets

The School District is required by state laws to adopt annual budgets for the governmental funds. The budgets are presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (GAAP).

The budgetary information included in the financial statements is stated as adjusted by budget transfers made during the year.

Expenditures did not exceed appropriations in any function for the year ended June 30, 2020.

#### Encumbrances

Encumbrances are recorded when purchase orders are approved and orders have been placed for goods or service. Outstanding purchase orders are classified as accounts payable at year end.

#### Cash

For purposes of the statements of cash flows of its proprietary fund type, cash includes time deposits, certificates of deposit, and all highly liquid investments with original maturities of three months or less.

#### Investments

The School District has adopted Statement No. 31 of the Governmental Accounting Standards Board (GASB 31) – *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. Under GASB 31, the School District is required to report investments at fair value.

As of June 30, 2020, the School District did not have any investments to report at fair value.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Inventories

Inventories are presented at the lower of cost or market on a first in, first-out basis, and are expensed when used (consumption method). The inventory of the Food Service Fund consists of materials and supplies, including food and donated commodities, which are valued at estimated cost. The cost is recorded as an expenditure at the time the inventory is consumed.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest incurred during construction of capital assets is also capitalized. The School District does not possess any infrastructure.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business Type Activities Estimated Lives</u>
Building and building improvements	25-40 years	N/A
Furniture, equipment and vehicles	5-20 years	5-10 years
Land improvements	5-20 years	N/A

Compensated Absences

School District employees are permitted to accumulate unused sick and personal time. Contract provisions require payment for this benefit upon retirement, death or disability based on a negotiated formula. At June 30, 2020, compensated absences were \$496,557 and \$32,015 for the governmental activities and food service fund, respectively.

# TITUSVILLE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to the pensions, and pension expense, information about the fiduciary net position of the Pennsylvania Public School Employee's Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan and the Public School Employees' Retirement System and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Impact of Recently Issued Accounting Principles

GASB Statement No. 84, *Fiduciary Activities*, is effective for periods beginning after December 15, 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Management is currently evaluating the impact of the adoption of this Statement on the Center's financial statements.

GASB Statement No. 87, *Leases*, is effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Management is currently evaluating the impact of the adoption of this Statement on the Center's financial statements.

## TITUSVILLE AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* is effective for reporting periods beginning after December 15, 2020. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest costs incurred before the end of a construction period. Management is currently evaluating the impact of the adoption of this Statement on the Center's financial statements.

#### Review of Subsequent Events

Titusville Area School District has evaluated subsequent events for potential recognition and/or disclosure through the date the financial statements were available for issuance which was November 23, 2020.

#### NOTE C – CASH AND INVESTMENTS

Pennsylvania statutes provide for investment of Governmental Funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of Governmental Funds for investment purposes. In addition to the investments authorized for Governmental Funds, Fiduciary Fund investments may also be made in corporate stocks and bonds, real estate and other investments.

Deposits of the Governmental Funds are either maintained in demand deposits, highly liquid money market funds, certificates of deposit or pooled for investment purposes in the Pennsylvania School District Liquid Asset Fund (PSDLAF) and are captioned as "cash". The deposits of the Activity Funds are administered by trustees and are held separately from those of other District funds. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School District. Investments pooled with the Pennsylvania School District Liquid Asset Fund (PSDLAF) are highly liquid and their current value at June 30, 2020 approximates market value. The School District has no investment policy that would further limit its investment choices.

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

**TITUSVILLE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE C – CASH AND INVESTMENTS, CONTINUED**

Cash

At June 30, 2020, the deposits (cash) of the School District consist of:

	<u>General Fund</u>	<u>Capital Project Fund (Construction)</u>	<u>Capital Project Fund</u>	<u>Food Service Fund</u>	<u>Trust Fund</u>	<u>Activity Fund</u>	<u>Total</u>
Bank balance	\$8,336,401	\$9,868,782	\$3,458,798	\$ 5,432	\$1,251,560	\$68,399	\$22,989,373
FDIC insured	( 250,000)	-	-	-	-	-	( 250,000)
NCUA insured	-	-	-	-	-	( 5,209)	( 5,269)
Collateralized by securities held by the pledging financial institutions trust department	<u>8,086,401</u>	<u>9,868,782</u>	<u>3,458,798</u>	<u>5,432</u>	<u>1,251,560</u>	<u>63,190</u>	<u>22,734,163</u>
Non-collateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Carrying amount	<u>\$7,592,262</u>	<u>\$9,836,622</u>	<u>\$3,458,798</u>	<u>\$ 4,269</u>	<u>\$1,250,962</u>	<u>\$59,453</u>	<u>\$22,202,666</u>

At June 30, 2020 the School District's deposits exceeded the \$250,000 Federal Depository Insurance Corporation limit by \$22,734,163 however, no losses occurred due to this situation. At June 30, 2020 the School District's deposits did not exceed the \$250,000 National Credit Union Share Insurance Fund limits. For the uninsured balances, the financial institution pledges U.S. Government Securities for these deposits in accordance with the Act of August 6, 1971 (P.L. 281 No. 72).

**NOTE D – TAX REVENUE AND RECEIVABLE**

Property Tax

The School District's real property tax is based on the listed assessed value at January 1<sup>st</sup> and then levied July 1<sup>st</sup> of each year. The assessed valuation and millage rate for the year ended June 30, 2020 was as follows:

	<b>Assessable Base</b>	<b>Millage</b>
Venango County	145,911,270	18.62
Crawford County	110,913,261	42.18
Warren County	5,676,420	52.43

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE D – TAX REVENUE AND RECEIVABLE, CONTINUED**

The District Real Estate taxes are collected by the elected tax collector or treasurer of the political subdivision. The counties determine assessed valuation and also act as delinquent tax collectors. The taxes are levied on August 1<sup>st</sup> and are due November 30<sup>th</sup>. A 2% discount is permitted if paid prior to September 30<sup>th</sup>. A penalty of 10% is imposed after November 30<sup>th</sup>. The individual tax collectors settle and are exonerated for non-collections as of December 31<sup>st</sup> for Venango County and Crawford County and April 30<sup>th</sup> of the next year for Warren County.

Taxes Receivable

Taxes receivable consist of the following at June 30, 2020:

Current revenues	
Delinquent real estate taxes collected for 2 <sup>nd</sup> quarter of 2020	\$141,500
Real estate transfer tax	5,817
Per capita	870
Earned income tax	6,667
Local service tax	<u>336</u>
Total current tax revenue	<u>155,190</u>
Delinquent real estate taxes	
Delinquent real estate assessments	831,918
Estimated uncollectible allowance	<u>( 8,319)</u>
Total delinquent real estate taxes	<u>823,599</u>
Total taxes receivable	<u>\$978,789</u>

The fund financial statements present real estate taxes recorded as revenue only when received in cash or when “susceptible to accrual,” outstanding delinquent real estate tax levies are offset on the balance sheet under deferred inflows of resources (unavailable revenue).

