



**SCHUYLKILL VALLEY**  
**SCHOOL DISTRICT**

***SCHUYLKILL VALLEY SCHOOL DISTRICT***

**FINANCIAL AND COMPLIANCE REPORT**

**Year Ended June 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of School Directors  
Schuylkill Valley School District  
Leesport, Pennsylvania**

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

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

### **Change in Accounting Principle**

As described in Note 1 to the financial statements, effective July 1, 2020, Schuylkill Valley School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the general fund, and the pension and other postemployment benefit information on pages 76 through 80, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Schuylkill Valley School District's basic financial statements. The individual general fund and capital projects fund schedules and combining nonmajor governmental funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, on our consideration of the Schuylkill Valley 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 Schuylkill Valley 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 Schuylkill Valley School District's internal control over financial reporting and compliance.

*Herbein + Company, Inc.*

**Reading, Pennsylvania**  
**November 15, 2021**

*Succeed With Confidence*

**SCHUYLKILL VALLEY SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**(UNAUDITED)**  
**For the Fiscal Year Ended June 30, 2021**

The following is a discussion and analysis of the Schuylkill Valley School District's annual financial performance during the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Highlights**

The Net Change in the Total Net Position for Governmental Funds decreased by \$101,116. Total Governmental Funds revenues and other financing sources were \$41,351,565 compared to expenditures and other financing uses in the amount of \$41,452,681.

General Fund revenues and other financing sources were \$41,245,173 with other funds having total revenues of \$73,000. General Fund revenues consist of 74% local revenue, 24% state revenue, 2% federal revenues including grant funds. Other revenue funds consist of the Food Service Fund with revenues of \$655,126 and expenditures of \$785,654 resulting in a decrease in the net position of \$130,528.

The School District had \$41,133,770 in General Fund expenditures and other financing uses that includes \$1,200,903 for expenditures that were reimbursed to the District with federal grants. Debt service expenditures included within the General Fund were \$3,165,302 or 7.70% of the total expenses.

Effective July 1, 2020 the District implemented the Governmental Accounting Standard Board (GASB) statement 84 relating to changes with reporting of Fiduciary Funds. The District had previously reported its student activities fund and private purpose trust funds (scholarships and education trust funds) as fiduciary funds. With the adoption of this standard, these funds do not meet the requirements to be reported as fiduciary funds. The student activities and scholarship funds are now reported as special revenue funds and the education trust is included within the general fund effective July 1, 2020. The adoption of this standard resulted in the District restating beginning net position as of July 1, 2020 in governmental activities for \$415,794 to account for the net position of the student activities, scholarships, and education trust funds as of June 30, 2020.

**Overview of the Financial Statements**

This annual report consists of the Management's Discussion and Analysis, the basic financial statements, and required supplementary information. These statements are organized so that the reader can understand Schuylkill Valley School District as an entire entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities that the District operates like a business. The only proprietary fund is Food Service Fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others.

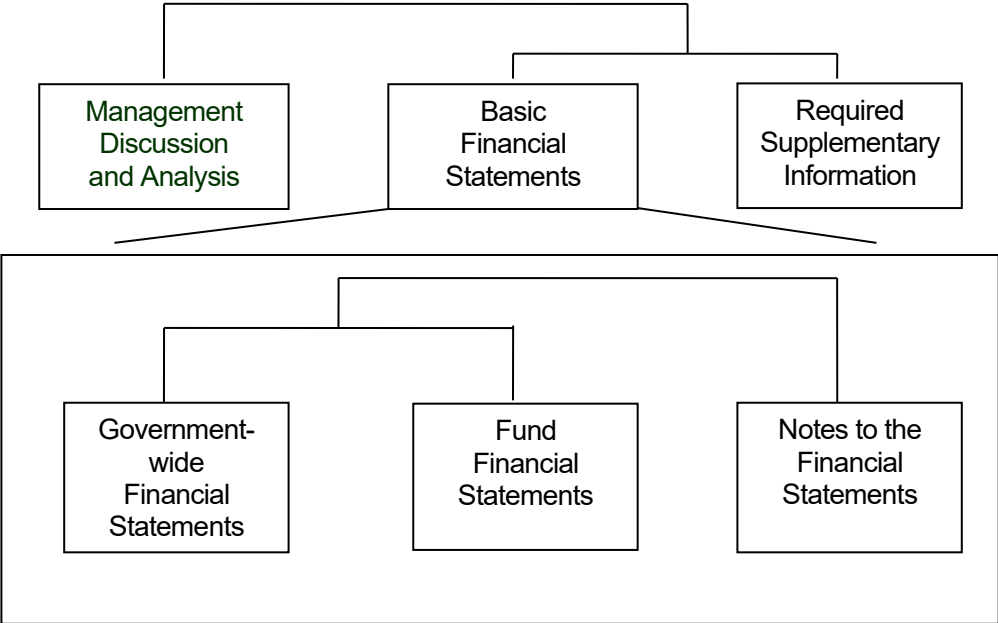
**SCHUYLKILL VALLEY SCHOOL DISTRICT  
Management's Discussion and Analysis**

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The financial statements also include notes that explain some of the information in the statements, as well as provide more detailed data. The statements also include a statement that further explains and supports the general fund with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of the annual report are arranged and related to the other.

**Figure A-1  
Required Components of  
Schuylkill Valley School District's  
Financial Report**



Summary<----->Detail

**SCHUYLKILL VALLEY SCHOOL DISTRICT  
Management's Discussion and Analysis**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of the management discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2  
Major Features of Schuylkill Valley  
School District's Government-Wide and Fund Financial Statements**

	Government-wide Statements	Governmental Funds	FUND STATEMENTS Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration, and community services	Activities the District operates similar to private business - Food Services	Instances in which the District is the trustee or agent to someone else's resources
Required financial statements	-Statement of net position  -Statement of activities	-Balance Sheet  -Statement of revenues, expenditures, and changes in fund balance	-Statement of net position  -Statement of revenues, expenses and changes in net position  -Statement of cash flows	-Statement of fiduciary net position  -Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, and deferred outflows and inflows of resources, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, and deferred outflows and inflows of resources, both financial and capital, and short-term and long-term	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid



## SCHUYLKILL VALLEY SCHOOL DISTRICT Management's Discussion and Analysis

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### **Government-wide Statements**

The government-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 government'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 using the accrual basis of accounting. Current year revenues and expenditures are therefore considered regardless of when the cash is received or paid.

The statement of net position presents all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases and decreases in net position are one way to measure the District's financial health or position; and whether that position is improving or deteriorating.

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 and the performance of the students.

The statement of activities presents information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some events that will result in cash flows in future periods, such as uncollected taxes, and unused vacation leave.

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

- *Governmental activities* - All of the District's basic services such as instruction, maintenance and operation of plant services, and administration are reported under this category. Taxes, state and federal subsidies, and grants finance most of these activities.
- *Business-type activities* - the only business-type activity in the District is food service operations. The sources of funding for operations consist of charges for meal purchases and federal and state subsidies.

### **Fund Financial Statements**

The District's fund financial statements provide more detailed information about the major individual funds of the District, not the District as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to keep track of specific sources of funding and spending for particular programs. The District's funds are divided into two categories - (1) governmental and (2) proprietary.

