

# Chartiers Valley School District

Single Audit

June 30, 2022

**MaherDuessel**

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# CHARTIERS VALLEY SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2022

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## Independent Auditor's Report

**Board of Directors  
Chartiers Valley School District**

### Report on the Audit of the Financial Statements

#### Opinions

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

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 School District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2023 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial

reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*Mahe Duessel*

Pittsburgh, Pennsylvania  
February 6, 2023

**CHARTIERS VALLEY SCHOOL DISTRICT  
PITTSBURGH, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
June 30, 2022**

Our Management's Discussion and Analysis of Chartiers Valley School District's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the 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 June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

The trends of prior years indicated that during the fiscal year 2021-2022, the District would experience another year of increases in the costs for educational instruction. The Board of School Directors approved a budget that included a 0.5462 tax millage increase. This is a tax increase to the index of 3.0%. Even with the increase in revenue expected to be generated by the tax increase, the 2021-2022 General Fund budget included a fund balance decrease of approximately \$61,000. This included a Food Service fund transfer of \$100,000.

**District-Wide**

- Total end of year net position (deficit) of \$(67,223,837) in government and business-type activities represent a decrease in the deficit of \$2,786,931 from fiscal year 2020-2021.
- As evident on the Statement of Activities, total general revenue of \$58,432,138 account for 78.60% of total revenues from both governmental and business-type activities. Program specific revenues of \$15,910,397 account for 21.40%.
- Capital assets, net of accumulated depreciation for governmental activities decreased \$2,241,410 from fiscal year 2020-2021. Capital assets, net of accumulated depreciation for business-type activities decreased by \$32,747, which was a result of the assets being depreciated.
- Total long-term debt (includes general obligation bonds, extended term financing, other long-term liabilities, net pension liability, and net OPEB obligation) decreased by \$2,789,881 due to net pension liability decreases netted with the issuance of Series 2021A bonds.

**Fund-Level**

- The District has General Fund revenues of \$72,374,493 and expenditures of \$72,652,629, including other financing sources and uses, resulting in a decrease of \$278,136 to the fund balance for the year.

**CHARTIERS VALLEY SCHOOL DISTRICT  
PITTSBURGH, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

- The ending fund balance in the General Fund was \$6,792,260. Of that fund balance, the District had non-spendable fund balance of \$1,024,239 related to prepaid expenditures, and has committed \$1,687,618 to OPEB Benefits. The total fund balance at the end of the year for all governmental funds was \$27,702,502.

**OVERVIEW OF FINANCIAL STATEMENTS**

This annual financial report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district.

The first two statements are district-wide financial statements- the Statement of Net Position and the Statement of Activities that provide both short-term and long-term information about the district's overall financial position.

- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The government fund statements tell how basic services were financed in the short-term, as well as what remains for future spending.
- Proprietary fund statements offer short-and long-term financial information about the activities the district operates like businesses, such as food services.
- Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data for better understanding of the information provided. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year.

***District-wide Statements***

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

The two district-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets, deferred outflows, liabilities, and deferred inflows, are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base, condition of school buildings and other facilities, and the performance of the students.

**CHARTIERS VALLEY SCHOOL DISTRICT  
PITTSBURGH, PENNSYLVANIA  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**

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

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

**Fund Financial Statements**

The District’s fund financial statements provide detailed information about the most significant funds or “major” funds - not the District as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants
- The district establishes other funds to control and manage money for particular purposes (such as for the purchase of capital assets or the payment of long-term debt).

The district has three kinds of funds:

*Governmental funds* - Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district’s programs. Because the information does not encompass the additional long-term focus of the district-wide statements, additional information is provided with the governmental fund statements that explain the relationship (or differences) between them.

*Proprietary funds* – Services for which the district charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The Food Service Fund is the District’s proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

*Fiduciary funds* - The District is the trustee, or fiduciary, for assets that belong to others, such as the Student Activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide statements because it cannot use these assets to finance its operations. All of the District’s fiduciary activities are reported in separate Statements of Fiduciary Net Position.

**CHARTIERS VALLEY SCHOOL DISTRICT  
PITTSBURGH, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

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

As noted above, net position may serve over time as a useful indicator of the District's financial position. At the close of the 2021-2022 fiscal year, the District's liabilities and deferred inflows exceeded assets and deferred outflows by \$67,223,837 at June 30, 2022. At the close of the 2020-2021 fiscal year, liabilities and deferred inflows exceeded assets and deferred outflows by \$70,010,768.

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

	2022			2021		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current and other assets	\$41,001,613	\$ 365,748	\$41,367,361	\$26,634,386	\$ (113,654)	\$26,520,732
Capital assets	110,295,514	358,849	110,654,363	112,536,924	391,596	112,928,520
Deferred outflows	<u>21,296,414</u>	<u>-</u>	<u>21,296,414</u>	<u>21,203,836</u>	<u>-</u>	<u>21,203,836</u>
Total Assets and Deferred outflows	<u>\$172,593,541</u>	<u>\$ 724,597</u>	<u>\$173,318,138</u>	<u>\$160,375,146</u>	<u>\$ 277,942</u>	<u>\$160,653,088</u>
Current and other liabilities	\$13,381,910	\$ 79,535	\$13,461,445	\$10,233,965	\$ 12,741	\$10,246,706
Long-term liabilities	210,021,747	-	210,021,747	215,918,318	-	215,918,318
Deferred inflows	<u>17,058,783</u>	<u>-</u>	<u>17,058,783</u>	<u>4,498,832</u>	<u>-</u>	<u>4,498,832</u>
Total Liabilities and Deferred inflows	<u>\$240,462,440</u>	<u>\$ 79,535</u>	<u>\$240,541,975</u>	<u>\$230,651,115</u>	<u>\$ 12,741</u>	<u>\$230,663,856</u>
Net investment in capital assets, net of related debt	\$29,255,027	\$ 358,849	\$29,613,876	\$ 82,774,102	\$ 391,596	\$83,165,698
Unrestricted	<u>(97,123,926)</u>	<u>286,213</u>	<u>(96,837,713)</u>	<u>(153,050,071)</u>	<u>(126,395)</u>	<u>(153,176,466)</u>
Total Net Position	<u>\$(67,868,899)</u>	<u>\$ 645,062</u>	<u>\$(67,223,837)</u>	<u>\$(70,275,969)</u>	<u>\$ 265,201</u>	<u>\$(70,010,768)</u>

- The District's total net position (deficit) was \$(67,223,837) at June 30, 2022. Net position showed an increase of \$2,786,931; or 4.0% over that for fiscal year 2020-2021.
- The District's total assets and deferred outflows as of June 30, 2022 were \$173,318,138 of which \$32,243,728 or 18.60% consisted of cash and \$110,654,363 or 63.84% consisted of the District's investment in capital assets.
- The District's liabilities and deferred inflows as of June 30, 2022 were \$240,541,975 of which \$99,096,244 or 41.20% consisted of general obligation bonds from prior capital projects and \$93,076,000 or 38.69% consisted of the net pension liability.

**CHARTIERS VALLEY SCHOOL DISTRICT  
PITTSBURGH, PENNSYLVANIA  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**

- Most of the District’s net position is invested in capital assets (buildings, land and equipment) which reflects its investment in capital assets, net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- The remaining unrestricted net position is a combination of committed, assigned and unassigned amounts. Any restricted balances are amounts set-aside to fund future purchases or capital projects as planned by the district.

The following table presents information for the Statement of Activities of the District for 2022 and 2021.

**Table A-2  
Year ended June 30,**

	2022			2021		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Revenues</b>						
<i>Program revenues</i>						
Charges for services	\$ 1,173,080	\$ 236,451	\$ 1,409,531	\$ 949,734	\$ 100,551	\$ 1,050,285
Operating grants and contributions	12,136,349	2,199,549	14,335,898	12,666,750	765,522	13,432,272
Capital grants and contributions	164,968	-	164,968	-	-	-
<i>General revenues</i>						
Property and other taxes	51,733,931	-	51,733,931	49,015,489	-	49,015,489
Grants, subsidies and contributions, unrestricted	6,448,207	-	6,448,207	6,290,291	-	6,290,291
Investment earnings	1,153	-	1,153	8,583	-	8,583
Other	<u>248,847</u>	<u>-</u>	<u>248,847</u>	<u>2,056,172</u>	<u>284,932</u>	<u>2,341,104</u>
Total Revenues	<u>\$71,906,535</u>	<u>\$2,436,000</u>	<u>\$74,342,535</u>	<u>\$70,987,019</u>	<u>\$ 1,151,005</u>	<u>\$72,138,024</u>

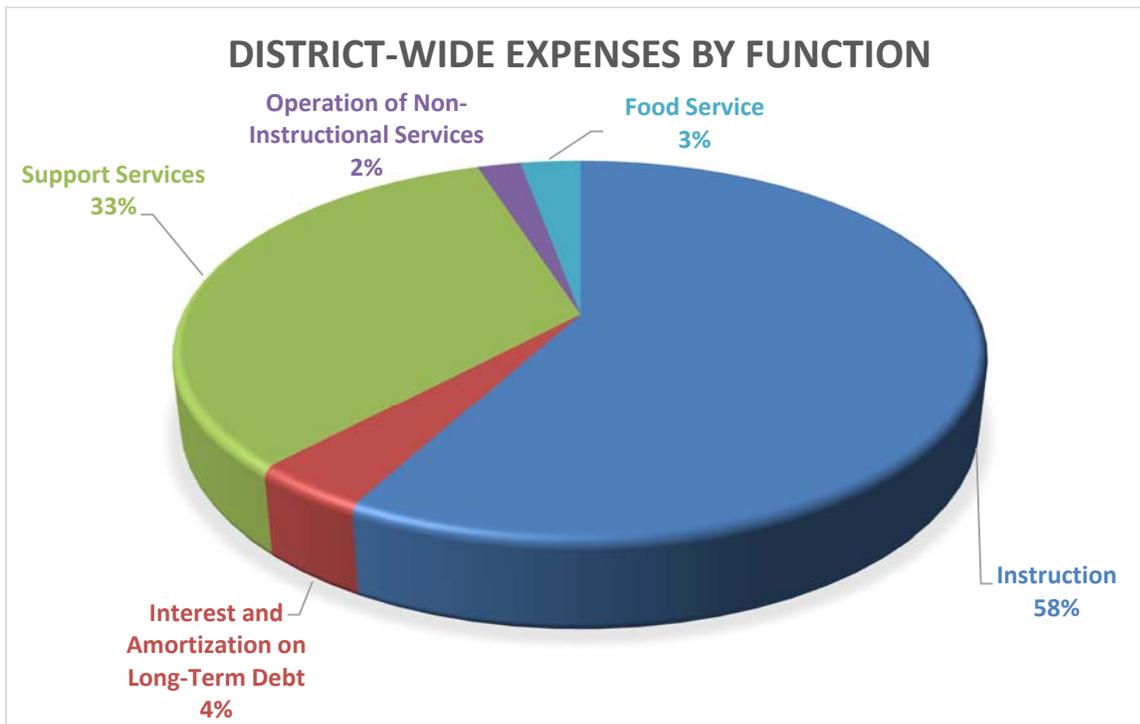
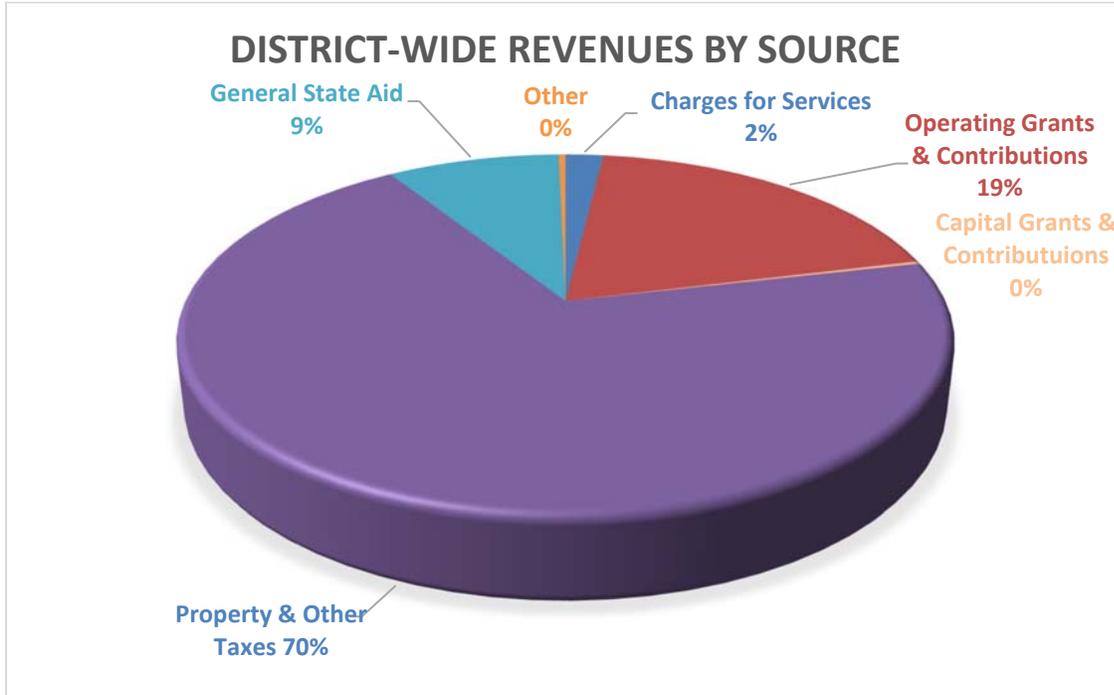
**CHARTIERS VALLEY SCHOOL DISTRICT  
PITTSBURGH, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

	2022			2021		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Expenses</b>						
Instruction	\$ 41,444,737	\$ -	\$ 41,444,737	\$ 46,069,870	\$ -	46,069,870
Support services	23,686,772	-	23,686,772	22,200,944	-	22,200,944
Operation of non- instructional services	1,482,468	-	1,482,468	1,711,260	-	1,711,260
Interest on long-term debt	2,885,488	-	2,885,488	4,217,625	-	4,217,625
Food services	<u>-</u>	<u>2,056,139</u>	<u>2,056,139</u>	<u>-</u>	<u>1,105,081</u>	<u>1,151,005</u>
 Total Expenses	 <u>69,499,465</u>	 <u>2,056,139</u>	 <u>71,555,604</u>	 <u>74,199,699</u>	 <u>1,105,081</u>	 <u>75,304,780</u>
 Increase (decrease) in net position	 <u>2,407,070</u>	 <u>379,861</u>	 <u>2,786,931</u>	 <u>(3,212,680)</u>	 <u>45,924</u>	 <u>(3,166,756)</u>
 Beginning net position, restated	 <u>(70,275,969)</u>	 <u>265,201</u>	 <u>(70,010,768)</u>	 <u>(67,063,289)</u>	 <u>219,277</u>	 <u>(66,844,012)</u>
 Ending net position	 <u>\$(67,868,899)</u>	 <u>\$ 645,062</u>	 <u>\$(67,223,837)</u>	 <u>\$(70,275,969)</u>	 <u>\$ 265,201</u>	 <u>\$(70,010,768)</u>

Overall, the District's financial position has been stable, but challenges such as the following rising expenditures have a potential to impact future years: collective bargaining, pension contributions, security costs, special education needs, charter school tuition, state-mandated programs, and aging buildings. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors. In addition, a court case challenging Allegheny County's Common Level Ratio could impact the District's real estate revenue. In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated. The District includes four municipalities: Bridgeville Borough, Collier Township, Heidelberg Borough and Scott Township. A majority of the District's tax base is in the form of residential housing which has seen growth in recent years.