Delinquent real estate taxes receivable includes the values ascribed thereto on the liened tax records of Warren, Venango and Crawford Counties totaling \$831,918. The amounts shown as receivable include unsatisfied items for levies of years through 2019. Uncollectible tax allowance is estimated to be one percent of the total delinquent taxes.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE E – INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund balances as of June 30, 2020, is as follows:

<i>Receivable Fund</i>	<i>Payable Fund</i>	<i>Purpose</i>	<i>Amount</i>
Food Service Fund	General Fund	Funding	<u>\$130,949</u>
Capital Project Fund	General Fund	Funding	<u>\$200,000</u>

**NOTE F – INTERFUND TRANSFERS**

The composition of and purpose of transfers between funds during the June 30, 2020 year-end is as follows:

<i>Recipient Fund</i>	<i>Payor Fund</i>	<i>Purpose</i>	<i>Amount</i>
Capital Project Fund	General Fund	Funding	<u>\$200,000</u>
Food Service Fund	General Fund	Funding	<u>\$ 89,308</u>

**NOTE G – CAPITAL ASSETS**

Capital Assets activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 746,509	\$ -	\$ -	\$ 746,509
Construction in Progress	<u>-</u>	<u>245,928</u>	<u>-</u>	<u>245,928</u>
Total capital assets, not being depreciated	<u>746,509</u>	<u>245,928</u>	<u>-</u>	<u>992,437</u>
Capital Assets being depreciated:				
Land improvements	1,058,908	-	-	1,058,908
Building and building improvements	54,663,752	2,737	-	54,666,489
Furniture, equipment and vehicles	<u>6,944,577</u>	<u>157,776</u>	<u>( 161,722)</u>	<u>6,940,631</u>
Total capital assets, being depreciated	<u>62,667,237</u>	<u>160,513</u>	<u>( 161,722)</u>	<u>62,666,028</u>
Accumulated depreciation for:				
Land improvements	( 1,036,865)	( 6,137)	-	( 1,043,002)
Buildings and building improvements	( 28,232,841)	( 1,254,506)	-	( 29,487,347)
Furniture, equipment and vehicles	<u>( 6,084,289)</u>	<u>( 258,800)</u>	<u>161,722</u>	<u>( 6,181,367)</u>
Total capital assets, being depreciated, net	<u>( 35,353,995)</u>	<u>( 1,519,443)</u>	<u>161,722</u>	<u>( 36,711,716)</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$28,059,751</u></b>	<b><u>(\$1,113,002)</u></b>	<b><u>\$ -</u></b>	<b><u>\$26,946,749</u></b>

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE G – CAPITAL ASSETS, CONTINUED**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets being depreciated:				
Furniture, equipment and other	\$ 935,893	\$ 22,197	\$ -	\$ 958,090
Accumulated depreciation for:				
Furniture, equipment and other	( 788,518)	( 15,892)	-	( 804,410)
<b>Business-type activities capital assets, net</b>	<b><u>\$ 147,375</u></b>	<b><u>(\$ 6,365)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 153,680</u></b>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$1,013,313
Instructional student support	181,519
Administrative and financial support services	150,925
Operation and maintenance of plant services	172,094
Community services	<u>1,592</u>
Total	<u>\$1,519,443</u>

Included in the costs above are assets acquired with capital leases in the amount of \$2,203,545 (Note I). Depreciation expense for those assets was \$115,534 for the year ended June 30, 2020.

**NOTE H – LONG -TERM DEBT**

The following is a summary of changes in general obligation bonds for the year ended June 30, 2020:

	<u>Balance 06/30/19</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 06/30/20</u>
Bond Series of 2006	\$ 1,425,000	\$ -	(\$ 1,425,000)	\$ -
Bond Series of 2015A	4,825,000	-	( 4,825,000)	-
Bond Series of 2015B	3,570,000	-	( 3,520,000)	-
Bond Series of 2020A	-	8,500,000	-	8,500,000
Bond Series of 2020B	<u>-</u>	<u>7,345,000</u>	<u>-</u>	<u>7,345,000</u>
<b>Total Bonds Payable</b>	<b><u>\$ 9,820,000</u></b>	<b><u>\$15,845,000</u></b>	<b><u>(\$9,820,000)</u></b>	<b><u>\$15,845,00</u></b>

# TITUSVILLE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE H – LONG -TERM DEBT, CONTINUED

#### Series of 2006

The Series of 2006 bonds were used to refund the District's Series of 2002 A bonds. The Series of 2006 issue aggregated \$5,005,000 with interest ranging from 3.50% to 3.95%, payable March 1<sup>st</sup> and September 1<sup>st</sup>, and the principal payable in varying amounts on March 1<sup>st</sup>.

During the year ended June 30, 2003, the District received additional state subsidy through Act 88 of 2002. These funds were to be used to reduce debt service and were held in escrow with the paying agent. In April of 2012, the funds were used as part of refinancing the Series 2002 bonds. The bond series was paid in full in March of 2020.

#### Series of 2015A

The Series of 2015A were used to advance refund the School District's outstanding General Obligation Bonds, Series of 2010 and pay the cost of issuance of the Series A Bonds. The Series of 2015A issue aggregates \$4,885,000 with interest ranging from 2% to 3%, payable August 1<sup>st</sup> and February 1<sup>st</sup>, and principal payable on varying amounts on February 1<sup>st</sup>. In February of 2020, the bond series was refunded with proceeds from the Series of 2020B.

#### Series of 2015B

The Series of 2015B were used to finance various capital improvements to School District facilities including the administrative office renovations, Titusville High School carpet and window replacement, Titusville Middle School roof replacement and athletic track resurfacing and pay the costs of issuance of the Series B Bonds. The Series of 2015B issue aggregated \$3,570,000 with interest ranging from 2.25% to 2.65%, payable August 1<sup>st</sup> and February 1<sup>st</sup>, and the principal payable in varying amounts of February 1<sup>st</sup> commencing February 1, 2023. In February of 2020, the bond series was refunded with proceeds from the Series of 2020B.

#### Series of 2020A

The Series A Bonds were issued for the purpose of financing various capital improvements to School District facilities including but not limited to renovations to the Early Childhood Learning Center (ECLC), roof and HVAC replacement at Titusville High School, gymnasium renovations at Titusville High School, renovations to Carter Field, Hydetown roof replacement and Pleasantville roof replacement and pay the cost of issuance of the Series A Bonds (the "Project"). The Series of 2020A issue aggregated \$8,500,000 with interest ranging from 4% to 5%, payable September 1<sup>st</sup> and March 1<sup>st</sup> and principle payable on varying amounts on March 1<sup>st</sup>.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE H – LONG -TERM DEBT, CONTINUED**

The following is the schedule of debt maturities for the aforementioned bond issue:

<u>Date</u>	<u>Principal Amount</u>	SERIES OF 2020A		<u>Total Debt Service</u>
		<u>Interest Rate</u>	<u>Interest</u>	
09/01/2020	\$ -		\$ 179,860	\$ 179,860
03/01/2021	5,000	4.000%	175,950	180,950
09/01/2021			175,850	175,850
03/01/2022	5,000	4.000%	175,850	180,850
09/01/2022			175,750	175,750
03/01/2023	5,000	4.000%	175,750	180,750
09/01/2023			175,650	175,650
03/01/2024	5,000	4.000%	175,650	180,650
09/01/2024			175,550	175,550
03/01/2025	5,000	4.000%	175,550	180,550
09/01/2025			175,450	175,450
03/01/2026	1,260,000	4.000%	175,450	1,435,450
09/01/2026			150,250	150,250
03/01/2027	1,420,000	4.000%	150,250	1,570,250
09/01/2027			121,850	121,850
03/01/2028	1,475,000	4.000%	121,850	1,596,850
09/01/2028			92,350	92,350
03/01/2029	1,535,000	4.000%	92,350	1,627,350
09/01/2029			61,650	61,650
03/01/2030	1,595,000	4.000%	61,650	1,656,650
09/01/2030			29,750	29,750
03/01/2031	<u>1,190,000</u>	5.000%	<u>29,750</u>	<u>1,219,750</u>
	<u>\$8,500,000</u>		<u>\$3,024,010</u>	<u>\$11,524,010</u>

Series of 2020B

The Series B Bonds were issued for the purpose of financing the refunding of the School District’s outstanding General Obligation Refunding Bonds, Series A of 2015 and General Obligation Bonds, Series B of 2015 and to pay the costs of issuance of the Series B bonds (the “Refunding”). The Series of 2020B issue aggregated \$7,345,000 with interest at 4%, payable September 1<sup>st</sup> and March 1<sup>st</sup> and principal payable on varying amount s on March 1<sup>st</sup>.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE H – LONG -TERM DEBT, CONTINUED**

The following is the schedule of debt maturities for the aforementioned bond issue:

<u>Date</u>	<u>Principal Amount</u>	SERIES OF 2020B		<u>Total Debt Service</u>
		<u>Interest Rate</u>	<u>Interest</u>	
09/01/2020	\$ -		\$ 150,164	\$ 150,164
03/01/2021	1,325,000	4.000%	146,900	1,471,900
09/01/2021	-		120,400	120,400
03/01/2022	1,380,000	4.000%	120,400	1,500,400
09/01/2022	-		92,800	92,800
03/01/2023	1,445,000	4.000%	92,800	1,537,800
09/01/2023			63,900	63,900
03/01/2024	1,505,000	4.000%	63,900	1,568,900
09/01/2024			33,800	33,800
03/01/2025	1,565,000	4.000%	33,800	1,598,800
09/01/2025			2,500	2,500
03/01/2026	<u>125,000</u>	4.000%	<u>2,500</u>	<u>127,500</u>
	<u>\$7,345,000</u>		<u>\$923,864</u>	<u>\$8,268,864</u>

Long-term liability associated with the general obligation bonds for the year ended June 30, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Total Bonds Payable	\$ 9,820,000	\$15,845,000	(\$ 9,820,000)	\$15,845,000	\$1,330,000
Unearned amounts					
Bond premium	65,502	2,243,959	( 149,341)	2,160,120	252,898
Bond discount	<u>( 25,369)</u>	<u>-</u>	<u>25,369</u>	<u>-</u>	<u>-</u>
Net bonds payable	9,860,133	18,088,959	( 9,943,972)	18,005,120	1,582,898
Net pension liability	48,917,058	-	( 403,493)	48,513,565	-
Net OPEB liability	7,428,568	770,967	-	8,199,535	-
Compensated absences	<u>470,315</u>	<u>58,257</u>	<u>-</u>	<u>528,572</u>	<u>-</u>
Total	<u>\$66,676,074</u>	<u>\$18,918,183</u>	<u>(\$10,347,465)</u>	<u>\$75,246,792</u>	<u>\$1,582,898</u>

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE H – LONG -TERM DEBT, CONTINUED**

Net bonds payable:	
Current Portion	\$ 1,582,898
Long-Term Portion	<u>16,422,222</u>
Total	<u>\$18,005,120</u>

**NOTE I – CAPITAL LEASES**

The following is a summary of changes in capital leases payable for the year ended June 30, 2020:

	<u>Balance</u> <u>06/30/19</u>	<b>Issued</b>	<b>Retired</b>	<u>Balance</u> <u>06/30/20</u>
Capital Leases	<u>\$332,970</u>	<u>\$ -</u>	<u>(\$116,815)</u>	<u>\$216,155</u>

Capital lease obligations for the School District consist of three capital leases for equipment and software (Note F). The leases are secured by the equipment leased.

	<u>Current</u> <u>Portion</u>	<u>Long-Term</u> <u>Portion</u>	<u>Total</u>
Capital lease with payments of \$62,654 due September 5 <sup>th</sup> and March 5 <sup>th</sup> through March 2022, interest at 2.794%	<u>\$120,101</u>	<u>\$ 96,054</u>	<u>\$216,155</u>

Maturities of capital leases are as follows:

June 30, 2021	\$125,309
June 30, 2021	<u>97,881</u>
	223,190
Less amount representing interest	<u>( 7,035)</u>
	<u>\$216,155</u>

**NOTE J – UNEARNED REVENUE**

Unearned revenue reported on the governmental fund statements for the General Fund consists entirely of delinquent real estate taxes of \$831,918 at June 30, 2020.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE K – FUND BALANCE REPORTING**

*Committed Fund Balance Policy*

The District’s Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

Fund Balance reporting as a result of motions that passed at School Board meetings:

The School Board committed funds for the future payment of obligations related to:

General Fund

Compensated absences	\$ 443,550
Carter Field Parking Lot	25,000
PSERS rate stabilization	1,922,745
2020 Bond Payment	34,773
Rocket Online Campus (ROC)	<u>167,027</u>
	2,593,095
Fiscal year 2020-2021 budget	<u>1,129,042</u>
Total general fund committed fund balance	<u>\$3,722,137</u>

Capital Project Fund-Construction \$9,784,187

The 2020-2021 budget, which was adopted by the School Board, contains a projected use of \$1,129,042 of General Fund balance for the projected operating deficit. Consequently, at June 30, 2020 the total amount committed for next year’s projected operating deficit is \$1,129,042

The Capital Project Fund-Construction has a committed fund balance at June 30, 2020 of \$9,784,187 to be spent in accordance with the term of Bond Series of 2020A (Note H).

*Assigned Fund Balance Policy*

The District’s Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

The Capital Project Fund, formerly the Capital Reserve Fund, is funded by a transfer determined annually from the general fund. The amount transferred for the year ended June 30, 2020 was \$200,000. At June 30, 2020 the total amount assigned for future capital projects which have not been specifically identified by the committee was \$3,658,798.

# TITUSVILLE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE L – DEFINED BENEFIT PENSION PLAN

#### *General Information about the Pension Plan*

##### Plan description

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

##### Benefits provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011 after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

## TITUSVILLE AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE L – DEFINED BENEFIT PENSION PLAN, CONTINUED

The contribution policy is set up by state statute and requires contributions by active members, employers, and the Commonwealth of Pennsylvania.

##### Member Contributions:

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

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

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

Members who joined the System after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.50% (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% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

##### Employer Contributions:

The District's contractually required contribution rate for the fiscal year ended June 30, 2020 was 33.43% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's contributions to the plan for the year ended June 30, 2020, was \$4,573,119.