- *Governmental Funds* - Most of the District's activities are reported in governmental funds that focus on how money flows into and out of these funds and the balances left at the year end. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental Fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- *Proprietary Funds* - These funds are used to account for the District activities that are similar to business operations in the private sector and utilize the accrual accounting method. The Food Service Fund is the District's only 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.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

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

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

**Table A-3**  
**Fiscal Year Ended June 30**  
**Net Position**

	<u>2021</u>			<u>2020</u>		
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current and other assets	\$ 32,662,721	\$ 223,255	\$ 32,885,976	\$ 11,028,594	\$ 290,121	\$ 11,318,715
Net Capital Assets	<u>46,509,620</u>	<u>113,746</u>	<u>\$ 46,623,366</u>	<u>46,384,099</u>	<u>129,049</u>	<u>\$ 46,513,148</u>
<b>Total Assets</b>	<b><u>\$ 79,172,341</u></b>	<b><u>\$ 337,001</u></b>	<b><u>\$ 79,509,342</u></b>	<b><u>\$ 57,412,693</u></b>	<b><u>\$ 419,170</u></b>	<b><u>\$ 57,831,863</u></b>
<b>Deferred Outflow of Resources</b>	<b>10,346,753</b>	<b>134,151</b>	<b>10,480,904</b>	<b>8,019,903</b>	<b>108,555</b>	<b>8,128,458</b>
Current and other liabilities	\$ 6,942,917	\$ 52,811	\$ 6,995,728	\$ 7,347,399	\$ 51,582	\$ 7,398,981
Long-term liabilities	<u>98,985,214</u>	<u>1,006,704</u>	<u>\$ 99,991,918</u>	<u>74,150,789</u>	<u>909,778</u>	<u>\$ 75,060,567</u>
<b>Total Liabilities</b>	<b><u>\$ 105,928,131</u></b>	<b><u>\$ 1,059,515</u></b>	<b><u>\$ 106,987,646</u></b>	<b><u>\$ 81,498,188</u></b>	<b><u>\$ 961,360</u></b>	<b><u>\$ 82,459,548</u></b>
<b>Deferred Inflow of Resources</b>	<b>1,789,074</b>	<b>40,963</b>	<b>1,830,037</b>	<b>2,447,197</b>	<b>65,163</b>	<b>2,512,360</b>
<b>Net Position</b>						
Net Investment in Capital Assets	\$ 22,491,928	\$ 113,746	\$ 22,605,674	\$ 32,338,456	\$ 129,049	\$ 32,467,505
Restricted	12,084,022	-	12,084,022	1,305,038	-	1,305,038
Unrestricted	(52,774,061)	(743,072)	(53,517,133)	(52,156,283)	(627,847)	(52,784,130)
Restatement - GASB 84	-	-	-	415,794	-	415,794
<b>Total Net Position</b>	<b><u>\$ (18,198,111)</u></b>	<b><u>\$ (629,326)</u></b>	<b><u>\$ (18,827,437)</u></b>	<b><u>\$ (18,096,995)</u></b>	<b><u>\$ (498,798)</u></b>	<b><u>\$ (18,595,793)</u></b>

The District's Total Net Position as of June 30, 2021 is (\$18,827,437). Most of the District's net position is invested in capital assets (building, lands, and equipment). The remaining net position is a combination of restricted and unrestricted amounts.

The restricted balances are amounts set aside to fund future purchases for capital projects and technology as planned by the District as well as restricted balances of the District's special revenue funds. Over the past few years, the Board of Directors and Administration have prudently followed a strategy of transferring funds from the general fund into the capital project fund and technology reserve fund in order to fund capital projects, improvements and technology.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

The results of this year's operation as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the local property taxes and the Basic Education Subsidy provided by the Commonwealth of Pennsylvania.

Table A-4 takes the information from the Statement of Activities, rearranges it slightly, so you can see our total revenues for the year.

**Table A-4**  
**Fiscal Year Ended June 30**  
**Changes in Net Position**

	<u>2021</u>			<u>2020</u>		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
<b>REVENUES</b>						
<i>Program Revenues</i>						
Charges for services	\$ 581,847	\$ 15,708	597,555	\$ 421,376	\$ 327,600	748,976
Operating grants and contributions	7,241,735	639,231	7,880,966	6,334,588	507,439	6,842,027
Capital grants and contributions	139,922	-	139,922	165,324	-	165,324
<i>General Revenues</i>						
Property taxes	26,948,211	-	26,948,211	26,073,784	-	26,073,784
Other taxes	2,594,463	-	2,594,463	2,515,623	-	2,515,623
Grants, subsidies, and contributions	3,788,830	-	3,788,830	3,816,031	-	3,816,031
Other	56,557	187	56,744	244,077	14,468	258,545
<b>TOTAL REVENUES</b>	<b>\$ 41,351,565</b>	<b>\$ 655,126</b>	<b>\$ 42,006,691</b>	<b>\$ 39,570,803</b>	<b>\$ 849,507</b>	<b>\$ 40,420,310</b>
<b>EXPENSES</b>						
Instruction	25,727,465	-	25,727,465	24,420,164	-	24,420,164
Instructional student support	2,605,098	-	2,605,098	2,408,238	-	2,408,238
Administrative and financial support	4,736,225	-	4,736,225	4,068,169	-	4,068,169
Operation & maintenance of plant services	2,617,661	-	2,617,661	2,373,015	-	2,373,015
Pupil transportation	1,586,988	-	1,586,988	1,815,019	-	1,815,019
Student activities	1,205,060	-	1,205,060	1,137,850	-	1,137,850
Community services	9,124	-	9,124	14,903	-	14,903
Interest on long-term debt	759,262	-	759,262	520,004	-	520,004
Unallocated depreciation	2,205,798	-	2,205,798	2,135,281	-	2,135,281
Food services	-	785,654	785,654	-	835,449	835,449
<b>TOTAL EXPENSES</b>	<b>41,452,681</b>	<b>785,654</b>	<b>42,238,335</b>	<b>38,892,643</b>	<b>835,449</b>	<b>39,728,092</b>
<b>Increase (decrease) in Net Position</b>	<b>(101,116)</b>	<b>(130,528)</b>	<b>(231,644)</b>	<b>678,160</b>	<b>14,058</b>	<b>692,218</b>
<b>Net Position - Beginning of Year *</b>	<b>(18,096,995)</b>	<b>(498,798)</b>	<b>(18,595,793)</b>	<b>(19,190,949)</b>	<b>(512,856)</b>	<b>(19,703,805)</b>
<b>Restatement - GASB 84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>415,794.00</b>	<b>-</b>	<b>415,794.00</b>
<b>Net Position - End of Year</b>	<b>\$ (18,198,111)</b>	<b>\$ (629,326)</b>	<b>\$ (18,827,437)</b>	<b>\$ (18,096,995)</b>	<b>\$ (498,798)</b>	<b>\$ (18,595,793)</b>

**SCHUYLKILL VALLEY SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

The tables below present the expenses of both the Governmental Activities and the Business-type Activities of the District.

Tables A-5 and A-6 show the cost of the District's functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, interest, depreciation, and food service as well as each program's net cost (total cost less revenues generated by the functions). These tables also show 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-5**  
**Fiscal Year Ended June 30**  
**Governmental Activities**

<b>Functions/Programs</b>	<b>2021</b>		<b>2020</b>	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instruction	\$ 25,727,465	\$ 20,223,767	\$ 24,420,164	\$ 19,662,368
Instructional student support	2,605,098	2,300,690	2,408,238	2,136,709
Administrative	4,736,225	4,345,210	4,068,169	3,699,578
Operation and maintenance	2,617,661	2,099,717	2,373,015	2,110,807
Pupil transportation	1,586,988	694,998	1,815,019	933,282
Student activities	1,205,060	991,340	1,137,850	926,179
Community services	9,124	8,317	14,903	12,471
Interest-long-term debt	759,262	619,340	520,004	354,680
Unallocated depreciation	2,205,798	2,205,798	2,135,281	2,135,281
Total governmental activities	<b>\$ 41,452,681</b>	33,489,177	<b>\$ 38,892,643</b>	31,971,355
Less: Unrestricted grants, subsidies		3,788,830		3,816,031
<b>Total needs from local taxes and other revenues</b>		<b>\$ 29,700,347</b>		<b>\$ 28,155,324</b>

Table A-6 reflects the activities of the Food Service program, the only Business-type activity of the District.