CHARTIERS VALLEY SCHOOL DISTRICT  
PITTSBURGH, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)**



**CHARTIERS VALLEY SCHOOL DISTRICT  
PITTSBURGH, PENNSYLVANIA  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**

The *Statement of Activities* provides detail that focuses on how the District finances its services. The Statement of Activities compares the costs of the District functions and programs - instruction, support services, operation of non-instructional services and interest on long-term debt with the resources those functions and programs generate themselves in the form of program revenues to determine the final amount of the District’s activities that are supported by other general revenues.

Table A-3 below shows the District’s functions, as well as each program’s net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

**Table A-3  
Year Ended June 30,**

	2022		2021	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
<b>Functions/Programs</b>				
Instruction	\$ 41,444,737	\$ 31,705,747	\$ 46,069,870	\$ 36,194,986
Support Services	23,686,772	20,498,020	22,200,944	18,975,064
Operation of non-instructional services	1,482,468	1,100,780	1,711,260	1,457,940
Interest on long-term debt	<u>2,885,488</u>	<u>2,720,520</u>	<u>4,217,625</u>	<u>3,955,225</u>
<b>Total governmental activities</b>	\$ 69,499,465	\$ 56,025,068	\$ 74,199,699	\$ 60,583,215
Less:				
Unrestricted grants, subsidies		<u>6,448,207</u>		<u>6,290,291</u>
<b>Total needs from local taxes and other revenue</b>		<u>\$49,576,861</u>		<u>\$54,292,924</u>

**CHARTIERS VALLEY SCHOOL DISTRICT  
PITTSBURGH, PENNSYLVANIA  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**

**Business-Type Activities**

The Food Service Operation is considered a business activity rather than a government activity, and as such are separately recorded. The Food Service operations are self-funding operations which include the routine replacement of equipment. In 2021-2022, the Food Service revenue exceeded the cost of operations and reported a gain of \$379,861. The District continues to review opportunities to improve and grow the financial operations of food service.

**Table A-4  
Year Ended June 30,**

	2022		2021	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
<b>Functions/Programs</b>				
Food Service	\$ 2,056,139	\$ 379,861	\$ 1,105,081	\$ (239,008)
<b>Total Business-Type Activities, net of transfer</b>		<u>\$379,861</u>		<u>\$ (239,008)</u>

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

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

**General Fund**

The General Fund is the District’s primary operating fund. The District’s General Fund is prepared according to Pennsylvania law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. At the conclusion of the 2021-2022 fiscal year, the General Fund’s fund balance was \$6,792,260. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2021-2022 fiscal year.

**Revenues**

Revenues for the 2021-2022 fiscal year were \$71,694,340 compared to \$68,797,149 for the previous fiscal year. The revenues are derived from three main sources as follows:

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**Table A-5  
Revenues**

	<u><b>2022 Amount</b></u>	<u><b>2021 Amount</b></u>	<u><b>Increase (Decrease)</b></u>	<u><b>% Change</b></u>
Local sources	\$ 53,583,212	\$ 50,302,052	\$ 3,281,160	6.52%
State sources	16,466,689	16,394,119	72,570	0.44%
Federal sources	<u>1,644,439</u>	<u>2,100,978</u>	<u>(456,539)</u>	(21.73)%
Total	<u>\$ 71,694,340</u>	<u>\$ 68,797,149</u>	<u>\$ 2,897,191</u>	4.21%

Local revenues are derived mostly from levying taxes such as real estate tax, earned income tax and real estate transfer tax. Local revenues increased by \$3,281,160 or 6.52%. The increase was due to the tax increase of 0.5462 millage points from 18.2118 to 18.7850 from 2021 to 2022, respectively.

The General Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period, June 30.

State revenues are derived mostly from state subsidies for basic education, special education and transportation. State revenues also include an approximate 50% reimbursement from the state for social security and retirement costs as well as percentage reimbursement for principal and interest payments for outstanding bond issues. In fiscal year 2021-2022, the District received \$5,435,316 in basic education funding, an increase of \$203,862 from 2020-2021. The District also noted an increase of \$29,649 as a result of an increase in the PSERS employer contribution rate from 34.51% in 2020-2021 to 34.94% in 2021-2022.

The District received allocations for federal programs including Title I, Title II, III, IV, IDEA, Medical Assistance Reimbursement for Access and Elementary and Secondary School Emergency Relief Fund (ESSER). The ESSER funding was a direct result of the covid-19 pandemic. The District received \$646,407 in ESSER II funds and \$145,967 in ESSER III funds. The ESSER II funds are available through September 30, 2023 and the ESSER III funds are available through September 30, 2024. Additionally, in 2021-2022 the District received ESSER III set-aside funding as follows: \$30,010 for Summer Programs, \$1,999 for After School Programs, and \$12,374 for the Education of Children and Youth Experiencing Homelessness.

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**Expenditures**

Expenditures for the General Fund for the 2021-2022 fiscal year were \$72,652,629 compared to the 2020-2021 fiscal year were \$68,601,400. The following table shows the expenditures by object area:

**Table A-5  
Expenditures**

	<u><b>2022 Amount</b></u>	<u><b>2021 Amount</b></u>	<u><b>Increase (Decrease)</b></u>	<u><b>% Change</b></u>
Salaries	\$ 33,334,546	\$ 32,011,730	\$ 1,322,816	4.13%
Fringe benefits	20,889,864	19,373,689	1,516,173	7.83%
Professional service	2,986,134	2,519,311	466,823	18.53%
Purchased property				
Service	540,319	425,637	114,682	26.94%
Other purchased				
Services	4,566,521	4,244,082	322,439	7.60%
Supplies	2,979,665	2,490,999	488,666	19.62%
Property	444,928	944,950	(500,022)	-52.92%
Other objects	3,803,881	4,497,434	(693,553)	-15.42%
Other uses of funds	<u>3,106,771</u>	<u>2,093,566</u>	<u>1,013,205</u>	48.40%
<b>Total</b>	<u><b>\$ 72,652,629</b></u>	<u><b>\$ 68,601,400</b></u>	<u><b>\$ 4,051,229</b></u>	5.91%

Salaries increased by a total of \$1,322,816 due to the contractual increase for all collective bargaining units.

Fringe benefits increased by a total of \$1,516,173 primarily due to the increase in employer retirement fund and the cost of health insurance through the Allegheny County Schools Health Insurance Consortium.

Professional services increased by \$466,823 primarily due to increased tuition of students with disabilities in other settings. Purchased property services increased by \$114,682 due to increased utility charges. Other purchased service increased by \$322,439 due to tuition to other approved private schools, charter schools and technology centers and contracted transportation. Supplies increased due to the purchase of additional custodial and curriculum supplies needed due to COVID-19.

Property decreased by (\$500,022) because there was spike in 2020-2021 due to the need for equipment for students learning online during the COVID-19 shutdown. Other objects decreased by (693,553) partially due to savings on interest. And other uses of funds increased by \$1,013,205 partially due to the Transfer of \$750,000 to the Capital Reserve Fund and increase to principal of bond and lease payments due to the issuance of the Series 2021A Bond.

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**General Fund Budgetary Highlights**

The District prepares a budget each year for its General Fund according to Pennsylvania law. The budget complied with all applicable state laws and financial policies approved by the School Board of Directors. During the fiscal year, the Board of Education (The Board) may authorize revisions to the original budget to accommodate differences from the original budget to actual expenditures of the District. A schedule showing the District’s original and final budget amounts compared with actual expenditures and receipts is provided in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget vs. Actual – General Fund.

The General Fund’s originally approved budget for 2021-2022 included \$72,098,155 of revenues not including transfers in from other funds.

Actual revenues for 2022 were \$403,815 less than the final budget. State Basic Education Subsidy and Special Education Subsidy were less than budgeted due to PA legislative action decision to flat fund districts due to the increased stimulus funding through ESSER.

The final actual expenses were \$184,828 less than budget. This decrease can primarily be attributed to fiscal prudence due to state revenues being less than budgeted.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The District’s investment in capital assets for its governmental and business-type activities as of June 30, 2022 is summarized below:

**Table A-6  
Governmental and Business Type Activities  
Capital assets - net of depreciation**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Land, buildings and improvements	\$ 146,522,449	\$ -	\$ 146,522,449
Equipment and other capital assets	<u>7,043,231</u>	<u>776,354</u>	<u>7,819,585</u>
Total	153,565,680	776,354	154,342,034
Accumulated depreciation	<u>(43,270,166)</u>	<u>(417,505)</u>	<u>(43,687,671)</u>
Net	<u>\$ 110,295,514</u>	<u>\$ 358,849</u>	<u>\$ 110,654,363</u>

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**Long-Term Liabilities**

At June 30, 2022, the District’s long-term debt (including the current portion of bonds payable) was \$213,128,437. This includes compensated absences and retiree obligations of \$19,182,215, net pension liability of \$93,076,000, financed purchase obligations of \$1,773,978 and general bond obligations of \$96,690,000. Net pension liability saw a decrease of \$17,761,000 and the District’s net OPEB obligation increase of \$494,250 as a result of changes related to reporting under GASB 75. The District issued Series 2021A bonds in the amount of \$16,830,000 during the 2021-2022 year. More detailed information about the District’s long-term liabilities and the effects of changes due to GASB 75 is included in the notes to the financial statements.

**Table A-7  
Outstanding Debt**

	<u>2022</u>
General Obligation Notes/Bonds	
Bonds, Series of 2015A	\$ 8,765,000
Bonds, Series of 2015B	24,500,000
Bonds, Series of 2016	14,560,000
Bonds, Series of 2021	32,035,000
Bonds, Series of 2021A	16,830,000
Unamortized Balance	2,406,244
Financed purchase agreements	1,773,978
Compensated absences	3,198,303
Other post-employment benefits	15,983,912
Net pension liability	<u>93,076,000</u>
Total	<u>\$ 213,128,437</u>

**FUTURE ECONOMIC FACTORS**

**Act 1 of 2006**

On June 27, 2006, Pennsylvania Governor Ed Rendell signed into law Special Session Act 1, also known as the Taxpayer Relief Act, which changed various aspects of Act 72, originally signed into law in July 2004. Act 72 established a distribution mechanism for new revenues expected to be generated from the legalization of slot machines in various area around the state. The main objective of the law was to increase state funding for education, thereby reducing local property taxes, given the relative dependent of local school districts on such taxes.

One significant change contained in the legislation is the expansion of property tax rate limits to all school districts in the state. Beginning in the 2007-2008 fiscal year, school districts were required to hold tax rate increases to an annual index based on the average increase in the statewide average weekly wage and the employment cost index for schools. The index is adjusted upward for school districts whose aid ratios are above .4, a group that represents 80% of all districts in the state. The District’s index for 2021-2022 was 3.0%.

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In the event a school district wishes to increase the property tax millage rate by more than the index annually prescribed by the state, the school district must seek voter approval (known commonly as a “back-end referendum”) prior to implementing the millage rate increase. In the event voters do not approve the millage rate increase, the school district must limit its millage rate increase to the index. Certain exceptions are provided under Act 1 that, if approved by the appropriate authority, may permit increases above the Act 1 index without the need for a back-end referendum. Typically, these exceptions relate to emergencies and cost increases in excess of the Act 1 index (e.g., retirement system contribution and special education expenditures) over which the school district has no control. Any revenues distributed under the provisions of Act 1 are to be used for the purpose of reducing property taxes for homesteaders and farmsteaders. Gaming revenue of \$911,525 was received in 2021-2022 from state-wide fund to reduce property taxes. The portion of gaming revenue slightly increased by (\$372) from 2020-2021.

Expenditure impacts for the District are similar to those faced by most districts. Due to economic factors expenses such as insurance benefits, fuel and utilities continue to rise, retirement contributions mandated by the Commonwealth of Pennsylvania, increased enrollment in Cyber and Charter Schools, and special education costs continue to add stress to school budgets. The increased expenditures combined with restrictions on revenue sources make it more difficult to balance the budget. Close attention to spending for all programs is a necessity.

**Pennsylvania School Employment Retirement System (PSERS)**

PSERS costs to the District continue to rise as the Pennsylvania pension system remains underfunded. The employer’s rate for 2021-2022 was 34.94% and the rate for 2020-2021 was 34.51% as set by the state. The increasing pension costs continue to erode any new sources of revenue and impact core educational programs as the District balances the budget on an annual basis.