The District is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance (OPEB). Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net pension liability and related pension expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2020 for pension and OPEB benefits was \$3,491,045.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE L – DEFINED BENEFIT PENSION PLAN, CONTINUED**

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

At June 30, 2020, the District reported a liability of \$48,513,565 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. 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, 2020, the District’s proportion was .1037%, which was an increase of .0018% from its proportion measured as of June 30, 2019. The net pension liability will be liquidated through future contributions to PSERS at the statutory rates. Contributions will be made from the general fund.

For the year ended June 30, 2020, the District recognized pension expense of \$5,320,000. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 267,153	\$1,607,954
Changes in assumptions	463,769	-
Net difference between projected and actual investment earnings	-	138,971
Changes in proportions	837,000	181,000
Difference between employer contributions and proportionate share of total contributions	-	70,812
Contributions subsequent to the measurement date	<u>1,746,720</u>	<u>-</u>
<b>TOTAL</b>	<b><u>\$3,314,642</u></b>	<b><u>\$1,998,737</u></b>

\$1,746,720 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	(\$107,703)
2021	( 107,704)
2022	( 107,704)
2023	<u>( 107,704)</u>
<b>TOTAL</b>	<b><u>(\$430,815)</u></b>

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE L – DEFINED BENEFIT PENSION PLAN, CONTINUED**

**Actuarial Assumptions**

The total pension liability as of June 30, 2019 was determined by rolling forward the System’s total pension liability at June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.25%, include inflation at 2.75%.
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	20.0%	5.6%
Fixed income	36.0%	1.9%
Commodities	8.0%	2.7%
Absolute return	10.0%	3.4%
Risk parity	10.0%	4.1%
Infrastructure /MLPs	8.0%	5.5%
Real Estate	10.0%	4.1%
Alternative investments	15.0%	7.4%
Cash	3.0%	0.3%
Financing (LIBOR)	<u>( 20.0%)</u>	0.7%
<b>TOTAL</b>	<b><u>100%</u></b>	

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE L – DEFINED BENEFIT PENSION PLAN, CONTINUED**

The previous 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, 2019.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1 % Decrease <u>6.25%</u>	Current Discount Rate <u>7.25%</u>	1% Rate Increase <u>8.25%</u>
District's proportionate share of the net pension liability	<u>\$60,545,519</u>	<u>\$48,513,565</u>	<u>\$38,498,246</u>

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2020, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of \$1,601,939. This amount represents the District’s contractually obligated contributions for wages earned during the 2020 year-end. The balance will be paid in the 2021 year-end.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE M – OTHER POST-EMPLOYMENT BENEFITS PLANS**

**General Information about the OPEB Plan**

*Plan Description*

The District administers a single-employer defined benefit healthcare plan.

*Benefits Provided*

The Plan provides medical and pharmacy benefits, life insurance and cash for eligible retirees based on specific eligibility requirements. Coverage, premium sharing, and life insurance amounts vary by employee classification.

*Employees Covered by Benefit Terms*

Membership in the plan consisted of the following at July 1, 2018, the date of the last actuarial valuation.

Active participants	276
Retired participants	<u>29</u>
<b>TOTAL</b>	<b><u>305</u></b>

**Total OPEB Liability**

The District’s total OPEB liability of \$5,994,000 was measured as of July 1, 2019, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs*

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	None
Salary increases	Based on the rates utilized in the Actuarial Valuation for the PA Public School Employees’ Retirement System
Discount Rate	2.21% as of June 30, 2020, 3.50% as of June 30, 2019
Healthcare cost trend rates	6.90% in 2020 and 6.50% in 2021 decreasing annually until 2029

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE M – OTHER POST-EMPLOYMENT BENEFITS PLANS, CONTINUED**

Mortality

RP-2014 Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2018 from 2006 base year and projected forward on a generational basis with Scale MP-2018 (based on recommendation of Society of Actuaries' Retirement Plans Experience Committee). As a generational table, it reflects mortality improvements both before and after the measurement date.

The actuarial assumptions used in the July 1, 2019 actuarial valuation were based on census information at that time and is believed to be representative of the population for the 2019-2020 school year.

**Changes in the total OPEB liability**

	<u>Total OPEB Liability</u>
<b>BALANCE AT JULY 1, 2019</b>	<u>\$5,304,000</u>
Changes for the Year:	
Service cost	255,000
Interest on total OPEB liability	181,000
Changes of assumptions	524,000
Benefit payments	<u>( 270,000)</u>
Net changes	<u>690,000</u>
<b>BALANCE AT JULY 1, 2020</b>	<u>\$5,994,000</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage -point higher (3.21%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
Total OPEB liability (asset)	<u>\$6,417,000</u>	<u>\$5,994,000</u>	<u>\$5,589,000</u>

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE M – OTHER POST-EMPLOYMENT BENEFITS PLANS, CONTINUED**

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB liability (asset)	<u>\$5,396,000</u>	<u>\$5,994,000</u>	<u>\$6,683,000</u>

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

For the year ended June 30, 2020 the District recognized OPEB expense of \$127,,000. At June 30, 2020, 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	\$ 767,000	\$ -
Changes in assumptions	449,000	( 2,648,000)
Net difference between projected and actual OPEB plan investment	-	-
Contributions subsequent to the measurement date	-	-
<b>TOTAL</b>	<b><u>\$1,216,000</u></b>	<b><u>(\$2,648,000)</u></b>

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</u>	
2020	(\$ 309,000)
2021	( 309,000)
2022	( 309,000)
2023	( 307,000)
2024	( 272,000)
Thereafter	<u>74,000</u>
<b>TOTAL</b>	<b><u>(\$1,432,000)</u></b>

# TITUSVILLE AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE M – OTHER POST-EMPLOYMENT BENEFITS PLANS, CONTINUED

#### PSERS OPEB Plan

##### General Information about the Health Insurance Premium Assistance Program

##### Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other OPEB for all eligible retirees who qualify and elect to participate. Employer contributions rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019 there were no assumed future benefit increase to participating eligible retirees.

##### Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

##### Pension Plan Description

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

##### Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019 there were no assumed future benefit increases to participating eligible retirees.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE M – OTHER POST-EMPLOYMENT BENEFITS PLANS, CONTINUED**

*Employer Contribution*

The District’s contractually required contribution rate for the fiscal year ended June 30, 2020 was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$116,432 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$2,205,535 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. The District’s proportion of the net OPEB liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District’s proportion was .1037%, which was an increase of .0018% from its proportion measured as of June 30, 2019. The net OPEB obligation will be liquidated through future contributions to PSERS at the statutory rates. Contributions will be made from the general fund.