**Table A-6**  
**Fiscal Year ended June 30**  
**Business-type**

<b>Functions/Programs</b>	<b>2021</b>		<b>2020</b>	
	<b>Total Cost of Services</b>	<b>Net Cost (Contribution) of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost (Contribution) of Services</b>
Food services	<b>\$ 785,654</b>	\$ 130,715	<b>\$ 835,449</b>	\$ 410
Investment earnings		(187)		(3,220)
Miscellaneous revenue		-		(5,320)
Transfers		-		(5,928)
<b>Total business-type activities</b>		<b>\$ 130,528</b>		<b>\$ (14,058)</b>

**SCHUYLKILL VALLEY SCHOOL DISTRICT  
Management's Discussion and Analysis**

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**The District Funds**

At June 30, 2021, the District governmental funds reported a combined fund balance of \$27,441,937 which is an increase of \$21,109,364 from the prior fiscal year. This increase is due to the issuance of a capital projects General Obligation Note for various capital projects which had unspent funds of \$20,709,056 at June 30, 2021.

**General Fund Budget**

The District's budget for fiscal year 2020-2021 anticipated that expenditures would exceed anticipated revenues by \$816,093 and reduce the existing fund balance by that amount; the actual results show revenues exceeding expenditures and other financing sources by \$111,403. A statement showing a budget to actual comparison is provided as part of the required supplementary information.

**Capital Assets and Debt Administration**

*Capital Assets*

At June 30, 2021, the District had investments of \$46,623,366 in capital investments net of depreciation. Capital investments include land, buildings and building improvements, furniture and equipment, site improvements, and construction in progress. Total depreciation expense for the year amounted to \$2,221,101.

**Table A-7  
Fiscal Year ended June 30  
Capital Assets-net of depreciation**

	<u>2021</u>			<u>2020</u>		
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Land	\$ 286,722	\$ -	\$ 286,722	\$ 286,722	\$ -	\$ 286,722
Site improvements	4,697,240	-	4,697,240	4,480,514	-	4,480,514
Building and building improv.	38,215,096	-	38,215,096	38,837,522	-	38,837,522
Furniture and equipment	1,851,749	113,746	1,965,495	2,000,586	129,049	2,129,635
Construction in progress	1,458,813	-	1,458,813	778,755	-	778,755
<b>TOTAL</b>	<b><u>\$ 46,509,620</u></b>	<b><u>\$ 113,746</u></b>	<b><u>\$ 46,623,366</u></b>	<b><u>\$ 46,384,099</u></b>	<b><u>\$ 129,049</u></b>	<b><u>\$ 46,513,148</u></b>

More detailed information regarding the District's capital assets is included in the notes to the basic financial statements.

**SCHUYLKILL VALLEY SCHOOL DISTRICT  
Management's Discussion and Analysis**

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**Debt Administration**

At June 30, 2021, the District had \$30,015,000 in general obligation bonds and notes. This represents an increase of \$16,530,000 from the prior year. During the year, the District issued GON Series A of 2020 in the amount of \$2,650,000 to advance refund a portion of the GOB 2014 and GON Series of 2020 in the amount of \$22,225,000 to currently refund GOB 2017 and to fund capital projects.

**Table A-8  
Outstanding Debt**

	2021	2020
General Obligation Bonds and Notes		
Series - October, 2014	\$ 5,155,000	\$ 9,900,000
Series - March, 2017	-	3,585,000
Series A - August, 2020	2,645,000	-
Series - August, 2020	<u>22,215,000</u>	<u>-</u>
<b>TOTAL</b>	<b><u>\$ 30,015,000</u></b>	<b><u>\$ 13,485,000</u></b>

Other long-term obligations include accrued retirement benefits and the long-term portion of pension liability and compensated absences. More detailed information about our long-term liabilities is included in the notes to the basic financial statements.

**Factors bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that may affect its future growth.

- The local property tax continues to bear a disproportionate responsibility to fund public education. With the enactment of Act 1, the legislature has attempted to address this issue. The Act calls for a reduction in property taxes through an allocation of gaming revenue to each School District. Schuylkill Valley's share for the 2020-21 year is \$589,995 which gave all approved homestead taxpayers a reduction of \$161.39 on their real estate property taxes. The amount for 2021-2022 is estimated at \$591,780, which will provide all approved homestead taxpayers a reduction of \$156.64 on their real estate property taxes.
- Another major provision of Act 1 is that all school districts are limited in their ability to raise real estate millage rates. All districts will have to seek voter approval through a referendum for any tax increase that exceeds an annually determined "index". This index is the average of the State-wide Average Weekly Wage (SAWW) and the Employment Cost Index for Elementary and Secondary Education (ECI), with some adjustments made based on each District's aid ratio. Schuylkill Valley's adjusted index for 2020-21 was 3.2%. The adjusted index for 2021-22 is 3.6%.
- The District anticipates rising health premiums in the ensuing fiscal year as industry indicators report increases in the 4 - 8% range.
- The Pennsylvania School Employees Retirement System (PSERS) continues to reset the percentage of payroll that school districts must pay as the actuarial projections based on required investment returns are analyzed. The rate for 2020-2021 was 34.51% with rates projected to continue to climb into the future. The projected rate for 2021-2022 is 34.94%; and 2022-2023 is 35.26%.

**SCHUYLKILL VALLEY SCHOOL DISTRICT  
Management's Discussion and Analysis**

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**2021-2022 Budget**

The revenue budget for the 2021-2022 year is \$794,891 more than the 2020-2021 budget which represents a 1.99% increase. The expenditure budget for the 2021-2022 year is \$821,431 more than the budget for 2020-2021, or a 2.01% increase. The comparison of revenue and expenditure categories is as follows:

**Table A-9  
Budgeted Revenues**

	<b>2021-22</b>	<b>2020-21</b>
Local	74.4%	74.5%
State	23.6%	24.1%
Federal/other	2.0%	1.4%

**Budgeted Expenditures**

	<b>2021-22</b>	<b>2020-21</b>
Instruction	61.9%	61.4%
Support Services	27.3%	27.5%
Non-Instruction/community	3.2%	3.3%
Fund transfers/Debt service	7.6%	7.8%

**CONTACTING THE DISTRICT'S 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 money it receives. If you have any questions about this report or wish to request additional financial information, please contact Michelle Kauffman, Accountant at Schuylkill Valley School District, 929 Lakeshore Drive, Leesport, PA, 19533-8631 (610-916-5444).