**Charter School Tuition**

Charter schools and related funding have become more common in the state. According to state law, a Chartiers Valley School District resident can send their child to an approved charter school and the district must pay the tuition (regular education rate of \$14,582.87; special education rate \$27,545.86 per child for 2021-2022 to the receiving school and must provide the transportation if the school is within ten miles of the Chartiers Valley School District border. During 2021-2022, the district sent approximately 78 students to charter/cyber schools with a total tuition of \$958,382 paid to the receiving schools. There are proposed bills in the senate and house to improve the impact to school districts.

**Capital Improvement Plan**

The District issued a bond for \$17,000,000 for the purpose to improving secondary athletic facilities, the High School auditorium and the Primary School HVAC system. Secondary athletics were not improved during the High School renovation and are being upgraded for safety and ADA compliance. The District is also using \$2,000,000 of ESSER III funding to support the Primary School HVAC project. The Intermediate School is in need of major upgrades and renovations to mechanical systems, envelope and general modernization. The District’s capital plan is to support the projects associated with athletics and the

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auditorium and the PS and then concentrate on the Intermediate School and its renovations to support elementary age students in grades three to five.

**Future Budgets**

The Chartiers Valley School District, as with many school districts statewide feel the impact of inflation. We continue to face financial adversity with flat or declining revenues while being challenged to pay for unexpected or uncontrollable costs. While we continue to maintain an adequate fund balance that provides a sense of financial security, we must plan for future upgrades to aging facilities, higher special education costs, increased charter school tuition, increased healthcare and retirement costs, unfunded state and federal mandates and changes to the funding levels for the school district that could impact subsidy revenue and potential real estate tax reform.

Collaborative solutions have been key to our success and achieving a new mindset of what is essential. While there may be years in which there will be some revenues that actually come in higher than projected and expenses may stay under budget, the effort to balance budgets will continue to require innovative and collaborative thinking to continue the overall success and financial well-being of the Chartiers Valley School District to ensure a quality education is provided to our students.

**CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District’s finances and to show the Board’s accountability for the funds it manages. If you have questions about this report or wish to request additional financial information, please contact Patricia Connolly, Director of Finance and Operations, at Chartiers Valley School District, 2030 Swallow Hill Road, Pittsburgh, PA 15220, (412) 429-2204.

# CHARTIERS VALLEY SCHOOL DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 15,475,772	\$ -	\$ 15,475,772
Restricted cash and cash equivalents	16,767,956	-	16,767,956
Investments	24,736	-	24,736
Taxes receivable	3,839,372	-	3,839,372
Intergovernmental receivables	3,439,971	-	3,439,971
Other receivables	771,409	18,368	789,777
Internal balances	(341,842)	341,842	-
Inventories	-	5,538	5,538
Prepaid expenses/expenditures	1,024,239	-	1,024,239
Capital assets:			
Non-depreciable	2,435,235	-	2,435,235
Depreciable, net of accumulated depreciation	107,860,279	358,849	108,219,128
Total capital assets	110,295,514	358,849	110,654,363
<b>Total Assets</b>	<b>151,297,127</b>	<b>724,597</b>	<b>152,021,724</b>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	3,209,628	-	3,209,628
Deferred outflows of resources for pension	16,223,253	-	16,223,253
Deferred outflows of resources for OPEBs	1,863,533	-	1,863,533
<b>Total Deferred Outflows of Resources</b>	<b>21,296,414</b>	<b>-</b>	<b>21,296,414</b>
<b>Liabilities</b>			
Accounts payable	977,312	4,144	981,456
Accrued salaries and benefits	8,503,897	-	8,503,897
Accrued interest payable	651,125	-	651,125
Unearned revenue	93,853	75,391	169,244
Other current liabilities	49,033	-	49,033
Non-current liabilities:			
Portions due or payable within one year:			
Bonds payable	2,130,000	-	2,130,000
Financed purchases	517,349	-	517,349
Compensated absences	459,341	-	459,341
Portions due or payable after one year:			
Bonds payable - net	96,966,244	-	96,966,244
Financed purchases	1,256,629	-	1,256,629
Net pension liability	93,076,000	-	93,076,000
Net OPEB liability	15,983,912	-	15,983,912
Compensated absences	2,738,962	-	2,738,962
<b>Total Liabilities</b>	<b>223,403,657</b>	<b>79,535</b>	<b>223,483,192</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources for pension	16,251,000	-	16,251,000
Deferred inflows of resources for OPEBs	807,783	-	807,783
<b>Total Deferred Inflows of Resources</b>	<b>17,058,783</b>	<b>-</b>	<b>17,058,783</b>
<b>Net Position</b>			
Net investment in capital assets	29,255,027	358,849	29,613,876
Unrestricted	(97,123,926)	286,213	(96,837,713)
<b>Total Net Position</b>	<b>\$ (67,868,899)</b>	<b>\$ 645,062</b>	<b>\$ (67,223,837)</b>

The notes to basic financial statements are an integral part of this statement.

# CHARTIERS VALLEY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change 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	\$ 41,444,737	\$ 882,277	\$ 8,856,712	\$ -	\$ (31,705,748)	\$ -	\$ (31,705,748)
Support services	23,686,772	73,459	3,115,293	-	(20,498,020)	-	(20,498,020)
Operation of non-instructional services	1,482,468	217,344	164,344	-	(1,100,780)	-	(1,100,780)
Interest and amortization on long-term debt	2,885,488	-	-	164,968	(2,720,520)	-	(2,720,520)
Total governmental activities	69,499,465	1,173,080	12,136,349	164,968	(56,025,068)	-	(56,025,068)
<b>Business-Type Activities:</b>							
Food service	2,056,139	236,451	2,199,549	-	-	379,861	379,861
Total business-type activities	2,056,139	236,451	2,199,549	-	-	379,861	379,861
<b>Total Primary Government</b>	\$ 71,555,604	\$ 1,409,531	\$ 14,335,898	\$ 164,968	(56,025,068)	379,861	(55,645,207)
<b>General revenues:</b>							
Taxes:							
Property taxes					44,227,042	-	44,227,042
Earned income taxes					5,699,661	-	5,699,661
Other taxes					1,807,228	-	1,807,228
Grants, subsidies, and contributions not restricted					6,448,207	-	6,448,207
Investment earnings					1,153	-	1,153
Gain on sale of assets					20,865	-	20,865
Miscellaneous					227,982	-	227,982
Total general revenues					58,432,138	-	58,432,138
<b>Change in Net Position</b>					2,407,070	379,861	2,786,931
<b>Net Position:</b>							
Beginning of year, as restated					(70,275,969)	265,201	(70,010,768)
End of year					\$ (67,868,899)	\$ 645,062	\$ (67,223,837)

The notes to basic financial statements are an integral part of this statement.

# CHARTIERS VALLEY SCHOOL DISTRICT

## BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2022

	General Fund	Capital Improvement Fund	Debt Stabilization Fund	Non-Major Funds	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 9,379,961	\$ 2,243,506	\$ 3,852,305	\$ -	\$ 15,475,772
Restricted cash and cash equivalents	-	16,767,956	-	-	16,767,956
Investments	-	-	-	24,736	24,736
Taxes receivable	3,839,372	-	-	-	3,839,372
Due from other funds	1,932,010	-	-	103,968	2,035,978
Intergovernmental receivables	3,439,971	-	-	-	3,439,971
Other receivables	771,409	-	-	-	771,409
Prepaid expenses	1,024,239	-	-	-	1,024,239
<b>Total Assets</b>	<b>\$ 20,386,962</b>	<b>\$ 19,011,462</b>	<b>\$ 3,852,305</b>	<b>\$ 128,704</b>	<b>\$ 43,379,433</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 827,093	\$ 144,585	\$ -	\$ 5,634	\$ 977,312
Accrued salaries and benefits	8,503,897	-	-	-	8,503,897
Unearned revenue	93,853	-	-	-	93,853
Other current liabilities	49,033	-	-	-	49,033
Due to other funds	445,810	1,293,650	638,360	-	2,377,820
<b>Total Liabilities</b>	<b>9,919,686</b>	<b>1,438,235</b>	<b>638,360</b>	<b>5,634</b>	<b>12,001,915</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue - real estate taxes	3,675,016	-	-	-	3,675,016
<b>Fund Balances:</b>					
<b>Non-spendable:</b>					
Prepaid expenditures	1,024,239	-	-	-	1,024,239
<b>Restricted:</b>					
Capital projects	-	16,620,107	-	-	16,620,107
<b>Committed:</b>					
Capital projects	-	953,120	-	-	953,120
Debt stabilization	-	-	3,213,945	-	3,213,945
Designated purposes	-	-	-	123,070	123,070
OPEB benefits	1,687,618	-	-	-	1,687,618
Unassigned	4,080,403	-	-	-	4,080,403
<b>Total Fund Balance</b>	<b>6,792,260</b>	<b>17,573,227</b>	<b>3,213,945</b>	<b>123,070</b>	<b>27,702,502</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 20,386,962</b>	<b>\$ 19,011,462</b>	<b>\$ 3,852,305</b>	<b>\$ 128,704</b>	<b>\$ 43,379,433</b>

The notes to basic financial statements are an integral part of this statement.

# CHARTIERS VALLEY SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2022

<b>Total Fund Balance - Governmental Funds</b>	\$	27,702,502
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		110,295,514
<p>Property taxes receivable received after 60 days are not considered available soon enough to pay for the current year's expenditures and, therefore, are reported as unavailable in the funds.</p>		3,675,016
<p>Governmental funds report the effect of deferred charge on refunding when debt is first issued, whereas this amount is a deferred outflow and amortized in the statement of activities.</p>		3,209,628
<p>Accrued interest payable is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.</p>		(651,125)
<p>The actuarially accrued net OPEB liability, net pension liability, and deferred inflows and outflows of resources for OPEBS and pension for the School District's employees are not recorded on the fund financial statements.</p>		(108,031,909)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current year and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>		
	Bonds payable	\$ (96,690,000)
	Financed purchases	(1,773,978)
	Bond discount	180,258
	Bond premium	(2,586,502)
	Compensated absences	(3,198,303)
		(104,068,525)
<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b><u><u>(67,868,899)</u></u></b>

The notes to basic financial statements are an integral part of this statement.

# CHARTIERS VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2022

	General Fund	Capital Improvement Fund	Debt Stabilization Fund	Non-Major Funds	Total
<b>Revenues:</b>					
Local sources	\$ 53,583,212	\$ 11,937	\$ 5,391	\$ 157,567	\$ 53,758,107
State sources	16,466,689	-	-	-	16,466,689
Federal sources	1,644,439	-	-	-	1,644,439
<b>Total revenues</b>	<b>71,694,340</b>	<b>11,937</b>	<b>5,391</b>	<b>157,567</b>	<b>71,869,235</b>
<b>Expenditures:</b>					
Instruction	44,594,183	-	-	6,869	44,601,052
Support services	20,649,555	103,847	-	-	20,753,402
Operation of non-instructional services	1,505,201	-	-	145,473	1,650,674
Capital outlay	3,914	2,572,525	-	-	2,576,439
Debt service	5,121,263	380,503	-	-	5,501,766
<b>Total expenditures</b>	<b>71,874,116</b>	<b>3,056,875</b>	<b>-</b>	<b>152,342</b>	<b>75,083,333</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(179,776)</b>	<b>(3,044,938)</b>	<b>5,391</b>	<b>5,225</b>	<b>(3,214,098)</b>
<b>Other Financing Sources (Uses):</b>					
Bond proceeds	-	16,830,000	-	-	16,830,000
Refund of prior year revenues	(28,513)	-	-	-	(28,513)
Refund of prior year expenditures	34,428	10,000	-	-	44,428
Bond premium	-	782,443	-	-	782,443
Sale of assets	20,865	-	-	-	20,865
Transfers in	624,860	750,000	-	-	1,374,860
Transfers out	(750,000)	-	(624,860)	-	(1,374,860)
<b>Total other financing sources (uses)</b>	<b>(98,360)</b>	<b>18,372,443</b>	<b>(624,860)</b>	<b>-</b>	<b>17,649,223</b>
<b>Net Change in Fund Balance</b>	<b>(278,136)</b>	<b>15,327,505</b>	<b>(619,469)</b>	<b>5,225</b>	<b>14,435,125</b>
<b>Fund Balance:</b>					
Beginning of year	7,070,396	2,245,722	3,833,414	117,845	13,267,377
End of year	<u>\$ 6,792,260</u>	<u>\$ 17,573,227</u>	<u>\$ 3,213,945</u>	<u>\$ 123,070</u>	<u>\$ 27,702,502</u>

The notes to basic financial statements are an integral part of this statement.

# CHARTIERS VALLEY SCHOOL DISTRICT

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

**Net Change in Fund Balance - Governmental Funds** \$ 14,435,125

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year:

	Capital asset additions	\$ 1,279,229	
	Less: depreciation expense	<u>(3,520,639)</u>	(2,241,410)

Certain taxes will not be collected for several months until after year-end; they are not considered "available" revenues in the governmental funds. The unavailable revenue changed by this amount during the year.

520

Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The difference between interest accrued in the statement of activities over the amount due is shown here.

(109,673)

The issuance of long-term obligations (e.g., bonds, financed purchases, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

(14,886,492)

In the statement of activities, certain operating expenses (compensated absences, other postemployment benefits, and pension benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.

5,209,000

**Change in Net Position of Governmental Activities**

\$ 2,407,070

The notes to basic financial statements are an integral part of this statement.