For the year ended June 30, 2020, the District recognized OPEB expense of \$116,000. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,400	\$ -
Net difference between projected and actual earnings on OPEB plan investments	73,075	( 65,546)
Changes in proportion	3,713	-
Difference between employer contributions and proportionate share of total contributions	46,000	( 6,000)
Contributions subsequent to the measurement date	-	( 2,378)
	<u>44,472</u>	<u>-</u>
	<b><u>\$179,660</u></b>	<b><u>(\$73,924)</u></b>

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE M – OTHER POST-EMPLOYMENT BENEFITS PLANS, CONTINUED**

\$44,472 reported as deferred outflows of resources related to the OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. 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</u>	
2020	\$15,316
2021	15,316
2022	15,316
2023	<u>15,316</u>
	<u>\$61,264</u>

Actuarial Assumptions:

The Total OPEB Liability as of June 30, 2019, was determined by rolling forward the System’s Total OPEB Liability as of June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment rate of return – 2.79% – S&P 20 Year Municipal Bond Rate.
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS’s experience and projected using a modified version of the RP-2015 Mortality Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial valuation experience study that was performed for the five year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determine the employer contribution rate for fiscal year 2019.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE M – OTHER POST-EMPLOYMENT BENEFITS PLANS, CONTINUED**

- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Health Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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

The OPEB plan’s policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

<u>OPEB-Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	13.20%	.20%
U.S. Core Fixed Income	83.10%	1.00%
Non-U.S. Developed Fixed	<u>3.70%</u>	.00%
Total	<u>100.00%</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, 2019.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.79%. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy set 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’s plan fiduciary net position was not projected to be

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE M – OTHER POST-EMPLOYMENT BENEFITS PLANS, CONTINUED**

sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 2.79% which represents the S&P 20-year Municipal Bond Rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability.

*Sensitivity of the System Net OPEB Liability to Change in Healthcare Cost Trend Rates*

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2019, 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, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2019, 780 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2019, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Trend Rate	1% Increase
System net OPEB liability	<u>\$2,126,515,000</u>	<u>\$2,126,842,000</u>	<u>\$2,127,106,000</u>

*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 2.79%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.79%) or 1-percentage point higher (3.79%) than the current rate:

	1% Decrease	Trend Rate	1% Increase
	<u>1.79%</u>	<u>2.79%</u>	<u>3.79%</u>
District’s proportionate share Of the net OPEB liability	<u>\$2,512,585</u>	<u>\$2,205,535</u>	<u>\$1,951,068</u>

*OPEB Plan Fiduciary Net Position*

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

**TITUSVILLE AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE M – OTHER POST-EMPLOYMENT BENEFITS PLANS, CONTINUED**

*Payables Related to the Plan*

At June 30, 2020, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of \$1,601,939. This amount represents the District’s contractually obligated contributions for wages earned during the 2020 year-end. The balance will be paid in the 2021 year-end.

**NOTE N – FOOD SERVICE FUND**

The Food Service Fund adheres to the Pennsylvania Department of Education prescribed modified enterprise fund method of accounting. Under this full accrual method of accounting, donated commodities received by the Food Service Fund are included in inventory at cost figures provided by the Pennsylvania Department of Agriculture.

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

At June 30, 2020 the Food Service Fund working capital was \$157,968.

**NOTE O – JOINT VENTURES**

The School District is a participating member of the Venango Technology Center. Each participating School District bears a portion of the current operating expenditures based on their average daily membership (ADM) of pupils in the Venango Technology Center program (Note S).

The distribution of expenditures is described as follows:

<u>Member Districts</u>	<u>ADM%</u>	<u>Total ADM Expenditures</u>
Franklin	23.45	\$ 958,845
Titusville	20.86	853,401
Cranberry	11.94	488,232
Forest Area	7.28	297,694
Oil City	23.60	965,242
Valley Grove	<u>12.87</u>	<u>526,155</u>
	<u>100.00</u>	<u>\$4,089,569</u>

## TITUSVILLE AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE O – JOINT VENTURES, CONTINUED

The districts pay eight installments to the Venango Technology Center based on the expenditures in the Venango Technology Center's annual budget. The difference between the payments made and the actual expenditures, as computed above, is refunded or paid back to the home schools at year end as necessary. Audited financial statements for the year ended June 30, 2020 for the Venango Technology Center are available at its business office.

The School District is a participating member of the Riverview Intermediate Unit (I.U.). All member districts operate under an agreement to proportionately pay for the cost of commonly shared services. The cost for operating costs is deducted from the school district subsidy each year. Titusville Area School District's proportionate share totaled \$18,577 for 2019-2020. The School District also contracts with the I.U. to provide special education services. The total charge for services provided by the I.U. was \$326,816 for the 2019-2020 fiscal year. Audited financial statements for the year ended June 30, 2020 for the Riverview Intermediate Unit are available at its business office.

#### NOTE P – INTERGOVERNMENTAL COOPERATION AGREEMENT

The District entered into a cooperation agreement with the City of Titusville (the City) for the use, care and maintenance of City owned recreational property known as the Ed Myers Complex (the property). Effective January 1, 2017 to December 31, 2032, the District will have use of the property for various sporting practices and events and agrees in return to maintain the property and pay the City the sum of one dollar annually.

#### NOTE Q – CONCENTRATION OF REVENUE

Of the District's total general fund's receipts, approximately 25% and 72% are derived from taxes and federal and state subsidies/grants, respectively for the fund financial statements and 24% and 75% are derived for the government-wide financial statements. Taxes consist of the collection of real estate, income and other taxes. Federal and state subsidies/grants consist of operating subsidies and grants used to finance the programs and operations of the School District.

#### NOTE R – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District currently reports its risk management activities in the general fund.

The District carries commercial insurance for all types of loss, including workers' compensation. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

## TITUSVILLE AREA SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE S – CONTINGENT LIABILITIES

##### Grant Programs

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 non-compliance which would result in the disallowance of program expenditures.

##### Venango Technology Center Security Contingency

On June 4, 2009, the Venango Technology Center entered into a capital lease with the State Public School Building Authority for the purpose of financing (a) the planning, design, construction, furnishing and equipping of the energy savings contract capital project and (b) the costs and expenses of such financing. The Authority financed the project with the \$3,560,000 aggregate principal amount of its Venango County Area Vocational -Technical School Lease Revenue Bond Series of 2009. In July of 2014, the Lease Revenue Bond Series of 2009 was refinanced with the Venango County Area Vocational Technical School Lease Revenue Note Series of 2014 in the amount of \$2,632,000. The security for the note is the payments received from the participating schools for their respective share of the payments on the capital lease obligation. Titusville Area School District is contingently liable as they are a participating school (Note O).

#### NOTE R – ECONOMIC UNCERTAINTIES

Due to the COVID-19 outbreak, the District has experienced unprecedented interruption in its operations including, but not limited to, disruption to the delivery of traditional schooling and daily business management. While the disruption is considered to be temporary, there is still uncertainty related to the total financial impact and duration of the outbreak. Additionally, the District may be subject to mandated closings without warning. While there has been no material decline in funding received from state or federal sources, there is the potential for such. The District is continuing to monitor and implement best practices to ensure the financial health of the District. At the date of the financial statements, the financial impact cannot be reasonably estimated.

**SECTION F**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**TITUSVILLE AREA SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**LAST 10 FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability	0.1037%	0.1019%	0.1023%	0.1012%	0.1039%
District's proportionate share of the net pension liability	\$ 48,513,565	\$ 48,917,058	\$ 50,524,000	\$ 50,152,000	\$ 41,125,000
District's covered-employee payroll	\$ 14,306,659	\$ 13,728,571	\$ 13,626,232	\$ 13,100,232	\$ 13,143,591
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	339.10%	356.32%	370.78%	382.83%	312.89%
Plan fiduciary net position as a percentage of the total pension liability	55.66%	54.00%	51.84%	50.14%	57.24%

Notes:

The District is required to present the information for the last ten fiscal years. Additional years will be displayed as they become available.