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**June 30, 2021**

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 30,292,752	\$ 106,224	\$ 30,398,976
Internal balances	(58,160)	58,160	-
Taxes receivable, net	934,115	-	934,115
Intergovernmental receivables	1,392,121	35,095	1,427,216
Other receivables	45,464	-	45,464
Inventories	47,583	23,776	71,359
Prepaid expenses	8,846	-	8,846
Capital assets not being depreciated	1,745,535	-	1,745,535
Capital assets, net of accumulated depreciation	44,764,085	113,746	44,877,831
<b>TOTAL ASSETS</b>	<b>79,172,341</b>	<b>337,001</b>	<b>79,509,342</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on bond refunding	123,218	-	123,218
Deferred outflows of resources for pension	9,281,842	127,641	9,409,483
Deferred outflows of resources for other postemployment benefits	941,693	6,510	948,203
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>10,346,753</b>	<b>134,151</b>	<b>10,480,904</b>
<b>LIABILITIES</b>			
Accounts payable	725,502	1,654	727,156
Accrued interest	287,899	-	287,899
Accrued salaries and benefits	3,868,842	933	3,869,775
Unearned revenues	45,674	50,224	95,898
Noncurrent liabilities due within one year	2,015,000	-	2,015,000
Noncurrent liabilities:			
Bonds and notes payable, net	32,820,122	-	32,820,122
Long-term portion of compensated absences	562,448	480	562,928
Long-term portion of retirement severance	173,400	-	173,400
Net pension liability	60,194,866	960,134	61,155,000
Net other postemployment benefit liabilities	5,234,378	46,090	5,280,468
<b>TOTAL LIABILITIES</b>	<b>105,928,131</b>	<b>1,059,515</b>	<b>106,987,646</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources for pension	1,568,974	34,730	1,603,704
Deferred inflows of resources for other postemployment benefits	220,100	6,233	226,333
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,789,074</b>	<b>40,963</b>	<b>1,830,037</b>
<b>NET POSITION</b>			
Net investment in capital assets	22,491,928	113,746	22,605,674
Restricted for capital projects	11,639,334	-	11,639,334
Restricted for other purposes	444,688	-	444,688
Unrestricted (deficit)	(52,774,061)	(743,072)	(53,517,133)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (18,198,111)</b>	<b>\$ (629,326)</b>	<b>\$ (18,827,437)</b>

See accompanying notes.



**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction	\$ 25,727,465	\$ 480,150	\$ 5,023,548	\$ -	\$ (20,223,767)	\$ -	\$ (20,223,767)
Instructional student support	2,605,098	-	304,408	-	(2,300,690)	-	(2,300,690)
Administrative and financial support services	4,736,225	-	391,015	-	(4,345,210)	-	(4,345,210)
Operation and maintenance of plant services	2,617,661	12,624	505,320	-	(2,099,717)	-	(2,099,717)
Pupil transportation	1,586,988	-	891,990	-	(694,998)	-	(694,998)
Student activities	1,205,060	89,073	124,647	-	(991,340)	-	(991,340)
Community services	9,124	-	807	-	(8,317)	-	(8,317)
Interest on long-term debt	759,262	-	-	139,922	(619,340)	-	(619,340)
Unallocated depreciation expense	2,205,798	-	-	-	(2,205,798)	-	(2,205,798)
<b>Total Governmental Activities</b>	<b>41,452,681</b>	<b>581,847</b>	<b>7,241,735</b>	<b>139,922</b>	<b>(33,489,177)</b>	<b>-</b>	<b>(33,489,177)</b>
<b>Business-Type Activities</b>							
Food services	785,654	15,708	639,231	-	-	(130,715)	(130,715)
<b>Total Primary Government</b>	<b>\$ 42,238,335</b>	<b>\$ 597,555</b>	<b>\$ 7,880,966</b>	<b>\$ 139,922</b>	<b>(33,489,177)</b>	<b>(130,715)</b>	<b>(33,619,892)</b>
<b>General Revenues</b>							
Taxes:							
Property taxes					26,948,211	-	26,948,211
Public utility realty, earned income, and mercantile tax					2,594,463	-	2,594,463
Grants, subsidies, and contributions not restricted for a specific program					3,788,830	-	3,788,830
Investment earnings					26,911	187	27,098
Miscellaneous revenue					29,646	-	29,646
<b>Total General Revenues</b>					<b>33,388,061</b>	<b>187</b>	<b>33,388,248</b>
<b>Change in Net Position</b>					<b>(101,116)</b>	<b>(130,528)</b>	<b>(231,644)</b>
<b>Net Position (Deficit) - Beginning of Year, Restated</b>					<b>(18,096,995)</b>	<b>(498,798)</b>	<b>(18,595,793)</b>
<b>Net Position (Deficit) - End of Year</b>					<b>\$ (18,198,111)</b>	<b>\$ (629,326)</b>	<b>\$ (18,827,437)</b>

See accompanying notes.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**June 30, 2021**

	General	Capital Projects	Special Revenue (Nonmajor)	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 7,864,208	\$ 22,053,826	\$ 374,718	\$ 30,292,752
Interfund receivable	-	474,365	-	474,365
Taxes receivable	985,066	-	-	985,066
Intergovernmental receivables	1,392,121	-	-	1,392,121
Other receivables	45,464	-	-	45,464
Prepaid expenditures	8,846	-	-	8,846
<b>TOTAL ASSETS</b>	<b>\$ 10,295,705</b>	<b>\$ 22,528,191</b>	<b>\$ 374,718</b>	<b>\$ 33,198,614</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Interfund payable	\$ 532,525	\$ -	\$ -	\$ 532,525
Accounts payable	530,857	194,645	-	725,502
Accrued salaries and benefits	3,868,842	-	-	3,868,842
Unearned revenues	45,674	-	-	45,674
<b>TOTAL LIABILITIES</b>	<b>4,977,898</b>	<b>194,645</b>	<b>-</b>	<b>5,172,543</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property and per capita taxes	584,134	-	-	584,134
<b>FUND BALANCES</b>				
Nonspendable	8,846	-	-	8,846
Restricted	69,970	22,333,546	374,718	22,778,234
Committed for insurance deductible	50,000	-	-	50,000
Assigned	1,336,166	-	-	1,336,166
Unassigned	3,268,691	-	-	3,268,691
<b>TOTAL FUND BALANCES</b>	<b>4,733,673</b>	<b>22,333,546</b>	<b>374,718</b>	<b>27,441,937</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 10,295,705</b>	<b>\$ 22,528,191</b>	<b>\$ 374,718</b>	<b>\$ 33,198,614</b>

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION**

**June 30, 2021**

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

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>		<b>\$ 27,441,937</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$82,217,837 and the accumulated depreciation is \$35,708,217.		46,509,620
Property and other taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds adjusted for allowance for doubtful accounts.		533,183
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds and notes payable	(30,015,000)	
Accrued interest on bonds	(287,899)	
Unamortized bond premium	(4,820,122)	
Deferred charge on bond refunding	123,218	
Long-term portion of compensated absences	(562,448)	
Long-term portion of retirement severance	(173,400)	(35,735,651)
The net pension liability and related deferred outflows and inflows of resources for pensions are not reflected on the fund financial statements.		(52,481,998)
The net other postemployment benefit liabilities and related deferred outflows and inflows of resources for other postemployment benefits are not reflected on the fund financial statements.		(4,512,785)
The governmental funds follow the purchase method of inventory; therefore, no inventory is reflected on the balance sheet. However, the statement of net position uses the consumption method of inventory.		47,583
<b>TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES</b>		<b>\$ (18,198,111)</b>