# CHARTIERS VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Local sources	\$ 52,081,870	\$ 52,081,870	\$ 53,583,212	\$ 1,501,342
State sources	17,435,455	17,435,455	16,466,689	(968,766)
Federal sources	2,580,830	2,580,830	1,644,439	(936,391)
Total revenues	<u>72,098,155</u>	<u>72,098,155</u>	<u>71,694,340</u>	<u>(403,815)</u>
<b>Expenditures:</b>				
Instruction:				
Regular programs	34,313,599	34,313,599	35,124,727	(811,128)
Special programs	8,576,735	8,576,735	8,578,520	(1,785)
Vocation programs	871,560	871,560	860,121	11,439
Other instructional programs	41,250	41,250	15,717	25,533
Nonpublic school programs	9,191	9,191	15,098	(5,907)
Total instruction	<u>43,812,335</u>	<u>43,812,335</u>	<u>44,594,183</u>	<u>(781,848)</u>
Support services:				
Pupil personnel	1,867,710	1,867,710	1,381,255	486,455
Instructional staff	2,498,084	2,498,084	2,152,861	345,223
Administration	3,669,405	3,669,405	3,684,498	(15,093)
Pupil health	474,110	474,110	659,096	(184,986)
Business office	969,404	969,404	906,107	63,297
Operation and maintenance of plant	6,064,419	6,064,419	5,986,656	77,763
Transportation	5,160,041	5,160,041	4,967,075	192,966
Support services - central	126,080	126,080	1,768	124,312
Other support services	663,400	663,400	910,239	(246,839)
Total support services	<u>21,492,653</u>	<u>21,492,653</u>	<u>20,649,555</u>	<u>843,098</u>
Operation of non-instructional services:				
Student activities	1,520,760	1,520,760	1,492,839	27,921
Community services	15,494	15,494	12,362	3,132
Total operation of non-instructional services	<u>1,536,254</u>	<u>1,536,254</u>	<u>1,505,201</u>	<u>31,053</u>
Capital outlay	-	-	3,914	(3,914)
Debt service:				
Principal and interest	5,217,702	5,217,702	5,121,263	96,439
Total debt service	<u>5,217,702</u>	<u>5,217,702</u>	<u>5,121,263</u>	<u>96,439</u>
Total expenditures	<u>72,058,944</u>	<u>72,058,944</u>	<u>71,874,116</u>	<u>184,828</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>39,211</u>	<u>39,211</u>	<u>(179,776)</u>	<u>(218,987)</u>
<b>Other Financing Sources (Uses):</b>				
Refund of prior year revenues	-	-	(28,513)	(28,513)
Refund of prior year expenditures	-	-	34,428	34,428
Sale of assets	-	-	20,865	20,865
Transfers in	-	-	624,860	624,860
Transfers out	(100,000)	(100,000)	(750,000)	(650,000)
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(98,360)</u>	<u>1,640</u>
<b>Net Change in Fund Balance</b>	<u>(60,789)</u>	<u>(60,789)</u>	<u>(278,136)</u>	<u>(217,347)</u>
<b>Fund Balance:</b>				
Beginning of year	<u>7,070,396</u>	<u>7,070,396</u>	<u>7,070,396</u>	<u>-</u>
End of year	<u>\$ 7,009,607</u>	<u>\$ 7,009,607</u>	<u>\$ 6,792,260</u>	<u>\$ (217,347)</u>

The notes to basic financial statements are an integral part of this statement.

# CHARTIERS VALLEY SCHOOL DISTRICT

## STATEMENT OF NET POSITION PROPRIETARY FUND

JUNE 30, 2022

	Business-type Activities
	Food Service Fund
<hr/>	
<b>Assets</b>	
<hr/>	
Current assets:	
Due from other funds	\$ 341,842
Other receivable	18,368
Inventory	5,538
Total current assets	<hr/> 365,748 <hr/>
Non-current assets:	
Food service equipment, net of depreciation	<hr/> 358,849 <hr/>
<b>Total Assets</b>	<hr/> <b>724,597</b> <hr/>
<hr/>	
<b>Liabilities</b>	
<hr/>	
Current liabilities:	
Accounts payable	4,144
Unearned revenue	75,391
<b>Total Liabilities</b>	<hr/> <b>79,535</b> <hr/>
<hr/>	
<b>Net Position</b>	
<hr/>	
Net investment in capital assets	358,849
Unrestricted	286,213
<b>Total Net Position</b>	<hr/> <b>\$ 645,062</b> <hr/>

The notes to basic financial statements are an integral part of this statement.

# CHARTIERS VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND

YEAR ENDED JUNE 30, 2022

	Business-type Activities
	Food Service Fund
<b>Operating Revenues:</b>	
Food service revenue	\$ 224,175
Other operating revenue	12,276
Total operating revenues	236,451
<b>Operating Expenses:</b>	
Salaries	475,271
Employee benefits	327,695
Purchased property services	7,364
Other purchased services	1,119,478
Supplies	92,257
Other objects	1,327
Depreciation expense	32,747
Total operating expenses	2,056,139
<b>Operating Income (Loss)</b>	<b>(1,819,688)</b>
<b>Non-operating Revenues (Expenses):</b>	
State subsidies	157,177
Federal subsidies	1,966,312
Donated commodities	76,060
Total non-operating revenues (expenses)	2,199,549
<b>Change in Net Position</b>	379,861
<b>Net Position:</b>	
Beginning of year, as restated	265,201
End of year	\$ 645,062

The notes to basic financial statements are an integral part of this statement.

# CHARTIERS VALLEY SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS PROPRIETARY FUND

YEAR ENDED JUNE 30, 2022

	Business-type Activities
	Food Service Fund
<b>Cash Flows From Operating Activities:</b>	
Received from customers	\$ 224,175
Other operating receipts	9,742
Payments to employees	(941,702)
Payments to suppliers	(1,142,619)
Net cash provided by (used in) operating activities	(1,850,404)
<b>Cash Flows From Non-Capital Financing Activities:</b>	
State and federal subsidies	1,849,886
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(518)</b>
<b>Cash and Cash Equivalents:</b>	
Beginning of year	518
End of year	\$ -
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>	
Net operating income (loss)	\$ (1,819,688)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	32,747
Donated commodities	76,060
Change in assets and liabilities:	
Other receivables	(2,534)
Due to other funds	(138,736)
Accounts payable	1,747
Total adjustments	(30,716)
Net cash provided by (used in) operating activities	\$ (1,850,404)
<b>Non-Cash, Non-Capital Financing Activities:</b>	
The Food Service Fund received donated commodities from the Department of Agriculture in the amount of \$72,997 during the year.	

The notes to basic financial statements are an integral part of this statement.

# CHARTIERS VALLEY SCHOOL DISTRICT

## STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

	<u>Custodial Funds Student Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 95,706
Investments	23,929
Other receivables	<u>9,128</u>
<b>Total Assets</b>	<b><u>\$ 128,763</u></b>
<b>Liabilities and Net Position</b>	
<b>Liabilities:</b>	
Accounts payable	<u>\$ 6,712</u>
<b>Net Position:</b>	
Restricted for student activities	<u>122,051</u>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 128,763</u></b>

The notes to basic financial statements are an integral part of this statement.

# CHARTIERS VALLEY SCHOOL DISTRICT

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2022

	<u>Custodial Funds</u> <u>Student Activities</u>
<b>Additions:</b>	
<u>Student contributions</u>	\$ 126,098
Other additions	-
	<u>126,098</u>
<b>Deductions:</b>	
<u>Student programs</u>	109,806
Transfers to other funds	-
	<u>109,806</u>
<b>Change in Net Position</b>	16,292
<b>Net Position:</b>	
<u>Beginning of year</u>	<u>105,759</u>
End of year	<u>\$ 122,051</u>

The notes to basic financial statements are an integral part of this statement.

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### 1. Summary of Significant Accounting Policies

The Chartiers Valley School District (School District) provides public education to residents of the Boroughs of Bridgeville and Heidelberg and the Townships of Collier and Scott in Allegheny County, Pennsylvania from its three campuses comprising the senior high/middle school, intermediate school, and primary center.

The financial statements are prepared in accordance with the accounting system and procedures prescribed for school districts by the Commonwealth of Pennsylvania, Department of Education, which conforms to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

#### Reporting Entity

The School District is a public school system operating under the authority of the Pennsylvania School Code of 1949 and is governed by an elected nine-member Board of Directors (Board). The criteria set forth by the Governmental Accounting Standards Board (GASB) are followed by the School District to determine which governmental organizations should be included or excluded from the reporting entity. Criteria for inclusion of any entity (component unit) into a primary governmental unit's financial statements include but are not limited to legal standing, fiscal dependency, imposition of will, financial benefit or burden, and appointment of a voting majority of the governing Board. The School District presently has no component units that meet the above criteria.

The School District is, however, a participant in two jointly governed organizations: Parkway West Career and Technology Center (Technology Center) and its related authority and the South Central Area Special School (Special School) and its related authority. The Technology Center and the Special School are not considered part of the reporting entity, as the School District is not financially accountable for them. See Note 9 for details on operating information about these entities.

#### Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the School District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program-related revenues are reported as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for earned income taxes which are considered available when collected. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to pensions, other post-employment benefits, compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under financed purchase agreements are reported as other financing sources.

State and federal grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Deferred inflows of resources reported on the governmental funds balance sheet arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the unavailable revenue is removed as a deferred inflow of resources and the revenue is recognized.

Unearned revenues arise when resources are received by the School District before it has legal claim to them, such as when intergovernmental funds are received prior to the occurrence of qualifying expenditures. During subsequent periods, when the School District has a legal claim to the resources, the unearned revenue is removed as a liability and the revenue is recognized.

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types" as follows:

The School District reports the following major governmental funds:

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. Normal debt service payments for general long-term debt are recorded in the General Fund by the School District.

The *Capital Improvement Fund* is the School District's construction and capital reserve funds and accounts for funds which are typically borrowed and used for major capital improvements.

The *Debt Stabilization Fund* is used to pay for future long-term debt obligations.

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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Additionally, the School District reports the following non-major governmental funds:

The non-major governmental funds of the School District account for specific resources that are restricted, committed or assigned for particular purposes. They include the *District Activities Fund* whose uses are restricted to particular purposes. Expendable trust funds are also accounted for as governmental funds. These are funds in which both the principal and earnings are available for expenditures. The School District maintains one of these funds: *Designated Trust Fund*.

Additionally, the School District reports the following proprietary fund:

The *Food Service Fund* is authorized under Section 504 of the Public School Code of 1949 to account for all revenues and expenses pertaining to cafeteria operations. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs (i.e., expenses, including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

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

Additionally, the School District reports the following fiduciary fund:

The High School and Middle School Student Activity Funds (*Custodial Funds*) are utilized to account for monies authorized by Section 511 of the Public School Code of 1949 for student activities, publications, and organizations. These organizations exist with the explicit approval of and are subject to revocation by the Board of Directors (Board).

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Budgetary Process

The operating budget is prepared on a modified accrual basis of accounting. In accordance with state law, an annual budget prepared by function and object is formally adopted for the General Fund. The School District is not required to formally adopt budgets for other funds.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the budget when the original appropriations were adopted.

The appropriation resolution is subject to budget transfer amendments between functions, as allowed by the Public School Code, throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts in the budgetary financial statement reflects the first appropriation resolution for the general fund that covered the entire fiscal year. The amounts reported as the final budgeted amounts represent the final appropriation and includes budget transfer amendments as passed by the Board during the fiscal year. There were no budget transfer amendments passed during fiscal year 2022. The measurement level of control over expenditures for all budgeted funds is the surplus or deficit of the fund as a whole.

Act 1 requires a school district to file for an exception with the Court of Common Pleas or PDE if it wants to raise taxes by more than its adjusted base index. The exception then must be approved by voter referendum.

The School District's expenditures exceeded budget in instruction and capital outlay. The excess was covered by expenditures under budget in other functions.

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

- The School District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- A school district seeking a tax increase exception must make its Preliminary Budget available for public inspection at the end of January. School districts not seeking an exception must pass a resolution stating that they will not raise taxes by more than the index.

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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- During the month of February of the preceding year, a school district planning to raise taxes beyond the index must file a public notice of the intent to file for an exception.
- If an exception has been denied during March, a school district filing for an exception must file a petition with the Court of Common Pleas or PDE. If approved, the school district must submit a referendum request for the primary election ballot in May.
- If voters reject the referendum in May, the school district cannot increase taxes above its index.
- The proposed final budget is adopted by the end of May.
- Prior to July 1, the Board of School Directors legally enacts the budget through passage of a resolution. This resolution may only be passed after 20 days of public inspection.
- The budget must be filed with the Pennsylvania Department of Education by July 15 of the fiscal year.

### Encumbrances

Encumbrances at year-end are reported in the fund financial statements as reservations of fund balance since they do not constitute expenditures or liabilities but serve as authorization for expenditures in the subsequent year. As of June 30, 2022, the School District has no encumbrances.

### Deposits and Investments

For the purposes of the statement of cash flows, the School District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition and pooled funds investments subject to daily withdrawal.

Investments are stated at fair value except that treasury and agency obligations that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost. The School District categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

### Inventory and Prepaid Items

Inventories of the Food Service Fund, consisting of food and paper supplies, are carried at cost using the first-in, first-out method. Federal donated commodities are valued at their estimated value as determined by the U.S. Department of Agriculture at the date of donation.

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

### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 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 recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District performed an inventory and assessment of capital assets during the year ended June 30, 2022. As a result of this assessment, the government-wide net position as of July 1, 2021 was restated with a decrease of \$21,434,497 for governmental activities and an increase of \$45,924 for business-type activities.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	10 - 20 years
Buildings and building improvements	20 - 50 years
Vehicles	3 - 10 years
Machinery and equipment	3 - 10 years

### Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability. The liability includes the employees who are currently eligible to receive termination benefits. The amount is based on accumulated sick leave and the various rates stated in the labor contracts. The School District records a liability for accumulated unused sick leave for all employees.

Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Under various employment agreements, accumulated unused vacation and sick days at the date of termination will be paid at specified rates.

### Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the related bonds. Bonds are reported net of the applicable bond premium or discount.

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# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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The governmental fund financial statements recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in the year incurred.