The data provided in this schedule is based as of the measurement date of PSERS' net pension liability, which is as of the beginning of the District's fiscal year.

See independent auditor's report.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS FOR THE PENSION PLAN**  
**LAST 10 FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 4,573,119	\$ 4,435,649	\$ 4,340,086	\$ 3,913,000	\$ 3,220,000	\$ 2,639,000	\$ 2,070,000	\$ 1,507,517	\$ 1,027,879	\$ 701,146	\$ 549,490
Contributions in relation to the contractually required contribution	4,573,119	4,435,649	4,340,086	3,913,000	3,220,000	2,639,000	2,070,000	1,507,517	1,027,879	701,146	549,490
Contribution deficiency (excess)	<b>\$ -</b>										
District's covered-employee payroll	\$ 14,305,836	\$ 14,306,659	\$ 13,728,571	\$ 13,626,232	\$ 13,100,232	\$ 13,143,591	\$ 13,256,446	\$ 12,442,450	\$ 12,775,694	\$ 13,851,276	\$ 13,739,550
Contributions as a percentage of covered-employee payroll	31.97%	31.00%	31.61%	28.72%	24.58%	20.08%	15.62%	12.12%	8.05%	5.06%	4.00%

**Notes to Schedule:**

Changes of benefits terms:

With the passage of Act 5 class T-E & T-F members are now permitted to elect a lump sum payment of member contributions upon retirement.

Changes in assumptions:

None.

See independent auditor's report.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**LAST 10 FISCAL YEARS**

	<u>2020</u>	<u>2019</u>
<b>TOTAL OPEB LIABILITY</b>		
Service cost	\$ 255,000	\$ 327,000
Interest	181,000	278,000
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Liability gains or Losses	-	1,075,000
Changes of assumptions	524,000	(3,492,000)
Benefit payments	<u>(270,000)</u>	<u>(256,000)</u>
<b>NET CHANGE IN TOTAL OPEB LIABILITY</b>	<b>690,000</b>	<b>(2,068,000)</b>
<b>TOTAL OPEB LIABILITY - BEGINNING</b>	<b>5,304,000</b>	<b>7,372,000</b>
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b><u>\$ 5,994,000</u></b>	<b><u>\$ 5,304,000</u></b>
Covered-employee payroll	\$ 14,305,836	\$ 14,306,659
District's net OPEB liability as a percentage of covered-employee payroll	41.90%	37.07%

**Notes to Schedule:**

*Changes of assumptions:*

No changes in benefit terms.

The discount rate changed from 3.50% to 3.21%.

Future retiree healthcare trend rates were updated.

The mortality assumption has been updated from the RP-2000 Mortality Tables with Mortality Improvement Projection Scale AA to the RP-2015 Mortality Tables with Mortality Improvement Projection Scale MP-2018

The District is required to present the information for the last ten fiscal years. Additional years will be displayed as they become available.

See independent auditor's report.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE PSERS NET OPEB LIABILITY**  
**LAST 10 FISCAL YEARS**

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	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability	0.1037%	0.1019%
District's proportionate share of the net OPEB liability	\$ 2,205,535	\$ 2,124,563
District's covered-employee payroll	\$ 14,306,659	\$ 13,728,571
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	15.42%	15.48%
Plan fiduciary net position as a percentage of the total OPEB liability	5.56%	5.56%

Notes:

The District is required to present the information for the last ten fiscal years. Additional years will be displayed as they become available.

The data provided in this schedule is based as of the measurement date of PSERS' net OPEB liability, which is as of the beginning of the District's fiscal year.

See independent auditor's report.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS FOR THE PSERS OPEB PLAN**  
**LAST 10 FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 116,432	\$ 115,992	\$ 113,493	\$ 108,152	\$ 88,998	\$ 72,939	\$ 105,151	\$ 112,736	\$ 83,515	\$ 89,747	\$ 107,151
Contributions in relation to the contractually required contribution	116,432	115,992	113,493	108,152	88,998	72,939	105,151	112,736	83,515	89,747	107,151
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 14,305,836	\$ 14,306,659	\$ 13,728,571	\$ 13,626,232	\$ 13,100,232	\$ 13,143,591	\$ 13,256,446	\$ 12,442,450	\$ 12,775,694	\$ 13,851,276	\$ 13,739,550
Contributions as a percentage of covered-employee payroll	0.81%	0.81%	0.83%	0.79%	0.68%	0.55%	0.79%	0.91%	0.65%	0.65%	0.78%

**Notes to Schedule:**

Changes of benefits terms:  
None

Changes in assumptions:  
The Discount Rate decreased from 2.98% to 3.36%.

See independent auditor's report.

**SECTION G**  
**SUPPLEMENTARY INFORMATION**

**TITUSVILLE AREA SCHOOL DISTRICT**  
**SCHEDULE EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>Grantor Program Title</b>	<b>CFDA Number</b>	<b>Grantor Contract Number</b>	<b>Grant Period Beginning/Ending Date</b>	<b>Total Received For Year</b>	<b>Accrued (Unearned) Revenue 7/1/2019</b>	<b>Revenue Recognized</b>	<b>Expenditures</b>	<b>Accrued (Unearned) Revenue 6/30/2020</b>
<b>Passed through PA Dept. of Education</b>								
Title I Grants to Local Educational Agencies	84.010	013-190428	07/01/18-09/30/19	\$ 530,176	\$ 143,140	\$ 387,036	\$ 387,036	\$ -
Title I Grants to Local Educational Agencies	84.010	013-200428	07/01/19-09/30/20	609,720	-	741,706	741,706	131,986
				F 1,139,896	143,140	1,128,742	1,128,742	131,986
Improving Teacher Quality State Grants	84.367	020-190428	07/01/18-09/30/19	56,692	5,402	51,290	51,290	-
Improving Teacher Quality State Grants	84.367	020-200428	07/01/19-09/30/20	67,709	-	66,793	66,793	(916)
				F 124,401	5,402	118,083	118,083	(916)
Student Support and Academic Enrichment	84.424	144-190428	07/01/18-09/30/19	41,101	5,043	36,058	36,058	-
Student Support and Academic Enrichment	84.424	144-200428	07/01/19-09/30/20	39,770	-	50,451	50,451	10,681
				F 80,871	5,043	86,509	86,509	10,681
Rural and Low Income Schools	84.358	007-180428	07/01/19-09/30/20	F 38,914	-	38,914	38,914	-
				1,384,082	153,585	1,372,248	1,372,248	141,751
<b>Passed through Riverview Intermediate Unit</b>								
Special Education Cluster (IDEA)								
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	07/01/19-06/30/20	F 236,934	-	327,555	327,555	90,621
Special Education - Preschool Grants (IDEA, Preschool)	84.173	N/A	07/01/19-06/30/20	F 5,838	-	5,838	5,838	-
Total Special Education Cluster (IDEA)				242,772	-	333,393	333,393	90,621
<b>Total U.S. Department of Education</b>				1,626,854	153,585	1,705,641	1,705,641	232,372
<b>U.S Department of Health &amp; Human Services</b>								
<b>Passed through Rescare, Inc.</b>								
TANF Cluster								
Temporary Assistance for Needy Families (TANF)	93.558	N/A	07/01/18-06/30/19	30,629	5,101	25,528	25,528	-
Temporary Assistance for Needy Families (TANF)	93.558	N/A	07/01/19-06/30/20	32,800	-	80,000	80,000	47,200
Total TANF Cluster				F 63,429	5,101	105,528	105,528	47,200
<b>Total U.S Department of Health &amp; Human Services</b>				63,429	5,101	105,528	105,528	47,200
<b>U.S Department of the Treasury</b>								
Coronavirus Relief Fund ("CARES Act")	21.019	N/A	03/01/20-10/30/20	-	-	6,769	6,769	6,769
<b>Total U.S Department of the Treasury</b>				-	-	6,769	6,769	6,769