SCHUYLKILL VALLEY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	General	Capital Projects	Special Revenue (Nonmajor)	Total Governmental Funds
<b>REVENUES</b>				
Local sources	\$ 30,636,770	\$ 8,856	\$ 64,144	\$ 30,709,770
State sources	9,824,928	-	-	9,824,928
Federal sources	753,829	-	-	753,829
<b>TOTAL REVENUES</b>	<b>41,215,527</b>	<b>8,856</b>	<b>64,144</b>	<b>41,288,527</b>
<b>EXPENDITURES</b>				
Current:				
Instructional services	25,287,136	1,335	-	25,288,471
Support services	10,983,971	2,794,950	-	13,778,921
Operation of noninstructional services	1,111,869	-	71,390	1,183,259
Debt service:				
Principal	2,335,000	-	-	2,335,000
Interest	830,302	37,753	-	868,055
Refund of prior year revenue	210	-	23,301	23,511
<b>TOTAL EXPENDITURES</b>	<b>40,548,488</b>	<b>2,834,038</b>	<b>94,691</b>	<b>43,477,217</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>667,039</b>	<b>(2,825,182)</b>	<b>(30,547)</b>	<b>(2,188,690)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of refunding note	-	2,650,000	-	2,650,000
Issuance of general obligation note	-	22,225,000	-	22,225,000
Premium on issuance of general obligation notes	-	4,598,023	-	4,598,023
Transfers in	-	585,282	-	585,282
Current refunding debt service - principal	-	(3,585,000)	-	(3,585,000)
Payment to refunded bond escrow agent	-	(2,619,615)	-	(2,619,615)
Sale of capital assets	24,441	-	-	24,441
Insurance recoveries	5,205	-	-	5,205
Transfers out	(585,282)	-	-	(585,282)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(555,636)</b>	<b>23,853,690</b>	<b>-</b>	<b>23,298,054</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>111,403</b>	<b>21,028,508</b>	<b>(30,547)</b>	<b>21,109,364</b>
<b>FUND BALANCES - BEGINNING OF YEAR, RESTATED</b>	<b>4,622,270</b>	<b>1,305,038</b>	<b>405,265</b>	<b>6,332,573</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 4,733,673</b>	<b>\$ 22,333,546</b>	<b>\$ 374,718</b>	<b>\$ 27,441,937</b>

See accompanying notes.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2021**

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

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ 21,109,364

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.

Capital outlays	\$ 2,331,319	
Less: depreciation expense	<u>(2,205,798)</u>	125,521

Because some property taxes will not be collected for several months after the District's year end, they are not considered as "available" revenues in the governmental funds. 33,392

Issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Issuance of refunding note	(2,650,000)	
Issuance of general obligation note	(22,225,000)	
Premium on issuance of general obligation notes	(4,598,023)	
Current refunding debt service - principal	3,585,000	
Payment to refunded bond escrow agent	2,619,615	
Repayment of bond and note principal	2,335,000	
Amortization of bond premium	433,725	
Amortization of deferred charge on bond refunding	<u>(166,578)</u>	(20,666,261)

Interest expense incurred on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. (158,354)

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. The difference in the amount incurred and amount paid of these activities is:

Compensated absences	68,521	
Retirement incentives	(2,400)	
Net pension liability and related deferred outflows and inflows	(492,128)	
Net OPEB liability and related deferred outflows and inflows	<u>(122,184)</u>	(548,191)

In the statement of activities, inventory is reflected on the consumption method. 3,413

**CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES** \$ (101,116)

See accompanying notes.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND**

**June 30, 2021**

	Enterprise Fund Food Service
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and investments	\$ 106,224
Interfund receivables	58,160
Intergovernmental receivables	35,095
Inventories	23,776
<b>TOTAL CURRENT ASSETS</b>	223,255
<b>NONCURRENT ASSETS</b>	
Furniture and equipment, net	113,746
<b>TOTAL ASSETS</b>	337,001
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources for pension	127,641
Deferred outflows of resources for other postemployment benefits	6,510
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	134,151
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	1,654
Accrued salaries and benefits	933
Unearned revenues	50,224
<b>TOTAL CURRENT LIABILITIES</b>	52,811
<b>NONCURRENT LIABILITIES</b>	
Compensated absences	480
Net pension liability	960,134
Net other postemployment benefit liabilities	46,090
<b>TOTAL LIABILITIES</b>	1,059,515
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources for pension	34,730
Deferred inflows of resources for other postemployment benefits	6,233
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	40,963
<b>NET POSITION</b>	
Investment in capital assets	113,746
Unrestricted (deficit)	(743,072)
<b>TOTAL NET POSITION (DEFICIT)</b>	\$ (629,326)

See accompanying notes.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2021**

	Enterprise Fund Food Service
<b>OPERATING REVENUES</b>	
Food service revenue	\$ 15,708
<b>TOTAL OPERATING REVENUES</b>	15,708
<b>OPERATING EXPENSES</b>	
Salaries	269,296
Employee benefits	183,560
Pension and OPEB valuation adjustments	46,830
Other purchased services	2,443
Supplies	259,786
Depreciation	15,303
Other operating expenses	8,436
<b>TOTAL OPERATING EXPENSES</b>	785,654
<b>OPERATING LOSS</b>	(769,946)
<b>NONOPERATING REVENUES</b>	
Earnings on investments	187
State sources	71,093
Federal sources	568,138
<b>TOTAL NONOPERATING REVENUES</b>	639,418
<b>CHANGE IN NET POSITION</b>	(130,528)
<b>NET POSITION (DEFICIT) - BEGINNING OF YEAR</b>	(498,798)
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	\$ (629,326)

SCHUYLKILL VALLEY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND

For the Year Ended June 30, 2021

	Enterprise Fund Food Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from users	\$ 15,739
Payments to employees for services	(510,860)
Payments to suppliers for goods and services	(196,015)
Payments for other operating expenses	(8,436)
	<hr/>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	(699,572)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State sources	70,149
Federal sources	480,821
	<hr/>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	550,970
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Earnings on investments	187
	<hr/>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(148,415)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	254,639
	<hr/>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 106,224</u>



**SCHUYLKILL VALLEY SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS - CONTINUED**  
**PROPRIETARY FUND**

For the Year Ended June 30, 2021

	Enterprise Fund Food Service
<b><u>Reconciliation of Operating Loss to Net Cash</u></b>	
<b><u>Used For Operating Activities:</u></b>	
Operating loss	\$ (769,946)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	15,303
Donated commodities used	63,373
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Interfund receivables	(58,160)
Inventories	3,249
Deferred outflows of resources for pension	(25,381)
Deferred outflows of resources for other postemployment benefits	(215)
Interfund payable	(1,750)
Accounts payable	1,342
Accrued salaries and benefits	(144)
Other current liabilities	31
Compensated absences	300
Net pension liability	100,657
Net other postemployment benefit liabilities	(4,031)
Deferred inflows of resources for pension	(28,959)
Deferred inflows of resources for other postemployment benefits	4,759
Total adjustments	70,374
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<b>\$ (699,572)</b>

**NONCASH NONCAPITAL FINANCING ACTIVITIES**

During the year, the District used \$63,373 of commodities from the U.S. Department of Agriculture.

## SCHUYLKILL VALLEY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Schuylkill Valley School District (“School District” or “District”) is located in Berks County, Pennsylvania. The District’s tax base consists of Bern Township, Centre Township, Ontelaunee Township, Centerport Borough, and Leesport Borough. Schuylkill Valley School District is governed by a board of nine school directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term.

The board of school directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person residing in such district between the ages of six and 21 years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any school herein provided, or to pay any school indebtedness which the School District is required to pay, or to pay an indebtedness that may at any time hereafter be created by the School District, the board of school directors are vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual state appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District and its component units.

The District used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, councils, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management’s professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity’s financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity’s financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

Based on the foregoing criteria, the District has determined it has no component units.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**A. Reporting Entity - continued**

Governments commonly enter into special arrangements with each other to provide or obtain needed services. A common type of such an arrangement is a joint venture. In addition to joint ventures, governments also enter into contracts to plan for and address certain activities for their mutual benefits; i.e., a jointly governed organization. The District has one of each of these relationships:

**Joint Venture:** The District is a participating member of the Berks Career and Technology Center. See Note 12 for details of involvement and financial information of the joint venture.