In the government-wide financial statements, long-term liabilities related to postemployment benefits, including pensions, health insurance, and life insurance, are calculated based on actuarial valuations as described in Notes 6, 7, and 8.

### Refunding Transactions

In accordance with applicable guidance, the excess of the reacquisition price over the net carrying amount of refunded debt is recorded as a deferred outflow of resources on the statements of net position and amortized as a component of interest expense over the shorter of the term of the refunding issue or the refunded bonds.

### Deferred Inflows and Outflows of Resources Related to Pensions and Other Post-Employment Benefits (OPEB)

In conjunction with pension and OPEB accounting requirements, differences between expected and actual experience, changes in assumptions, the effect of the change in the School District's proportion, the net difference between expected and actual investment earnings, and payments made to the plans subsequent to the measurement date are recorded as a deferred inflow or outflow of resources related to pensions or OPEBs on the government-wide financial statements. These amounts are determined based on actuarial valuation performed for each plan. Notes 6 through 8 present additional information about the School District's pension and OPEB plans.

### Fund Balances

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. These levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form and includes prepaid expenditures.

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. The School District's restricted fund balance at June 30, 2022, relates to bond proceeds received for capital projects that have not yet been completed.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the Board. Such commitment is made via a Board resolution and must be made prior to the end of the fiscal year. Removal of this commitment requires a Board resolution. Fund balance was committed at June 30, 2022 within the Capital Improvement Fund, Debt Stabilization Fund and Designated Trust Fund for specific projects related to each fund, and within the General Fund for OPEB Benefits.
- Assigned – This category represents intentions of the Board to use the funds for specific purposes. Such assignment is made by the Director of Finance and Operations, but approval is obtained from the Board for all such assignments. The School District has no assigned fund balance at June 30, 2022.
- Unassigned – This category represents all other funds not otherwise defined.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

### Net Position

The government-wide and proprietary fund financial statements are required to report three components of net position:

Net investment in capital assets - The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt

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# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

Restricted - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. The School District has no restricted net position at June 30, 2022.

Unrestricted - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

### Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### Adopted Pronouncements

The requirements of the following Governmental Accounting Standards Board (GASB) Statements were adopted for the financial statements:

Statement Nos. 87 (Leases), 92 (Omnibus 2020), 97 (Deferred Compensation Plans), and 99 (Omnibus 2022 – paragraphs 26 through 32). These statements had no significant impact on the School District's financial statements for the year ended June 30, 2022.

### Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 91 (Conduit Debt Obligations), 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), 99 (Omnibus 2022), 100 (Accounting Changes and

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# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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Error Corrections), and 101 (Compensated Absences). Management has not yet determined the impact of these statements on the financial statements.

### **2. Cash and Cash Equivalents and Investments**

Under Section 440.1 of the Pennsylvania Public School Code for 1949, as amended, the School District is permitted to invest funds consistent with sound business practices in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, (c) any political subdivision of the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision, and (d) shares of an investment company registered under the Investment Company Act of 1940, provided that the instruments are those types of investments listed above, and the investment company is managed so as to maintain its shares at a constant net asset value and the investment company is rated in the highest category by a nationally recognized rating agency. Pursuant to Act 72 of the Pennsylvania State Legislature, a depository must pledge assets to secure state and municipal deposits. The pledged assets must at least be equal to the total amount of such assets required to secure all of the public deposits at the depository and may be on a pooled basis. Additionally, all such pledged assets must be delivered to a legal custodian.

Deposits in interest-bearing checking accounts, savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral, as provided by law, is pledged by the depository.

In March 2016, Act 10 was passed which expanded the scope of investment options available to school districts including repurchase agreements, commercial paper, negotiable certificates of deposit, and banker's acceptances. The School District elected to maintain its current investment policy due to the additional risk and oversight associated with the expanded investment options under Act 10.

The deposit and investment policy of the School District adheres to state statutes and prudent business practice. 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.

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# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Governmental and Business-Type Activities

The following is a description of the School District's deposit and investment risks:

*Credit Risk* - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The School District's policy in regard to credit risk states that investments not backed by the "full faith and credit" of the federal or state governments shall be limited to those with the highest credit rating available for such instruments. As of June 30, 2022, investments in Pennsylvania School District Liquid Asset Fund (PSDLAF) (described below) has received an AAA rating from Standard & Poor's.

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a formal deposit policy for custodial credit risk, as there is an existing requirement under Act 72 of the Pennsylvania state legislature whereby banking institutions are required to pool collateral for all governmental deposits, and have the collateral held by an approved custodian in the institution's name. As of June 30, 2022, \$1,218,527 of the School District's bank balance of \$1,468,527 was exposed to custodial credit risk. Deposits are collateralized in accordance with Act 72 of the Pennsylvania state legislature. These deposits have a carrying amount of \$1,394,418 as of June 30, 2022.

*Interest Rate Risk* - The School District's policy in regard to interest rate risk places limits on investment maturities as a means of managing its exposure to fair value losses arising from changes to interest rates. All of the School District's investments in PSDLAF have a maturity of less than one year.

### Investments

PSDLAF was established as common law trusts organized under laws of the Commonwealth of Pennsylvania. Shares of the fund are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools, and municipalities. The purpose of these funds is to enable such governmental units to pool available funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. PSDLAF issues separately audited financial statements that are available to the public. The School District's deposits in this pooled fund are not subject to direct custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The fair value of the School District's position in the external investment pools is the same as the value of the pool shares and is reported at amortized cost, which approximates

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# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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market. All investments in an external investment pool that are not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania. The School District can withdraw funds from PSDLAF without limitations or fees upon adequate notice.

The School District's pooled investment funds consist of the above-noted PSDLAF accounts. The School District's PSDLAF investments have a maturity of less than 90 days, and a fair market value of \$30,849,310 as of June 30, 2022. The carrying amount of the School District's investments in PSDLAF is \$30,849,310 as of June 30, 2022. These investments are reflected as cash and cash equivalents on the statement of net position and the balance sheet.

Included in investments on the statement of net position and balance sheet is a certificate of deposit of \$24,736 which matures in October 2022. The certificate of deposit is valued at amortized cost, which approximates fair value and is considered a level 2 investment.

### Fiduciary Funds

The School District maintains bank accounts for the various student activities funds. The balance of these accounts is reflected in the statement of fiduciary net position. The carrying amount of deposits and certificates of deposit for the fiduciary funds was \$119,635 and the bank balance was \$121,190. The entire bank balance was not covered by federal depository insurance. This uninsured bank balance is collateralized in accordance with Act 72 of the Pennsylvania State Legislature.

### **3. Property Taxes**

Property taxes attach as an enforceable lien on property as of July 1<sup>st</sup> of the year following levy. Taxes are levied on July 1. The School District bills and collects its own property taxes through locally elected tax collectors. Collection of delinquent property taxes is contracted to a private collection agency. The tax levy for fiscal year 2022 was based on assessed values on January 1, 2021 of \$2.4 billion. The School District tax rate for the year ended June 30, 2022 was 18.7580 mills as levied by the Board.

Taxes may be paid at a 2% discount until August 31<sup>st</sup>, at face until October 31<sup>st</sup> and at a 10% penalty until the lien date. Taxes may also be paid in four equal installments if the annual tax on the parcel exceeds \$100. The installment payment dates are October, December, February, and April 15<sup>th</sup> at face only and with a 10% penalty for any untimely installments. The School District has not recorded an allowance for doubtful accounts as of June 30, 2022.

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

### 4. Capital Assets

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

	Balance at July 1, 2021 (as restated)	Additions	Deletions/ Transfers	Balance at June 30, 2022
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,675,961	\$ -	\$ -	\$ 1,675,961
Construction in Progress	-	759,274	-	759,274
Total capital assets, not being depreciated	<u>1,675,961</u>	<u>759,274</u>	<u>-</u>	<u>2,435,235</u>
Capital assets, being depreciated:				
Land improvements	4,588,425	-	-	4,588,425
Building and improvements	139,456,673	42,116	-	139,498,789
Equipment and vehicles	<u>6,565,392</u>	<u>477,839</u>	<u>-</u>	<u>7,043,231</u>
Total capital assets, being depreciated	<u>150,610,490</u>	<u>519,955</u>	<u>-</u>	<u>151,130,445</u>
Less: accumulated depreciation for:				
Land improvements	(3,808,099)	(128,301)	-	(3,936,400)
Building and improvements	(31,987,066)	(2,795,443)	-	(34,782,509)
Equipment and vehicles	<u>(3,954,362)</u>	<u>(596,895)</u>	<u>-</u>	<u>(4,551,257)</u>
Total accumulated depreciation	<u>(39,749,527)</u>	<u>(3,520,639)</u>	<u>-</u>	<u>(43,270,166)</u>
Governmental activities, capital assets, net	<u>\$ 112,536,924</u>	<u>\$ (2,241,410)</u>	<u>\$ -</u>	<u>\$ 110,295,514</u>
	Balance at July 1, 2021 (as restated)	Additions	Deletions	Balance at June 30, 2022
<b>Business-Type Activities:</b>				
Equipment	\$ 776,354	\$ -	\$ -	\$ 776,354
Less: accumulated depreciation	<u>(384,758)</u>	<u>(32,747)</u>	<u>-</u>	<u>(417,505)</u>
Business-type activities capital assets, net	<u>\$ 391,596</u>	<u>\$ (32,747)</u>	<u>\$ -</u>	<u>\$ 358,849</u>

Included in equipment and vehicles above are assets acquired through financed purchase agreements of \$3,330,101 and accumulated depreciation of \$688,067.

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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

**Governmental Activities:**

Instruction	\$ 697,793
Support services	2,821,701
Operation of non-instructional services	<u>1,145</u>
Total depreciation expense - governmental activities	<u>\$ 3,520,639</u>

**Business-type activities:**

Food services	<u>\$ 32,747</u>
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### 5. Long-Term Liabilities

Changes to the School District's long-term liabilities were as follows:

	Balance at July 1, 2021	Additions	Reductions	Balance at June 30, 2022	Due within one year
Governmental activities:					
General Obligation Bonds, net:					
Series of 2015A	\$ 10,255,000	\$ -	\$ (1,490,000)	\$ 8,765,000	\$ 1,565,000
Series of 2015B	24,500,000	-	-	24,500,000	-
Series of 2016	14,725,000	-	(165,000)	14,560,000	170,000
Series of 2021	32,530,000	-	(495,000)	32,035,000	395,000
Series of 2021A	-	16,830,000	-	16,830,000	-
Bond discount	(187,769)	-	7,511	(180,258)	-
Bond premium	<u>2,114,225</u>	<u>782,443</u>	<u>(310,166)</u>	<u>2,586,502</u>	<u>-</u>
Total General Obligation Bonds, net	<u>83,936,456</u>	<u>17,612,443</u>	<u>(2,452,655)</u>	<u>99,096,244</u>	<u>2,130,000</u>
Other liabilities:					
Financed purchases	2,247,463	-	(473,485)	1,773,978	517,349
Net pension liability	110,837,000	-	(17,761,000)	93,076,000	-
Net OPEB liability	15,489,662	494,250	-	15,983,912	-
Compensated absences	<u>3,407,737</u>	<u>-</u>	<u>(209,434)</u>	<u>3,198,303</u>	<u>459,341</u>
Total other liabilities	<u>131,981,862</u>	<u>494,250</u>	<u>(18,443,919)</u>	<u>114,032,193</u>	<u>976,690</u>
Total long-term liabilities	<u>\$ 215,918,318</u>	<u>\$ 18,106,693</u>	<u>\$ (20,896,574)</u>	<u>\$ 213,128,437</u>	<u>\$ 3,106,690</u>

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### General Obligation Bonds

General Obligation Bonds, Series A of 2015 were issued in the amount of \$18,240,000 to current refund the School District's Series A of 2004 Bonds. The Series A Bonds have variable rate interest from 1.00% to 5.00% with final payment due in fiscal year 2028.

General Obligation Bonds, Series B of 2015 were issued in the amount of \$51,870,000 to be used for the renovations, additions and improvements to the Middle/Senior High School Complex. The Series B Bonds have variable rate interest from 3.125% to 5.00% with final payment due in fiscal year 2045.

General Obligation Bonds, Series of 2016 were issued in the amount of \$15,350,000 to be used for the renovations, additions and improvements to the Middle/Senior High School Complex. The Bonds have variable rate interest from 1.05% to 4.00% with final payment due in fiscal year 2047.

During June 2021, the School District issued Series 2021 General Obligation Bonds in the amount of \$32,530,000 to currently refund a portion of the Series B of 2015 Bonds. The Series 2021 General Obligation Bonds bear interest at rates ranging from 0.20% to 2.96%. Payments are due semi-annually on the Series 2021 General Obligation Bonds through October 2040. The refunding resulted in an economic gain of approximately \$2.7 million and cash flow savings of approximately \$3.5 million.

During November 2021, the School District issued Series 2021A General Obligation Bonds in the amount of \$16,830,000. The bond proceeds will be used to pay the costs of acquiring and constructing repairs, renovations, alteration, and improvements to the School District's High School Complex, Primary Center, and Intermediate School. The Series 2021A General Obligation Bonds bear interest at rates ranging from 2.00% to 3.00%. Payments are due semi-annually on the Series 2021A General Obligation Bonds through October 2050.

The General Fund has been used in prior years to liquidate the liability for long-term debt. The School District has established a debt stabilization fund to assist with long-term debt payments as needed.