**TITUSVILLE AREA SCHOOL DISTRICT**  
**SCHEDULE EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020, CONTINUED**

**U.S. Department of Agriculture**

Child Nutrition Cluster

**Passed through PA Dept. of Education**

School Breakfast Program (SBP)	10.553	365	07/01/18-06/30/19		6,339	6,339	-	-	-
School Breakfast Program (SBP)	10.553	365	07/01/19-06/30/20		301,070	-	318,072	318,072	17,002
				F	<u>307,409</u>	<u>6,339</u>	<u>318,072</u>	<u>318,072</u>	<u>17,002</u>
National School Lunch Program (NSLP)	10.555	362	07/01/18-06/30/19		13,609	13,609	-	-	-
National School Lunch Program (NSLP)	10.555	362	07/01/19-06/30/20		607,112	-	634,160	634,160	27,048
				F	<u>620,721</u>	<u>13,609</u>	<u>634,160</u>	<u>634,160</u>	<u>27,048</u>

**Passed through PA Dept. of Agriculture**

National School Lunch Program	10.555	N/A	07/01/19-06/30/20	F	<u>68,125</u>	<u>(22,065)</u>	<u>55,740</u>	<u>55,740</u>	<u>(9,680)</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	07/01/18-06/30/19		6,240	6,240	-	-	-
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	07/01/19-06/30/20		22,197	-	22,197	22,197	-
					<u>28,437</u>	<u>6,240</u>	<u>22,197</u>	<u>22,197</u>	<u>-</u>
					<u>96,562</u>	<u>(15,825)</u>	<u>77,937</u>	<u>77,937</u>	<u>(9,680)</u>
Total Child Nutrition Cluster					<u>1,024,692</u>	<u>4,123</u>	<u>1,030,169</u>	<u>1,030,169</u>	<u>34,370</u>

**Passed through PA Dept. of Education**

State Breakfast Initiative	N/A	511	07/01/18-06/30/19	S	380	380	-	-	-
School Breakfast Program	N/A	511	07/01/19-06/30/20	S	14,953	-	15,726	15,726	773
National School Lunch Program	N/A	510	07/01/18-06/30/19	S	694	694	-	-	-
National School Lunch Program	N/A	510	07/01/19-06/30/20	S	27,730	-	28,657	28,657	927
					<u>43,757</u>	<u>1,074</u>	<u>44,383</u>	<u>44,383</u>	<u>1,700</u>

**Total U.S. Department of Agriculture**

	<u>1,068,449</u>	<u>5,197</u>	<u>1,074,552</u>	<u>1,074,552</u>	<u>36,070</u>
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**Total Expenditures of Federal and State Awards**

	<u>\$ 2,758,732</u>	<u>\$ 163,883</u>	<u>\$ 2,892,490</u>	<u>\$ 2,892,490</u>	<u>\$ 322,411</u>
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F Federal program  
S State program

See independent auditor's report and notes to schedule of expenditures of federal and state awards.

**TITUSVILLE AREA SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
JUNE 30, 2020**

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state grant activity of the Titusville Area School District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Titusville Area School District, it is not intended to and does not present the net position or changes in net position of Titusville Area School District.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Titusville Area School District has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 - FEDERAL REVENUES**

the Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund.

**NOTE 4 - SUBRECIPIENT FUNDING**

There were no funds passed through to subrecipients from any of the federal programs.

See independent auditor's report.

TITUSVILLE AREA SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020

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I. SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

FEDERAL AWARDS

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

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

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

Identification of major federal programs:

Title I Grants to Local Educational Agencies (CFDA 84.010)

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

Auditee qualified as low-risk auditee?  Yes  No

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

None Reported.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Reported.

**TITUSVILLE AREA SCHOOL DISTRICT**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
<b>LOCAL SOURCES</b>			
Public utilities realty tax	\$ 8,000	\$ 7,208	\$ (792)
Real estate taxes-current	6,333,088	6,469,104	136,016
Per capita taxes-Section 679 and Act 511	64,000	55,739	(8,261)
Local services tax	29,000	33,746	4,746
Earned income tax	1,073,000	989,762	(83,238)
Realty transfer tax	-	82,545	82,545
Payments in lieu of taxes	1,018	1,018	-
Delinquent taxes	770,000	736,525	(33,475)
Earnings on investments	130,000	115,303	(14,697)
Rental of school facilities	20,000	11,632	(8,368)
Athletic program receipts	36,000	35,899	(101)
Miscellaneous receipts	20,000	21,248	1,248
Transportation services other LEA's	-	26,340	26,340
Funds passed through intermediate sources	599,000	620,154	21,154
Receipts from other LEA's	182,000	165,497	(16,503)
Gifts and grants	8,000	46,804	38,804
<b>TOTAL LOCAL SOURCES</b>	<b>9,273,106</b>	<b>9,418,524</b>	<b>145,418</b>
<b>STATE SOURCES</b>			
Basic instructional subsidy	14,003,679	13,995,880	(7,799)
Court placed children	105,000	90,462	(14,538)
Vocational education	42,000	55,502	13,502
Special education	1,730,917	1,716,845	(14,072)
Transportation	990,000	959,084	(30,916)
Rentals and sinking funds	808,759	811,110	2,351
Health services and Safe Schools grant	38,000	34,713	(3,287)
Property tax relief	489,559	489,559	-
Ready to Learn grant	434,788	434,788	-
PA State Grant	35,000	34,231	(769)
State share-social security	705,686	716,301	10,615
State share-retirement	3,417,893	3,491,045	73,152
<b>TOTAL STATE REVENUES</b>	<b>22,801,281</b>	<b>22,829,520</b>	<b>28,239</b>
<b>FEDERAL SOURCES</b>			
E.S.E.A. - Title I, II and IV	1,314,978	1,372,247	57,269
CARES - Health and safety	-	6,769	6,769
Medical assistance reimbursement	-	16,254	16,254
<b>TOTAL FEDERAL REVENUES</b>	<b>1,314,978</b>	<b>1,395,270</b>	<b>80,292</b>
<b>OTHER FINANCING SOURCES</b>			
Sale of fixed assets	2,000	536	(1,464)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>2,000</b>	<b>536</b>	<b>(1,464)</b>
<b>TOTAL REVENUES</b>	<b>\$ 33,391,365</b>	<b>\$ 33,643,850</b>	<b>\$ 252,485</b>

See independent auditor's report.