**Jointly Governed Organizations:** The District is a participating member of the Berks County Intermediate Unit (BCIU). The BCIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of school directors of each participating district must approve BCIU's annual operating budget.

The BCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no ongoing financial interest or responsibility in the BCIU. The BCIU contracts with participating districts to supply special education services, computer services, and to act as a conduit for certain federal programs.

**B. Basis of Presentation - Government-Wide Financial Statements**

Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting entity, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. The government-wide statements include separate columns for the governmental and business-type activities of the primary government, as well as any discretely presented component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function to the District are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include 1) charges to customers or others who purchase, use, or directly benefit from services or goods provided by a given function, or 2) grants and contributions that are restricted to meet the operational or capital requirements of a function. Taxes and other items properly not included in program revenues are reported as general revenues.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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**B. Basis of Presentation - Government-Wide Financial Statements - continued**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the contributions made to any component units from the District's governmental funds and transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

After the implementation of GASB No. 84, *Fiduciary Activities*, the District currently does not have any fiduciary funds. See Note 1H. for further information on the adoption of this accounting standard.

**C. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Fiduciary funds are reported by fund type.

**The District Reports the Following Major Governmental Funds:**

**General Fund:** This fund is established to account for resources devoted to financing the general services that the District performs. Intergovernmental revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund. The fund is charged with all costs of operating the District for which a separate fund has not been established.

**Capital Projects Fund:** This fund is established to account for financial resources to be used for the acquisition or construction of major capital equipment and facilities (other than those financed by proprietary funds).

*The 2020 Note Component* was established to account for the proceeds received from the Revenue Note Series of 2020. These funds are restricted to be used for capital improvements at the District.

*The Capital Projects Component* is maintained in accordance with Section 1432 of the Municipal Code. The Municipal Code restricts how the resources are spent.

*The Technology Reserve Component* receives resources from the General Fund to pay for future technological advances in computer hardware and software.

SCHUYLKILL VALLEY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**C. Basis of Presentation - Fund Financial Statements - continued**

**The District Reports the Following Nonmajor Governmental Funds:**

**Special Revenue Funds**

***Student Activity Fund:*** This fund is established to account for financial resources to be used for various student activity and athletic clubs.

***Scholarship Fund:*** This fund is established to account for financial resources to be used for various scholarship accounts.

**The District has the Following Major Enterprise Fund:**

***Food Service Fund:*** This fund accounts for all revenues, food purchases, and costs and expenses for the food service program. The food service fund is the District's only major enterprise fund where the intent of the governing body is that the costs of providing food services are covered by user charges and subsidies received.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 revenue 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.

The 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 government considers tax revenues to be available if they are collected within 30 days of the end of the current fiscal period. Property taxes and interest associated with the current fiscal period is considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. If time-eligibility requirements are not met, deferred inflows of resources would be recorded. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the food service fund are charges to customers for sales and services provided. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and state subsidies are considered nonoperating revenues as no exchange transaction occurs.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Budgetary Process**

An operating budget is adopted prior to the beginning of each year for the general fund on the modified accrual basis of accounting. The general fund is the only fund for which a budget is legally required.

In accordance with Act 1 of 2006, the board shall annually, but not later than 110 days before the primary election, decide the budget option to be used for the following fiscal year. The board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

**Accelerated Budget Process Option**

Under this option, a preliminary budget must be adopted 90 days prior to the primary election. Under this option, the preliminary budget must be available for public inspection at least 20 days prior to the budget adoption. The board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption.

If the primary budget exceeds the increase authorized by the Index, an application for an exception may be filed with the Pennsylvania Department of Education and made available for public inspection. The board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1.

The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The board shall annually adopt the final budget by a majority vote of all members of the board prior to June 30.

**Board Resolution Option**

Under the Board Resolution Option, the board shall adopt a resolution that it will not raise the rate of any tax for the following fiscal year by more than the Index. Such resolution shall be adopted no later than 110 days prior to the primary election. At least 30 days prior to adoption of the final budget the board shall prepare a proposed budget. The proposed budget shall be available for public inspection at least 20 days prior to adoption of the budget. The board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The board shall annually adopt the final budget by a majority vote of all members of the board by June 30.

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the school board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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**F. Financial Position**

**1. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the proprietary fund type considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**2. Investments**

Investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized cost if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure 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.

**3. Interfund Transactions**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payables." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

**4. Inventories and Prepaid Items**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Inventories of the governmental funds, consisting principally of textbooks and instructional supplies, utilize the purchase method; that is, they are charged to expenditures when purchased.



SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

---

F. Financial Position - continued

4. Inventories and Prepaid Items - continued

Inventories of the enterprise 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 fair market value as determined by the U.S. Department of Agriculture at the date of donation. The inventories on hand at June 30, 2021, consist of the following:

<u>Governmental Activities</u>	
Classroom and office supplies	<u>\$ 47,583</u>
 <u>Enterprise Fund</u>	
Purchased food	\$ 14,711
Supplies	1,459
Donated commodities	<u>7,606</u>
Total Enterprise Fund	<u>\$ 23,776</u>

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

5. Capital Assets, Depreciation, and Amortization

The District's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective financial statements. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at the acquisition value at the date of donation.

The District generally capitalizes assets with cost of \$2,500 or more as purchase and construction outlays occur. Management has elected to include certain homogeneous asset categories with individual assets less than \$2,500 as composite groups for financial reporting purposes. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Construction in progress is stated at cost and consists primarily of costs incurred on construction projects. No provision for depreciation is made on construction in progress until the assets are complete and placed into service. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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F. Financial Position - continued

5. Capital Assets, Depreciation, and Amortization - continued

Estimated useful lives for depreciable assets are as follows:

Assets	Years
Buildings and building improvements	20 - 50
Site improvements	20 - 50
Furniture and equipment	5 - 20

6. Valuation of Long-Lived Assets

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The District periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the District's long-lived assets were considered to be impaired as of June 30, 2021.

7. Unearned Revenues

Revenues that are received but not earned are reported as unearned revenues in the government-wide, governmental, and proprietary fund financial statements. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

8. Compensated Absences

District policies permit employees to accumulate earned but unused vacation, personal and sick days based on employment agreements. Payments for vacation, sick pay, and personal leave are expensed as paid in the governmental fund statements. Accumulated vacation, personal and sick leave that is expected to be liquidated with expendable available financial resources and that has matured is reported as an expenditure and a fund liability in the governmental fund that will pay it. Accumulated vacation, personal or sick leave that is not expected to be liquidated with expendable available financial resources and that has not matured is reported as a long-term liability in the proprietary funds and the government-wide financial statements and is expensed as incurred.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**F. Financial Position - continued**

**9. Retirement Severance and Incentives**

The District provides a retirement severance to teachers based on years of service in the District. The severance payment ranges from \$1,800 to \$3,600.

For the year ended June 30, 2019, the District offered an early retirement incentive for employees with a minimum of 30 years of service who provided their intent to retire before June 30, 2019. Those employees who qualified are permitted to stay on the District-sponsored medical insurance at a cost of 20% of the premium for up to 24 months. There was no early retirement incentive offered for the year ended June 30, 2021. The District recognized \$114,349 in expenditures related to this incentive for the year ended June 30, 2021.

**10. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the statement of net position. This same treatment also applies to proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Other bond issuance costs are expensed at the time the debt is issued.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and original issue discounts or premiums are reported as other financing sources and uses. Issuance costs and underwriter's discount, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**11. Pension**

The District contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. The District accounts for the plan under the provisions of GASB Statement No. 68, which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, deferred outflows and deferred inflows of resources related to pension, certain required supplementary information, and note disclosures.