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

The amounts necessary to amortize outstanding debt for the next five years and to maturity are:

Fiscal year Ending June 30,	Principal	Interest	Total
2023	\$ 2,130,000	\$ 3,125,401	\$ 5,255,401
2024	2,220,000	3,038,404	5,258,404
2025	2,295,000	2,969,100	5,264,100
2026	2,360,000	2,895,451	5,255,451
2027	2,465,000	2,794,134	5,259,134
2028-2032	13,550,000	12,918,267	26,468,267
2033-2037	15,660,000	10,810,207	26,470,207
2038-2042	18,185,000	8,367,679	26,552,679
2043-2047	22,230,000	4,633,025	26,863,025
2048-2051	15,595,000	791,625	16,386,625
	<u>\$ 96,690,000</u>	<u>\$ 52,343,293</u>	<u>\$ 149,033,293</u>

### Financed Purchase Obligations

On July 13, 2018, the School District entered into a financed purchase agreement with PNC Equipment Finance, LLC for the purchase of seven 72 passenger busses and three 24 passenger vans. The agreement consisted of an original principal balance of \$950,000 with final payment due July 13, 2025. The balance at June 30, 2022 was \$447,771.

On July 17, 2018, the School District entered into a financed purchase agreement with Hewlett Packard Financial Services Company for the purchase of technology equipment. The agreement consisted of an original principal balance of \$174,078, interest at the rate of 4.43%, with final payment due in 2022. The balance at June 30, 2022 was \$36,289.

On July 10, 2019, the School District entered into a financed purchase agreement with PNC Equipment Finance, LLC for the purchase of Tyler Infinite Visions Enterprise Edition Software. The agreement consisted of an original principal balance of \$154,778, interest at the rate of 5.64%, with final payment due on July 10, 2022. The balance at June 30, 2022 was \$13,511.

On August 1, 2019, the School District entered into a financed purchase agreement with PNC Equipment Finance, LLC for the purchase of Chromebooks and Chrome OS

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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Management Console Licenses. The agreement consisted of an original principal balance of \$110,284, interest at the rate of 7.65%, with final payment due on August 1, 2024. The balance at June 30, 2022 was \$51,570.

On August 1, 2019, the School District entered into a financed purchase agreement with PNC Equipment Finance, LLC for the purchase of buses. The agreement consisted of an original principal balance of \$1,151,130, interest at the rate of 10.08%, with final payment due on August 8, 2026. The balance at June 30, 2022 was \$724,568.

On May 4, 2020, the School District entered into a financed purchase agreement with Apple Financial Services for the purchase of technology equipment. The agreement consisted of an original principal balance of \$71,000, interest rate of 1.99%, with final payment due July 15, 2022. The balance at June 30, 2022 was \$23,720.

On May 21, 2020, the School District entered into a financed purchase agreement with Municipal Leasing Consultants, LLC for the purchase of technology equipment. The agreement consisted of an original principal balance of \$335,067, interest rate of 2.22%, with final payment due July 15, 2024. The balance at June 30, 2022 was \$201,647.

On May 21, 2020, the School District entered into a financed purchase agreement with Municipal Leasing Consultants, LLC for the purchase of buses. The agreement consisted of an original principal balance of \$383,764, interest rate of 2.22%, with final payment due July 15, 2026. The balance at June 30, 2022 was \$274,902.

The amounts necessary to amortize outstanding financed purchase payable to maturity are:

<u>Fiscal Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 517,349	\$ 45,632	\$ 562,981
2024	456,627	30,639	487,266
2025	451,873	17,584	469,457
2026	245,755	6,766	252,521
2027	102,374	1,577	103,951
	<u>\$ 1,773,978</u>	<u>\$ 102,198</u>	<u>\$ 1,876,176</u>

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# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### 6. Public School Employees' Retirement System (PSERS)

#### Plan Description

PSERS administers a governmental cost-sharing, multi-employer defined benefit pension plan (Pension Plan) and a governmental cost-sharing, multi-employer defined benefit Health Insurance Premium Assistance Program OPEB plan (Premium Assistance), to public school employees of the Commonwealth of Pennsylvania (Commonwealth). PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

Employees eligible for PSERS benefits 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.

Retirees can participate in the Premium Assistance 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 PSERS Health Options Program or an employer-sponsored health insurance program.

#### Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions or OPEBs, pension expense, and OPEB expense, information about the fiduciary net position of PSERS and additions to/deductions from PSERS' 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. Detailed information about PSERS' fiduciary net position related to pension and OPEBs is available in the PSERS Annual Comprehensive Financial Report, which can be found on the PSERS website at [www.psers.pa.gov](http://www.psers.pa.gov).

The net pension liability and the net OPEB liability are recorded as governmental activities expected to be paid from the General Fund.

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Benefits Provided – Pension Plan

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 through June 30, 2019. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Act 5 of 2017 (Act 5) eliminated the stand-alone defined benefit plan, introduced a hybrid benefit, and introduced a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of three years of credited service. Class T-G members may also qualify for normal

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

### Benefits Provided – Premium Assistance

Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants are entitled to receive Premium Assistance payments equal to the lesser of \$100 per month or their eligible out-of-pocket monthly health insurance premium. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

### Member Contributions

The following illustrates the member's contribution as a percent of the member's qualifying compensation:

- Active members who joined PSERS prior to July 22, 1983:
  - Membership Class T-C 5.25%
  - Membership Class T-D 6.50%
  
- Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001:
  - Membership Class T-C 6.25%
  - Membership Class T-D 7.50%
  
- Members who joined PSERS after June 30, 2001, and before July 1, 2011:
  - Membership Class T-D 7.50%
  
- Members who joined PSERS after June 30, 2011 and before June 30, 2019:
  - Membership Class T-E\* 8.00%
  - Membership Class T-F\* 10.80%
  
- Members who joined PSERS on or after July 1, 2019:
  - Membership Class T-G (hybrid)\*\* 9.00% (combined rate)
  - Membership Class T-H (hybrid)\*\* 8.25% (combined rate)
  - Defined Contribution only 7.50%

\*Includes shared risk provision of +0.50% as of July 1, 2021.

\*\* Includes shared risk provision of +0.75% as of July 1, 2021

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# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Employer Contributions

The School District's contractually required PSERS contribution rate for fiscal year ended June 30, 2022 was 34.94% 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. This rate is composed of a 33.99% rate for the Pension Plan, a 0.80% rate for the Premium Assistance, and a 0.15% rate for Act 5 Defined Contribution.

The combined rate for the fiscal year ended June 30, 2022 was an increase from the fiscal year ended June 30, 2021 combined rate of 34.51%. The combined contribution rate will increase to 35.26% in fiscal year 2023 and is projected to grow to 37.30% by fiscal year 2030.

The School District remits contributions to PSERS on a quarterly basis. Approximately \$4.4 million is owed to PSERS as of June 30, 2022, which represents the School District's required contribution for the end of year payroll. The School District's contributions which were recognized by PSERS for the year ended June 30, 2022 were as follows:

Pension Plan	\$	10,919,523
Act 5 Defined Contribution		48,187
Premium Assistance		256,999
Total	\$	<u>11,224,709</u>

In accordance with Act 29, the Commonwealth reimburses school districts for approximately one-half of contributions made to PSERS. The School District recorded reimbursements from the Commonwealth approximating \$5.54 million during the current year. Because the Commonwealth payments are received as a reimbursement, and are not made directly to PSERS, they do not qualify as a special funding situation.

### Proportionate Share

The School District's proportion of PSERS' net pension liability was calculated utilizing the School District's one-year reported contributions as it relates to PSERS' total one-year reported contributions. This method was changed beginning with PSERS' fiscal year ended June 30, 2020. In prior years, the proportion of PSERS' net pension liability was calculated utilizing the School District's one-year reported covered payroll as it related to PSERS' total one-year reported covered payroll. At June 30, 2021 (measurement date), the School

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# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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District's proportion was .2267%, which was an increase of .0016% from its proportion measured as of June 30, 2020.

The School District's proportion of PSERS' net OPEB liability continues to be calculated utilizing the School District's one-year reported covered payroll as it relates to PSERS' total one-year reported covered payroll. At June 30, 2021 (measurement date), the School District's proportion was .2268%, which was an increase of .0019% from its proportion measured as of June 30, 2020.

### 7. Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2022, the School District reported a liability of \$93,076,000 for its proportionate share of PSERS' net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2020 to June 30, 2021.

For the year ended June 30, 2022, the School District recognized pension expense of \$5,831,446.

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 69,000	\$ 1,223,000
Changes in assumptions	4,514,000	-
Net difference between projected and actual earnings on pension plan investments		14,815,000
Changes in proportion	721,000	213,000
School District contributions subsequent to the measurement date	10,919,253	-
Total	<u>\$ 16,223,253</u>	<u>\$ 16,251,000</u>

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# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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\$10,919,253 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	
2023	\$ (3,009,000)
2024	(1,543,000)
2025	(1,609,000)
2026	<u>(4,786,000)</u>
Total	<u>\$ (10,947,000)</u>

### Actuarial Assumptions

The actuarial valuation used for the June 30, 2021 measurement date contained the following methods and assumptions:

- Actuarial valuation date – June 30, 2021
- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.50%
- Salary growth – Effective average of 4.50%, comprised of 2.50% for inflation and 2.00% for real wage growth and merit or seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale
- Experience study – July 1, 2015 through June 30, 2020

### Changes in Assumptions

The discount rate decreased from 7.25% to 7.00% and the inflation assumption was decreased from 2.75% to 2.50% for the actuarial valuation used for the June 30, 2021 measurement date. Salary growth decreased from 5.00% to 4.50%.

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# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Changes in Benefit Terms

There were no changes in benefit terms affecting the actuarial valuation used for the June 30, 2021 measurement date.

### Pension Plan Investments

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

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS 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.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public entity	27.0%	5.2%
Private equity	12.0%	7.3%
Fixed income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	0.1%
Leverage	-13.0%	0.1%
	<u>100.0%</u>	

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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For PSERS' year ended June 30, 2021, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 24.58%.

### Discount Rate

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

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

The following presents the School District's proportionate share of PSERS' net pension liability calculated using the discount rates described above, as well as what the School District's proportionate share of PSERS' net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.0%)</u>
School District's proportionate share of PSERS' net pension liability	<u>\$ 122,165,000</u>	<u>\$ 93,076,000</u>	<u>\$ 68,537,000</u>

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### 8. Net OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

The School District maintains two separate OPEB plans – the Premium Assistance previously described in Note 6 and the School District’s retiree plan (retiree plan) described below. At June 30, 2022, the School District reported a net OPEB liability composed of the following:

School District's proportionate share of PSERS' net OPEB liability	\$	5,375,000
School District's total OPEB liability for its retiree plan		<u>10,608,912</u>
Net OPEB liability	\$	<u><u>15,983,912</u></u>

PSERS’ net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate PSERS’ net OPEB liability was determined by rolling forward PSERS’ total OPEB liability as of June 30, 2020 to June 30, 2021. The School District’s retiree plan’s total OPEB liability was measured as of July 1, 2020, and the total OPEB liability used to calculate the retiree plan’s total OPEB liability was determined by rolling forward the retiree plan’s total OPEB liability as of July 1, 2020 to June 30, 2022.

For the year ended June 30, 2022, the School District recognized OPEB expense as follows:

OPEB expense related to PSERS Premium Assistance	\$	312,462
OPEB expense related to School District's retiree plan		<u>656,569</u>
Total OPEB expense	\$	<u><u>969,031</u></u>

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources:	PSERS Premium Assistance	School District's Retiree Plan	Total Deferred Outflows of Resources
Differences between expected and actual experience	\$ 50,000	\$ 87,655	\$ 137,655
Changes in assumptions	572,000	820,300	1,392,300
Net difference between projected and actual earnings on OPEB plan investments	11,000	25,579	36,579
Changes in proportion	40,000	-	40,000
School District contributions subsequent to the measurement date	256,999	-	256,999
Total	\$ 929,999	\$ 933,534	\$ 1,863,533
Deferred Inflows of Resources:	PSERS Premium Assistance	School District's Retiree Plan	Total Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 508,529	\$ 508,529
Changes in assumptions	72,000	171,254	243,254
Net difference between projected and actual earnings on OPEB plan investments	-	-	-
Changes in proportion	56,000	-	56,000
Total	\$ 128,000	\$ 679,783	\$ 807,783

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

\$256,999 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>PSERS Premium Assistance</u>	<u>School District's Retiree Plan</u>
2023	\$ 77,000	\$ 35,790
2024	76,000	28,100
2025	115,000	27,833
2026	106,000	22,048
2027	93,000	25,534
Thereafter	<u>78,000</u>	<u>114,446</u>
Total	<u>\$ 545,000</u>	<u>\$ 253,751</u>

### Additional Required Disclosures for PSERS Premium Assistance

#### Actuarial Assumptions

The actuarial valuation used for the June 30, 2021 measurement date contained the following methods and assumptions:

- Actuarial valuation date – June 30, 2021
- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 2.18% - S&P 20-year Municipal Bond Rate
- Salary increases – Effective average of 4.50%, comprised of 2.50% for inflation and 2.00% for real wage growth and merit or seniority increases
- Premium Assistance reimbursement is capped at \$1,200 per year
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in Premium Assistance per year
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale
- Experience study – July 1, 2015 through June 30, 2020

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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- Participation rate –
  - Eligible retirees will elect to participate pre-age 65 at 50%
  - Eligible retirees will elect to participate post-age 65 at 70%.

### Changes in Assumptions

The discount rate decreased from 2.66% to 2.18% for the actuarial valuation used for the June 30, 2021 measurement date.

### Changes in Benefit Terms

There were no changes in benefit terms affecting the actuarial valuation used for the June 30, 2021 measurement date.

### OPEB Plan Investments

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 PSERS Board. Employer contribution rates are established to provide reserves in the Health Insurance Account that are sufficient for the payment of the Premium Assistance for each succeeding year. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	79.8%	0.1%
US Core Fixed Income	17.5%	0.7%
Non-US Developed Fixed	2.7%	-0.3%
	100.0%	

For PSERS' year ended June 30, 2021, the annual money-weighted rate of return on the Premium Assistance plan investments, net of plan investment expenses, was .31%.

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# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Discount Rate

The discount rate used to measure the total OPEB liability was 2.18%. Under the Premium Assistance plan's funding policy, contributions are structured for short-term funding of the Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of the 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 the Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 2.18%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability. The discount rate used to measure the Total OPEB liability decreased from 2.66% as of June 30, 2020 to 2.18% as of June 30, 2021.