**TITUSVILLE AREA SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>			
<b>INSTRUCTION</b>			
Regular programs	\$ 14,423,623	\$ 14,083,056	\$ 340,567
Special programs	3,666,578	3,612,532	54,046
Vocational education programs	946,717	853,401	93,316
Other programs	440,983	404,300	36,683
Adult education programs	5,000	5,000	-
<b>TOTAL INSTRUCTION</b>	<u>19,482,901</u>	<u>18,958,289</u>	<u>524,612</u>
<b>SUPPORT SERVICES</b>			
Pupil personnel	1,503,533	1,458,959	44,574
Instructional staff	1,082,020	1,082,019	1
Administration	2,446,639	2,374,117	72,522
Pupil health	342,902	326,767	16,135
Business	467,861	448,083	19,778
Operation and maintenance of plant	3,102,452	2,994,265	108,187
Student transportation	1,495,884	1,459,338	36,546
Central	606,074	555,799	50,275
Other	19,500	18,577	923
<b>TOTAL SUPPORT SERVICES</b>	<u>11,066,865</u>	<u>10,717,924</u>	<u>348,941</u>
<b>OPERATION OF NONINSTRUCTIONAL SERVICES</b>			
Student activities	787,921	787,921	-
Community activities	30,244	30,243	1
<b>TOTAL NONINSTRUCTIONAL SERVICES</b>	<u>818,165</u>	<u>818,164</u>	<u>1</u>
<b>OTHER FINANCING USES</b>			
Debt service	2,470,266	2,326,112	144,154
Interfund transfers	289,308	289,308	-
Refund of prior year revenue	18,923	18,922	1
Budgetary reserve	500,000	-	500,000
<b>TOTAL OTHER FINANCING USES</b>	<u>3,278,497</u>	<u>2,634,342</u>	<u>644,155</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 34,646,428</u></u>	<u><u>\$ 33,128,719</u></u>	<u><u>\$ 1,517,709</u></u>

See independent auditor's report.

**TITUSVILLE AREA SCHOOL DISTRICT  
ACTIVITY FUND  
SCHEDULE OF ACTIVITY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2020**

**STATEMENT OF NET POSITION**

**ASSETS**

Cash	\$ 59,453
	<u>\$ 59,453</u>

**LIABILITIES**

Due to student groups	\$ 59,453
	<u>\$ 59,453</u>

**SCHEDULE OF REVENUES AND EXPENDITURES**

	Student Groups June 30, 2019	Revenues	Expenditures	Student Groups June 30, 2020
Academic Challenge	\$ 131	\$ -	\$ -	\$ 131
Art Club	3,243	2,518	1,727	4,034
Boys Hoop Club	1,844	2,534	2,214	2,164
Cheerleading Club	80	2,257	1,058	1,279
Choir	925	1	99	827
Class of 2020	1,029	2,361	3,390	-
Class of 2021	1,558	1,290	2,363	485
Class of 2022	260	2,837	769	2,328
Class of 2023`	-	90	-	90
Ecology Club	875	384	267	992
THS FCCLA	1,270	4,907	5,210	967
TMS FCCLA	1,002	5,583	5,320	1,265
Football Club	1,236	7,213	6,733	1,716
Future Business Leaders	1,306	1,118	1,233	1,191
Girls Roundball	629	3,158	2,495	1,292
History Club	35	-	-	35
Key Club	463	1	95	369
Middle School Publications	48	4,441	4,489	-
Middle School Student Council	2,049	1,205	955	2,299
TMS Business Club-FBLA	319	157	-	476
Band	9,855	26,538	21,664	14,729
Drama Club	2,197	687	1,178	1,706
National Honor Society	92	481	435	138
"Optimist" Yearbook	4,054	7,040	5,400	5,694
Robotics STEM Club	1,298	1	-	1,299
Senior High Student Council	9,149	4,316	5,864	7,601
THS Girls Softball Club	1,158	761	-	1,919
Varsity Club	1,548	3,471	592	4,427
	<u>\$ 47,653</u>	<u>\$ 85,350</u>	<u>\$ 73,550</u>	<u>\$ 59,453</u>
<b>TOTAL FUNDS</b>	<u>\$ 47,653</u>	<u>\$ 85,350</u>	<u>\$ 73,550</u>	<u>\$ 59,453</u>

See independent auditor's report.

**TITUSVILLE AREA SCHOOL DISTRICT  
TRUST FUNDS  
SCHEDULE OF TRUST FUNDS**

**STATEMENT OF NET POSITION  
JUNE 30, 2020**

**ASSETS**

Cash	\$ 1,250,962
	<u>\$ 1,250,962</u>

**NET POSITION**

Restricted for legal purposes	\$ 1,250,962
	<u>\$ 1,250,962</u>

**SCHEDULE OF REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Balance June 30, 2019	Revenues	Expenditures	Balance June 30, 2020
Ruth Mitchell Scholarship	\$ 22,276	\$ 5,995	\$ 2,800	25,471
Dick Kurtich Scholarship	20,741	623	600	20,764
Aletha M. Kurtich Scholarship	17,420	1,015	1,000	17,435
Titusville Area School District Scholarship	34,538	6,691	5,800	35,429
Florence Ellis Citizenship Award	1,332	41	50	1,323
Jackson Memorial Scholarship	4,331	133	-	4,464
Lee Mowrey Scholarship	10,623	320	250	10,693
Taylor Kane Scholarship	106,715	3,265	800	109,180
T.W. and Pearl Pringle Scholarship	10,509	316	300	10,525
June E. Skinner Scholarship	6,738	207	-	6,945
Lubas Fund	12,232	376	-	12,608
Seibert Hequembourg Fund	272,451	17,286	-	289,737
Trophies and Memorials	6,179	190	-	6,369
Health Council	15,489	-	1,348	14,141
Carson Bement Scholarship	2,176	65	70.00	2,171
Florence Jones Scholarship	13,082	399	350.00	13,131
Mabel K. Clark Memorial	55,101	10,749	8,700	57,150
Mary White Clark Scholarship	5,988	180	150	6,018
Cortney Hanlon Scholarship	11,605	349	325	11,629
Erma Green and J.J. Lamenskie Scholarship	28,017	848	800	28,065
Marine Corp Scholarship	25,772	772	700	25,844
St. Paul's Church	31,383	963	-	32,346
Brian A Patterson	34,016	1,045	-	35,061
Diane Sharnborg	465,251	14,212	5,000	474,463
	<u>\$ 1,213,965</u>	<u>\$ 66,040</u>	<u>\$ 29,043</u>	<u>\$ 1,250,962</u>
<b>TOTAL FUNDS</b>	<u>\$ 1,213,965</u>	<u>\$ 66,040</u>	<u>\$ 29,043</u>	<u>\$ 1,250,962</u>

See independent auditor's report.