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

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

---

F. Financial Position - continued

**12. Other Postemployment Benefits (OPEB)**

The District's other postemployment benefit plans are accounted for under the provisions of GASB Statement No. 75, which establishes standards for the measurement, recognition, and display of other postemployment benefit expense and related liabilities, deferred outflows and deferred inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures. The District provides OPEB under the following two plans:

PSERS OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

District OPEB Plan

The District sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The District OPEB plan is unfunded.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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F. Financial Position - continued

**13. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses) until then. The District has three items that qualify for reporting in this category:

*A deferred charge on bond refunding* results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

*Deferred outflows of resources for pension* relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions made to the pension plan subsequent to the measurement date and prior to the District's year end. The contributions will be recognized as a reduction in net pension liability in the following year.

*Deferred outflows of resources for other postemployment benefit liabilities* relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the net other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions or benefit payments made subsequent to the measurement date and prior to the District's year end. These payments will be recognized as a reduction to the net other postemployment benefit liability in the following year.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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F. Financial Position - continued

**13. Deferred Outflows/Inflows of Resources - continued**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items that qualify for reporting in this category.

*Unavailable revenue* arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources - property taxes and per capita taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

*Deferred inflows of resources for pensions* relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

*Deferred inflows of resources for other postemployment benefit liabilities* relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**F. Financial Position - continued**

**14. Net Position**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in the capital assets component of net position is comprised of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall net investment in capital assets. The restricted component of net position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of net position is unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

**15. Fund Balance Policies and Flow Assumptions**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The restricted fund balance classification represents funds that are limited in use due to constraints for a specific purpose through restrictions by external parties, grant agreements, or enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The board of school directors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The superintendent and business manager may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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**F. Financial Position - continued**

**15. Fund Balance Policies and Flow Assumptions - continued**

The District will strive to maintain an unassigned general fund balance not more than 8% of the budgeted expenditures for that fiscal year set by board resolution.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. The District's policy states that committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts for unrestricted fund balances used.

**G. Use of Estimates**

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

**H. Adoption of Accounting Standard**

Effective July 1, 2020, the District adopted a new accounting standard related to the reporting of *Fiduciary Activities*. The objective of this standard is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This standard establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The District had previously reported its student activities fund and private purpose trust funds (scholarships and education trust funds) as fiduciary funds. With the adoption of this standard, these funds do not meet the requirements to be reported as fiduciary funds. The student activities and scholarship funds are now reported as special revenue funds and the education trust is included within the general fund effective July 1, 2020.

The adoption of this standard resulted in the District restating beginning net position as of July 1, 2020 in governmental activities for \$415,794 (\$10,529 increase to general fund and \$405,265 increase to nonmajor special revenue funds) to account for the net position of the student activities, scholarships and education trust funds as of June 30, 2020.



SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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**A. Compliance with Finance Related Legal and Contractual Provisions**

The District had no material violations of finance related legal and contractual provisions.

**B. Deficit Fund Balance or Net Position of Individual Funds**

**Deficit Net Position - Proprietary Fund (Food Service Fund)**

For the year ended June 30, 2021, the accounting under GASB No. 68, *Accounting and Financial Reporting for Pensions*, GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* created the following deficiency in net position as of June 30, 2021:

	Food Service Fund
Net position before effects of GASB statements noted below	\$ 283,710
Cumulative effect of GASB statement Nos. 68 and 71	(867,223)
Cumulative effect of GASB statement No. 75	(45,813)
Ending net position (deficit)	<u>\$ (629,326)</u>

The District will fund this deficiency in future years through contributions to the Pennsylvania Public School Employees' Retirement Plan (PSERS) at a rate required by the PSERS.

NOTE 3 - CASH AND INVESTMENTS

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Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest funds 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 of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in 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 therefore shall be pledged by the depository.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

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Pennsylvania Act 10 of 2016 became effective May 25, 2016 and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

The deposit and investment policy of the District adheres to state statutes. There were no deposits or investment transactions during the year that were in violation of either the state statutes or the policy of the District.

The breakdown of total cash and investments at June 30, 2021, is as follows:

Petty cash	\$ 2,745
Demand deposit accounts	3,226,716
Bank certificates of deposit	249,935
Pooled cash and investments	<u>26,919,580</u>
	<u>\$ 30,398,976</u>

**Deposits**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does have a policy for custodial credit risk on deposits. At June 30, 2021, the carrying amount of the District's deposits was \$3,476,651 and the bank balance was \$3,946,799. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$3,696,799 was exposed to custodial credit risk but covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly. Included in the custodial credit risk for deposits are certificate of deposits totaling \$249,935.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

**Investments**

As of June 30, 2021, the District had the following investments:

	Maturities	Fair Value	Carrying Value
PA School District Liquid Asset Fund (PSDLAF):			
Full Flex Pool	< 1 year	\$ 5,000,306	\$ 5,000,306
Certificate of Deposit	1 year or less	1,237,000	1,237,000
MAX Account Balance		21,062,708	21,062,708
			27,300,014
Less reconciling items			(380,434)
Total pooled cash and investments			\$ 26,919,580

Certain external investments held by the District, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and participating government level consistent with GASB Statement No. 79. The District measures those investments, which include \$27,300,014 (PSDLAF) at amortized cost. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

A portion of the District’s deposits was in the Pennsylvania School District Liquid Asset Fund. PSDLAF acts like a money market mutual fund in that the objective is to maintain a stable net asset value of \$1 per share, is rated by nationally recognized statistical rating organization, and is subject to an independent annual audit.

The PSDLAF Full Flex Pool and Certificate of Deposit, as part of the Fixed-Term Series at PSDLAF, are fixed-term investments collateralized in accordance with Act 72 and invests in assets listed above as permitted under Section 440.1 of the Public School Code of 1949. The Fixed-Term Series are fixed-term investment vehicles with maturities depending upon the maturity date of each particular Fixed-Term Series. All investments in a Fixed-Term Series by a Settlor are intended to be deposited for the full term of the particular Fixed-Term Series; however, participants in the full flex pool may remove funds without early withdrawal penalty. Whether a Fixed-Term Series has only one Settlor or more than one Settlor participating in it, each certificate of deposit in which the monies in such Fixed-Term Series are invested is registered in the name of that particular Fixed-Term Series.

The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities, and repurchase agreements, collateralized by such securities and contracted with highly-rated counterparties. Weighted average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

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**Investments - continued**

As of June 30, 2021, the entire PSDLAF book balance of \$26,919,580 is considered to be cash equivalents for presentation on the government-wide and fund financial statements.

**Interest Rate Risk**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investments that are subject to interest rate risk are included in the table previously listed.

**Credit Risk**

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2021, the District's investments were rated as:

Investments	Standard & Poor's
PA School District Liquid Asset Fund	AAAm

**Concentration of Credit Risk**

The District does not have a policy that would limit the amount they may invest in any one issuer. The District's bank certificate of deposit investments are held at one local bank.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investments subject to custodial credit risk.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE**

The District has five independently elected tax collectors who are responsible for the collection of real estate taxes. Assessed values are established by the County Board of Assessment. All taxable real property was assessed at \$974,400,000. In accordance with Act 1 of 2006, the District received \$589,995 in property tax reduction funds for the 2020/2021 fiscal year. The District tax rate for the year ended June 30, 2021, was 27.82 mills (\$27.82 per \$1,000 of assessed valuation) as levied by the board of school directors. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	Levy date
July 1 - August 31	2% discount period
September 1 - October 31	Face payment period
November 1 - January 14	10% penalty period
January 15	Lien date - All taxes unpaid become delinquent and are turned over to the County Tax Claim Bureau for collection.