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

The following presents the School District's proportionate share of PSERS' net OPEB liability calculated using the discount rates described above, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (1.18%)	Current Discount Rate (2.18%)	1% Increase (3.18%)
School District's proportionate share of PSERS' net OPEB liability	\$ 6,169,000	\$ 5,375,000	\$ 4,722,000

### Sensitivity of the School District's Proportionate Share of PSERS' Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

Healthcare cost trend rates were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2021, retirees' Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. 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 the healthcare cost trends as depicted below.

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# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

The following presents the School District's proportionate share of PSERS' net OPEB liability calculated using current healthcare cost trend rates as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
School District's proportionate share of PSERS' net OPEB liability	<u>\$ 5,375,000</u>	<u>\$ 5,375,000</u>	<u>\$ 5,376,000</u>

### Additional Required Disclosures for the School District's Retiree Plan

#### Plan Description

The School District administers a single-employer defined benefit healthcare plan to provide additional postemployment benefits to eligible retirees (retiree plan). The School District has not accumulated assets for the retiree plan in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The School District benefits are paid on a pay-as-you-go basis.

#### *Benefits Provided*

The benefit limits and employee and employer contributions are established through employee contracts and past practices. Details of the benefits provided are as follows:

The School District provides health care, dental, and life insurance benefits for certain retired employees under the terms of various employment agreements. For teachers, who make up the majority of the retirees currently receiving benefits, amounts are paid (an annual amount of \$400 per year of District service after the required employee contribution) for the purchase of insurance benefits (health, group term life, dental) until the retiree attains Medicare eligibility or the retiree becomes employed and employer-paid benefits are available to the employee. Group one and two administrators earn retirement health care benefits based on the number of PSERS years of service and receive \$400 per month for each year of service for family coverage, \$375 per month for each year of service for employee and spouse coverage, and \$120 per month for each year of service for individual coverage. Coverage continues until the retiree attains Medicare eligibility or the retiree becomes employed and employer-paid benefits are available to the employee. Clerical staff were offered a one-time early

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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retirement incentive in the 15/16 year which included individual health coverage for two years or until the retiree attains Medicare eligibility. Custodian and transportation employees were offered a similar one-time early retirement incentive in the 16/17 year.

At July 1, 2020 valuation date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	54
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>251</u>
	<u><u>305</u></u>

### *Contributions*

For Group 1 & 2 Administrators, Superintendent, Business manager, Professional Employees, Group 3 Administrators and Assistant Superintendents any costs in excess of the rate in effect at the participant's retirement must be reimbursed to the School District by the retiree. For Transportation/Maintenance Employees, Support Employees, Campus Safety Employees, Director of Finance and Operations and Director of Communications and Strategic Partnership, retirees pay the full monthly premium for coverage elected.

For the year ended June 30, 2022, the School District contributed \$623,792 and retirees contributed approximately \$315,000 to the retiree plan.

### Actuarial Assumptions

*Rates of Participation* – 100% of all future retirees who are eligible for District-paid benefits.

*Coverage Type* – Future Retirees: 65% individual; 25% Husband/Wife; 10% Family (with children continuing on coverage until retiree's coverage ends). Current Retirees: Continuation of current coverage level throughout eligibility period (children on coverage are assumed to remain until retiree's coverage ends).

*Spouse Age* – Female spouses are assumed to be 3 years younger than male spouses.

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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*Plan Selection* – 100% of participants retiring with a choice in medical plan are assumed to elect the EPO plan (previously 95%). Current retirees are assumed to continue on current plan.

*Turnover (Withdrawal)* – based upon rates of withdrawal used in the PSERS actuarial valuation as of June 30, 2018.

*Disability* – based upon 50% of the rates of disability used in PSERS actuarial valuation as of June 30, 2018.

*Death* – RP-2014 Mortality Table with rates improving based on the long-range demographic assumptions for the 2015 Social Security Administration’s Trustee Report.

*Retirement* – Non-Professional: Age 55 with 25 years of PSERS service. Professional: PSERS normal.

### Changes in Assumptions

There were no changes in assumptions affecting the actuarial valuation used for the July 1, 2020 valuation date.

### Changes in Benefit Terms

There were no changes in benefit terms affecting the actuarial valuation used for the July 1, 2020 valuation date.

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Changes in Total OPEB Liability

The changes in the total OPEB liability of the School District for the year ended June 30, 2022 were as follows:

	<u>Total OPEB Liability</u>
Balances at June 30, 2021	\$ 10,630,662
Changes for the year:	
Service cost	356,471
Interest	245,571
Benefit payments, including refunds	<u>(623,792)</u>
Net changes	<u>(21,750)</u>
Balance at June 30, 2022	<u>\$ 10,608,912</u>

### Discount Rate

The discount rate was based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (estimated to be 2.30% per year).

### Sensitivity of the School District's Total OPEB Liability to Changes in the Discount Rate

The following presents the School District's total OPEB liability calculated using the discount rate described above, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>1% Decrease (1.30%)</u>	<u>Current Discount Rate (2.30%)</u>	<u>1% Increase (3.30%)</u>
School District's total OPEB liability	<u>\$ 11,598,123</u>	<u>\$ 10,608,912</u>	<u>\$ 9,701,131</u>

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# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Sensitivity of the School District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the School District's total OPEB liability calculated using current healthcare cost trend rates as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
School District's total OPEB liability	<u>\$ 9,734,723</u>	<u>\$ 10,608,912</u>	<u>\$ 11,563,958</u>

## 9. Jointly Governed Organizations

The School District is one of twelve-member School Districts of the Parkway West Career and Technology Center and related Authority (Parkway). Parkway, which provides vocational technical education and training for high school students, is controlled and governed by the Joint Board, which is composed of all of the school board members of the entire member School Districts. Direct oversight of Parkway's operations is the responsibility of the Joint Committee, which consists of one representative from each participating School District.

In addition, the School District is one of five-member school districts of the South Central Area Special Schools and related authority (Pathfinder). Pathfinder, which provides special education and training programs for exceptional children, is controlled and governed by the South Central Area Special Schools Committee, which is composed of one member from each school board of the member districts.

The School District's share of annual operating and capital costs for Parkway and Pathfinder fluctuates based on the percentage enrollment in the school and is reflected as expenditures of the General Fund. The School District is not required to share in incremental programming expenditures. The amounts paid by the School District in the current fiscal year was approximately \$794,000 for Parkway and \$66,000 for Pathfinder. The net current assets of Parkway and Pathfinder at June 30, 2022 are to be used to fund future years' operations and are not significant to the School District. Separate audited financial statements are available in their respective business offices.

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### 10. Commitments and Contingencies

The School District participates in a number of state and federally assisted grant programs. While the local audits required for the federal programs in connection with the Single Audit Act have been completed, other programs may be subjected to program compliance audits by auditors of the various grantor agencies or their representatives. Accordingly, the School District's compliance with applicable grant requirements for these other programs will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts to be immaterial.

At any given time, the School District is exposed to liability for such matters as property tax appeals. These contingencies are managed through the General Fund.

As of June 30, 2022, the School District has commitments of approximately \$697,000 related to construction contracts.

### 11. Interfund Receivables, Payables and Transfers

Interfund receivables payables and transfers at June 30, 2022 are summarized below:

Funds	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
Major Funds:				
General	\$ 1,932,010	\$ 445,810	\$ 624,860	\$ 750,000
Capital Improvement	-	1,293,650	750,000	-
Debt Stabilization	-	638,360	-	624,860
Other governmental	103,968	-	-	-
Food Service	341,842	-	-	-
	\$ 2,377,820	\$ 2,377,820	\$ 1,374,860	\$ 1,374,860

The interfund receivables are primarily the result of reimbursements due for expenditures incurred and subsidies received on the other fund's behalf.

The transfers to the Capital Improvement Fund were made to facilitate the payment of expenses for construction projects. The transfers between the General and Debt Stabilization funds were made to cover year end deficits.

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# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### **12. Risk Management**

The School District is exposed to various risk of loss related to certain torts, thefts, damages, catastrophic loss of assets, errors and omissions, injury to employees and natural disasters. The School District manages most of its risk through the General Fund with the purchase of commercial insurance coverage. Settled claims have not exceeded coverage in any of the past three years, and there has been no significant reduction in coverage from the prior fiscal year.

### **13. Health Consortium**

The School District is one of seventy-one members of the Allegheny County Schools Health Insurance Consortium (Consortium). The Consortium is a public entity risk pool which affords health care coverage for members' employees on a pooled basis. The School District pays premiums to the Consortium based upon rates established by the trustees of the Consortium. The Consortium establishes rates with the objective of satisfying current costs and claims of covered health care services, as well as maintaining working capital requirements and a Premium Stabilization Fund for periods when actual costs of coverage exceed premiums collected from members. At the end of each fiscal year, actual claims experience is compared with premiums paid. The difference results in either a retroactive refund or charge. Included in the retroactive refund/charge is a calculation for the reserve needed to cover expenses incurred but not yet reported by health providers. Any retroactive charge may be paid from the Premium Stabilization Fund, up to ten percent of total premiums paid. The remainder may be charged to the Schools. At June 30, 2022, the Consortium's net assets available for benefits approximated \$51.50 million. The School District's share of this amount is approximately \$1.2 million. The Consortium also maintains a portion of the Premium Stabilization Fund to cover potential future catastrophic losses. Independent insurance coverage for catastrophic losses is not maintained by the Consortium or the School District.

The School District paid premiums during the year of approximately \$7.5 million. The Consortium's agreement permits participants to withdraw from the Consortium under specified terms. In such an event, the withdrawing member is entitled to or responsible for a proportionate share of the Consortium fund balance or deficit as determined on the date of withdrawal.

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### **14. Subsequent Event**

During October 2022, the School District entered into a financed purchase agreement with First American for the purchase of five 72 passenger buses. The agreement consisted of an original principal balance of \$577,285, which will be paid over a seven year term with an interest rate of 4.68%.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

## CHARTIERS VALLEY SCHOOL DISTRICT

### SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF PSERS' NET PENSION LIABILITY

Last 10 Fiscal Years<sup>1</sup>

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of PSERS' net pension liability	0.2267%	0.2251%	0.2245%	0.2263%	0.2293%	0.2305%	0.2264%	0.2168%
School District's proportionate share of PSERS' net pension liability	\$ 93,076,000	\$ 110,837,000	\$ 105,027,000	\$ 108,635,000	\$ 113,198,000	\$ 114,228,000	\$ 97,286,000	\$ 85,811,000
School District's covered payroll	\$ 32,150,563	\$ 31,564,384	\$ 30,956,449	\$ 30,470,363	\$ 30,519,414	\$ 29,855,138	\$ 28,892,090	\$ 27,671,120
School District's proportionate share of PSERS' net pension liability as a percentage of its covered payroll	289.50%	351.15%	339.27%	356.53%	370.90%	382.61%	336.72%	310.11%
PSERS' plan fiduciary net position as a percentage of PSERS' total pension liability	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

<sup>1</sup>The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

### SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS TO THE PSERS PENSION PLAN

Last 10 Fiscal Years<sup>2</sup>

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contributions recognized by PSERS	\$ 10,919,523	\$ 10,807,446	\$ 10,503,404	\$ 9,602,651	\$ 8,766,689	\$ 7,333,215	\$ 5,799,428	\$ 4,318,838
School District's covered payroll	\$ 33,159,721	\$ 31,603,929	\$ 31,821,356	\$ 30,470,363	\$ 30,519,414	\$ 29,855,138	\$ 28,892,090	\$ 27,671,120
Contributions as a percentage of covered payroll	32.93%	34.20%	33.01%	31.51%	28.72%	24.56%	20.07%	15.61%

<sup>2</sup>The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

## CHARTIERS VALLEY SCHOOL DISTRICT

### SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF PSERS' NET OPEB LIABILITY

	Last 10 Fiscal Years <sup>1</sup>				
	2022	2021	2020	2019	2018
School District's proportion of PSERS' net OPEB liability	0.2268%	0.2249%	0.2245%	0.2263%	0.2293%
School District's proportionate share of PSERS' net OPEB liability	\$ 5,375,000	\$ 4,859,000	\$ 4,775,000	\$ 4,718,000	\$ 4,670,000
School District's covered payroll	\$ 32,150,563	\$ 31,564,384	\$ 30,956,449	\$ 30,470,363	\$ 30,519,414
School District's proportionate share of PSERS' net OPEB liability as a percentage of its covered payroll	16.72%	15.39%	15.42%	15.48%	15.30%
PSERS' plan fiduciary net position as a percentage of PSERS' total OPEB liability	5.30%	5.69%	5.56%	5.56%	5.73%

<sup>1</sup> The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

### SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS TO THE PSERS PREMIUM ASSISTANCE

	Last 10 Fiscal Years <sup>2</sup>				
	2022	2021	2020	2019	2018
Contributions recognized by PSERS	\$ 256,999	\$ 264,462	\$ 264,474	\$ 252,831	\$ 253,399
School District's covered payroll	\$ 33,159,721	\$ 31,603,929	\$ 31,821,356	\$ 30,470,363	\$ 30,519,414
Contributions as a percentage of covered payroll	0.78%	0.84%	0.83%	0.83%	0.83%

<sup>2</sup> The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

## CHARTIERS VALLEY SCHOOL DISTRICT

### SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY FOR ITS RETIREE PLAN

Last 10 Fiscal Years<sup>1</sup>

	2022	2021	2020	2019	2018
<b>Total OPEB Liability:</b>					
Service cost	\$ 356,471	\$ 346,930	\$ 306,246	\$ 298,050	\$ 329,719
Interest	245,571	246,487	321,180	309,957	259,279
Changes of benefit terms	-	956,838	-	108,737	-
Differences between expected and actual experience	-	(637,271)	-	160,699	-
Changes of assumptions	-	1,027,972	-	(313,966)	-
Benefit payments	(623,792)	(661,506)	(268,173)	(300,376)	(321,199)
Other changes	-	285,052	(35,180)	(272,299)	(74,870)
<b>Net Changes in Total OPEB Liability</b>	(21,750)	1,564,502	324,073	(9,198)	192,929
<b>Total OPEB Liability - Beginning</b>	10,630,662	9,066,160	8,742,087	8,751,285	8,249,757
<b>Total OPEB Liability - Ending</b>	\$ 10,608,912	\$ 10,630,662	\$ 9,066,160	\$ 8,742,087	\$ 8,442,686
<b>Plan Fiduciary Net Position:</b>					
Contributions - School District		*	*	*	*
Net investment income	\$ -	\$ 485	\$ 35,472	\$ 55,132	\$ 39,715
Benefit payments	-	(661,506)	(268,173)	(278,629)	(321,199)
Transfer to General Fund	-	(1,881,715)	-	-	-
Other	-	285,052	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	-	(2,257,684)	(232,701)	(223,497)	(281,484)
<b>Plan Fiduciary Net Position - Beginning</b>	-	2,257,684	2,490,385	2,713,882	2,995,366
<b>Plan Fiduciary Net Position - Ending</b>	\$ -	\$ -	\$ 2,257,684	\$ 2,490,385	\$ 2,713,882
<b>Net OPEB Liability - Ending</b>	\$ 10,608,912	\$ 10,630,662	\$ 6,808,476	\$ 6,251,702	\$ 5,728,804
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	0.00%	0.00%	24.90%	28.49%	32.14%

<sup>1</sup> The amounts presented for each fiscal year were determined as of the measurement date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

\* - The School District has not made or had any required contributions since the adoption of GASB 75

As of the fiscal year ended June 30, 2021, the School District has closed its OPEB trust fund.

See accompanying notes to required supplementary information.

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

### 1. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 68 for the PSERS Pension Plan

Actuarial Valuation Date/ Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
School District Fiscal Year In Which NPL is Recorded	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Discount Rate	7.00%	7.25%	7.25%	7.25%	7.25%	7.25%	7.50%	7.50%
Salary Increases	4.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.50%	5.50%
Mortality	50% PubT-2010 and 50% PubG-2010	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2000	RP-2000
Changes in Benefits	None	None	A new hybrid defined benefit/defined contribution plan is applicable for new PSERS members on July 1, 2019 and thereafter	None	Vested Class T-E and T-F members can withdraw their accumulated contributions and interest	None	None	None
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%
School District Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

### 2. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 75 for the PSERS Premium Assistance (OPEBs)

Actuarial Valuation Date/ Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
School District Fiscal Year In Which NOL is Recorded	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Discount Rate	2.18%	2.66%	2.79%	2.98%	3.13%
Salary Increases	4.50%	5.00%	5.00%	5.00%	5.00%
Mortality	50% PubT-2010 and 50% PubG- 2010	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015
Changes in Benefits	None	None	None	None	None
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	0.75%	0.80%	0.82%	0.84%	0.83%
School District Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019

### 3. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 75 for the Retiree OPEB Plan

Actuarial Valuation Date	7/1/2020	7/1/2020	7/1/2018	7/1/2018	7/1/2016
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Discount Rate	2.30%	2.30%	3.50%	3.98%	3.13%
Salary Increases	2.50%	2.50%	2.50%	2.50%	2.50%
Mortality	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014
Changes in Benefits	None	Retirement incentive was offered to professional retirees in 2020 and Group II Administrators are provided the same benefits as Group I Administrators	None	None	None

## **SUPPLEMENTARY INFORMATION**

# CHARTIERS VALLEY SCHOOL DISTRICT

## COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2022

	Designated Trust Fund	District Activities Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	24,736	24,736
Due from other funds	34,979	68,989	103,968
	<u>34,979</u>	<u>68,989</u>	<u>103,968</u>
<b>Total Assets</b>	<u>\$ 34,979</u>	<u>\$ 93,725</u>	<u>\$ 128,704</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 5,634	\$ 5,634
Due to other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>-</u>	<u>5,634</u>	<u>5,634</u>
<b>Fund Balances:</b>			
Committed	34,979	88,091	123,070
	<u>34,979</u>	<u>88,091</u>	<u>123,070</u>
<b>Total Fund Balance</b>	<u>34,979</u>	<u>88,091</u>	<u>123,070</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 34,979</u>	<u>\$ 93,725</u>	<u>\$ 128,704</u>

# CHARTIERS VALLEY SCHOOL DISTRICT

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2022

	Expendable Fund	District Activities Fund	Total
<b>Revenues:</b>			
Local sources	\$ 723	\$ 156,844	\$ 157,567
Total revenues	723	156,844	157,567
<b>Expenditures:</b>			
Instruction	6,869	-	6,869
Operation of non-instructional services	-	145,473	145,473
Total expenditures	6,869	145,473	152,342
<b>Net Change in Fund Balance</b>	(6,146)	11,371	5,225
<b>Fund Balance:</b>			
Beginning of year	41,125	76,720	117,845
End of year	\$ 34,979	\$ 88,091	\$ 123,070

**CHARTIERS VALLEY SCHOOL DISTRICT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

Federal Grantor / Pass-Through Grantor / Project Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount	Total Received For the Year	Accrued (Unearned) Revenue at July 1, 2021	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue at June 30, 2022	Passed Through to Subrecipients
<b>U.S. Department of Education</b>										
Passed through Pennsylvania Department of Education:										
Title I Grants to Local Educational Agencies	84.010	013-210078	8/19/20-9/30/21	\$ 361,861	\$ 70,628	\$ 65,954	\$ 4,674	\$ 4,674	\$ -	\$ -
Title I Grants to Local Educational Agencies	84.010	013-220078	7/22/21-9/30/22	384,190	302,138	-	378,184	378,184	76,046	-
Total Title I Grants to Local Educational Agencies					372,766	65,954	382,858	382,858	76,046	-
Supporting Effective Instruction State Grants - Title II	84.367	020-210078	8/19/20-9/30/21	77,061	15,672	15,672	-	-	-	-
Supporting Effective Instruction State Grants - Title II	84.367	020-220078	7/22/21-9/30/22	75,555	64,498	-	75,555	75,555	11,057	-
Total Supporting Effective Instruction State Grants - Title II					80,170	15,672	75,555	75,555	11,057	-
Student Support and Academic Enrichment Program	84.424	144-21-0078	8/19/20-9/30/21	26,990	1,928	1,928	-	-	-	-
Student Support and Academic Enrichment Program	84.424	144-22-0078	7/22/21-9/30/22	27,212	27,197	-	27,212	27,212	15	-
Total Student Support and Academic Enrichment Program					29,125	1,928	27,212	27,212	15	-
COVID-19 - Education Stabilization Fund - ESSER I	84.425 D	200-200078	3/13/20-9/30/21	292,307	92,307	92,307	-	-	-	-
COVID-19 - Education Stabilization Fund - ESSER II	84.425 D	200-210078	3/13/20-9/30/23	1,336,240	1,025,756	594,473	646,407	646,407	215,124	-
COVID-19 - Education Stabilization Fund - ARP ESSER	84.425 U	223-210078	3/13/20-9/30/24	2,702,826	196,569	-	145,967	145,967	(50,602)	-
COVID-19 - Education Stabilization Fund - ARP ESSER 7%	84.425 U	225-210078	3/13/20-9/30/24	210,070	15,278	-	32,009	32,009	16,731	-
COVID-19 - Education Stabilization Fund - ARP ESSER Homeless Children and Youth	84.425 W	181-212076	7/1/21-9/30/24	12,374	952	-	12,374	12,374	11,422	-
Passed through Pennsylvania Commission on Crime and Delinquency:										
COVID-19 - Education Stabilization Fund - ESSER Fund	84.425 D	35013	3/13/20-9/30/22	96,825	-	4,277	185	185	4,462	-
Total Education Stabilization Fund					1,330,862	691,057	836,942	836,942	197,137	-
Passed through the Allegheny Intermediate Unit #3:										
English Language Acquisition State Grants	84.365	n/a	7/1/20-6/30/21	16,734	-	4,000	-	-	4,000	-
English Language Acquisition State Grants	84.365	n/a	7/1/21-6/30/22	5,088	843	-	5,088	5,088	4,245	-
Total English Language Acquisition State Grants					843	4,000	5,088	5,088	8,245	-
Special Education Preschool Grants	84.173	131-22-0-003	7/1/21-6/30/22	3,738	3,738	-	3,738	3,738	-	-
Special Education Grants to States	84.027	RA-062-22-0-003	7/1/21-6/30/22	451,759	-	-	451,759	451,759	451,759	-
COVID-19 - Special Education Grants to States	84.027	RA-062-22-0-003	7/1/21-6/30/22	114,137	-	-	114,137	114,137	114,137	-
Passed through Pennsylvania Department of Education:										
COVID-19 - Special Education Preschool Grants - SEICM	84.027	252-200078	7/1/20-9/30/22	23,850	15,900	(4,801)	20,701	20,701	-	-
Subtotal ALN 84.027					15,900	(4,801)	586,597	586,597	565,896	-
Total Special Education Cluster (IDEA)					19,638	(4,801)	590,335	590,335	565,896	-
Total U.S. Department of Education					1,833,404	773,810	1,917,990	1,917,990	858,396	-

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

**CHARTIERS VALLEY SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2022

(Continued)

Federal Grantor / Pass-Through Grantor / Project Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount	Total Received For the Year	Accrued (Unearned) Revenue at July 1, 2021	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue at June 30, 2022	Passed Through to Subrecipients
<u>U.S. Department of Agriculture</u>										
Passed through the Pennsylvania Department of Education:										
School Breakfast Program	10.553	n/a	7/1/20-6/30/21	n/a	48	48	-	-	-	-
School Breakfast Program	10.553	n/a	7/1/21-6/30/22	n/a	355,611	-	355,611	355,611	-	-
Total School Breakfast Program					355,659	48	355,611	355,611	-	-
National School Lunch Program	10.555	n/a	7/1/20-6/30/21	n/a	75	75	-	-	-	-
National School Lunch Program	10.555	n/a	7/1/21-6/30/22	n/a	1,538,136	-	1,538,136	1,538,136	-	-
COVID -19 - National School Lunch Program - Supply Chain Assistance	10.555	n/a	7/1/21-6/30/22	67,368	67,386	-	-	-	(67,386)	-
COVID-19 - National School Lunch Program- SNP Emergency Operating Costs	10.555	n/a	7/1/21-6/30/22	69,502	69,502	-	69,502	69,502	-	-
Passed through the Pennsylvania Department of Agriculture:										
National School Lunch Program (Donated Commodities)	10.555	n/a	7/1/21-6/30/22	72,997	72,997	(8,601)	76,060	76,060	(5,538)	-
Total National School Lunch Program					1,748,096	(8,526)	1,683,698	1,683,698	(72,924)	-
Total Child Nutrition Cluster					2,103,755	(8,478)	2,039,309	2,039,309	(72,924)	-
Passed through the Pennsylvania Department of Education:										
Pandemic EBT Administrative Costs	10.649	n/a	7/1/21-6/30/22	3,063	3,063	-	3,063	3,063	-	-
Total U.S. Department of Agriculture					2,106,818	(8,478)	2,042,372	2,042,372	(72,924)	-
<u>U.S. Department of Health and Human Services</u>										
Passed through the Pennsylvania Department of Human Services:										
Medical Assistance Program - Medicaid Cluster	93.778	n/a	n/a	n/a	9,691	9,659	6,170	6,170	6,138	-
Total U.S. Department of Health and Human Services and Medicaid Cluster					9,691	9,659	6,170	6,170	6,138	-
Total Expenditures of Federal Awards					\$ 3,949,913	\$ 774,991	\$ 3,966,532	\$ 3,966,532	\$ 791,610	\$ -

Notes to Schedule of Expenditures of Federal Awards:

- a Total amount of commodities received from the Department of Agriculture
- b Inventory at July 1, 2021
- c Total amount of commodities used
- d Inventory at June 30, 2022

(Concluded)

See accompanying notes to schedule of expenditures of federal awards.

# CHARTIERS VALLEY SCHOOL DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

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### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Chartiers Valley School District (School District) under programs of the federal government for the year ended June 30, 2022. 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

### **2. Summary of Significant Accounting Policies**

The accompanying Schedule is presented using the modified accrual basis of accounting. Expenditures are recognized following the cost principles contained in the Uniform Guidance. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

# **Chartiers Valley School District**

Independent Auditor's Reports  
Required by the Uniform Guidance

Year Ended June 30, 2022

**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  
Chartiers Valley School District**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Chartiers Valley School District (School District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements, and have issued our report thereon dated February 6, 2023.

**Report on Internal Control over Financial Reporting**

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

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

*Mahe Duessel*

Pittsburgh, Pennsylvania  
February 6, 2023

## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

**Board of Directors  
Chartiers Valley School District**

### Report on Compliance for Each Major Federal Program

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

We have audited the Chartiers Valley School District (School District)'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2022. The 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.

In our opinion, the 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, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### Responsibilities of Management for Compliance

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

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

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

## Report on Internal Control over Compliance

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

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

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

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

*Mahe Duessel*

Pittsburgh, Pennsylvania  
February 6, 2023

# CHARTIERS VALLEY SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

### I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiencies identified that are not considered to be material weakness(es)?  
 yes  none reported

3. Noncompliance material to financial statements noted?  yes  no

4. Internal control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiencies identified that are not considered to be material weakness(es)?  
 yes  none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

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

7. Major Programs:

<u>ALN(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425 D, U, W	COVID-19 - Education Stabilization Fund
10.553 and 10.555	Child Nutrition Cluster

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

9. Auditee qualified as low-risk auditee?  yes  no

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

**No matters were reported.**

III. Findings and questioned costs for federal awards

**No matters were reported.**

**CHARTIERS VALLEY SCHOOL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

YEAR ENDED JUNE 30, 2022

**NONE**