The District, in accordance with generally accepted accounting principles, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by administration. A portion of the net amount estimated to be collectible which was measurable and available within 30 days was recognized as revenue and the balance reported as unavailable revenue under deferred inflows of resources in the fund financial statements.

The balances at June 30, 2021, are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Unavailable Revenue
Real estate property tax	\$ 814,908	\$ 10,881	\$ 804,027	\$ 270,844	\$ 544,064
Transfer tax	26,146	-	26,146	26,146	-
Per capita tax	40,142	40,070	72	72	40,070
Earned income tax	103,870	-	103,870	103,870	-
	\$ 985,066	\$ 50,951	\$ 934,115	\$ 400,932	\$ 584,134

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 5 - TAX ABATEMENTS**

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The District negotiates property tax abatement agreements on an individual basis. The District has one Local Economic Revitalization Tax Assistance Act (LERTA) agreement as of June 30, 2021. The LERTA program authorized local taxing authorities to exempt property taxes of new construction in deteriorated areas of economically depressed communities and improvements to certain deteriorated individual, commercial, and other business property. The LERTA was negotiated in accordance with Pennsylvania Assembly Act No. 76 of 1977, as amended, and exempts from real property taxation the assessed valuation of improvements to deteriorated properties and the assessed valuation of new construction within the Township of Bern's designated deteriorated area. Any property owner undertaking improvements within a deteriorated area may apply and receive from the District an exemption from School District real property taxes due to the increased or additional assessed valuation attributable to those improvements.

The exemption is limited to a period of seven years using the following schedule:

<u>Year</u>	<u>% of Eligible Assessment Abated</u>
1	100%
2	95%
3	90%
4	85%
5	60%
6	60%
7	60%

As of June 30, 2021, the District has a memorandum of understanding with one entity under the LERTA program. The purpose of the abatement was to enhance the economic use of the tax parcel and create other positive impacts on the business prosperity and economic welfare of the District, such as business expansion, economic development, and stimulated employment. For the year ended June 30, 2021, the foregone real estate tax revenue as a result of the LERTA tax abatement was \$102,931.

The District has not made any commitments as part of the agreement other than to reduce taxes.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 6 - INTERGOVERNMENTAL RECEIVABLES**

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The following schedule represents intergovernmental receivables at June 30, 2021:

<u>Name of Government Unit</u>	<u>General Fund</u>	<u>Enterprise Food Service</u>
Commonwealth of Pennsylvania:		
Retirement	\$ 1,053,044	\$ -
Social Security	229,074	-
PCCD - Security Planning and Security Related Tech.	15,100	-
National School Lunch/Breakfast Program	-	1,325
Berks County Intermediate Unit - Special Education	12,000	-
Federal Subsidies:		
Title I Grants to Local Educational Agencies	12,069	-
Supporting Effective Instruction State Grant	10,693	-
English Language Acquisition State Grants	4,950	-
COVID-19 Education Stabilization Fund	55,191	-
National School Lunch/Breakfast Program	-	33,770
	<u>\$ 1,392,121</u>	<u>\$ 35,095</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 7 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

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The following is a summary of interfund receivables and payables at June 30, 2021:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 532,525
Capital projects	474,365	-
Enterprise Fund - Food Service	58,160	-
	<u>\$ 532,525</u>	<u>\$ 532,525</u>

Interfund receivables and payables exist as a result of a time lag between dates when payments between funds are made. All will be paid within one year.

Interfund transfers are summarized as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 585,282
Capital projects	585,282	-
	<u>\$ 585,282</u>	<u>\$ 585,282</u>

Transfers were made to reserve for future capital needs.



**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 8 - CHANGES IN CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2021, were as follows:

	Beginning Balance	Increase	Reclass/ Decrease	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 286,722	\$ -	\$ -	\$ 286,722
Construction in progress	778,755	2,039,964	(1,359,906)	1,458,813
Totals not being depreciated	<u>1,065,477</u>	<u>2,039,964</u>	<u>(1,359,906)</u>	<u>1,745,535</u>
Capital assets being depreciated:				
Buildings and building improvements	66,609,146	157,907	872,171	67,639,224
Site improvements	8,192,015	14,900	487,735	8,694,650
Furniture and equipment	4,019,880	118,548	-	4,138,428
Totals being depreciated	<u>78,821,041</u>	<u>291,355</u>	<u>1,359,906</u>	<u>80,472,302</u>
Less accumulated depreciation for:				
Buildings and building improvements	27,771,624	1,652,504	-	29,424,128
Site improvements	3,711,501	285,909	-	3,997,410
Furniture and equipment	2,019,294	267,385	-	2,286,679
Total accumulated depreciation	<u>33,502,419</u>	<u>2,205,798</u>	<u>-</u>	<u>35,708,217</u>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET</b>	<u>45,318,622</u>	<u>(1,914,443)</u>	<u>1,359,906</u>	<u>44,764,085</u>
<b>GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET</b>	<u>\$ 46,384,099</u>	<u>\$ 125,521</u>	<u>\$ -</u>	<u>\$ 46,509,620</u>
<b>Business-Type Activities</b>				
Capital assets being depreciated:				
Furniture and equipment	\$ 364,625	\$ -	\$ -	\$ 364,625
Less accumulated depreciation for:				
Furniture and equipment	235,576	15,303	-	250,879
<b>BUSINESS-TYPE ACTIVITIES, CAPITAL ASSETS, NET</b>	<u>\$ 129,049</u>	<u>\$ (15,303)</u>	<u>\$ -</u>	<u>\$ 113,746</u>

Depreciation expense of \$2,205,798 in governmental activities was unallocated for the year ended June 30, 2021.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - LONG-TERM LIABILITIES

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The District issues general obligation bonds and notes to provide resources for major capital improvements. The bonds and notes are direct obligations issued on a pledge of the full faith and credit of the District as well as their general taxing authority.

Bonds and notes payable are as follows at June 30, 2021:

General Obligation Bonds - Series of 2014:

The District is liable for general obligation bonds dated October 1, 2014, in the original principal amount of \$22,530,000. Principal maturities occur on April 1 through the year 2024. Interest is payable semi-annually on October 1 and April 1. Interest rates vary from 1.0% to 5.0%. Proceeds from these bonds were used to advance refund General Obligation Bonds - Series of 2006A and 2006B, as well as to pay debt issuance costs. The District realized a net present value savings of \$1,289,763 as a result of the refunding. \$ 5,155,000

General Obligation Notes - Series A of 2020:

The District is liable for general obligation notes dated August 12, 2020, in the original principal amount of \$2,650,000. Principal maturities occur on April 1 through the year 2026. Interest is payable semi-annually on October 1 and April 1. Interest rate is 1.41%. Proceeds from these notes were used to advance refund a portion of the General Obligation Bonds - Series of 2014, as well as to pay debt issuance costs. The District realized a savings of \$255,988 as a result of the refunding. 2,645,000

General Obligation Notes - Series of 2020:

The District is liable for general obligation notes dated August 12, 2020, in the original principal amount of \$22,225,000. Principal maturities occur on April 1 through the year 2035. Interest is payable semi-annually on October 1 and April 1. Interest rates range from 2.0% to 4.0%. Proceeds from these notes were used for the purpose of currently refunding the District's outstanding General Obligation Note, Series of 2017, for capital improvement projects and to pay debt issuance costs. The District realized a loss of \$152,861 as a result of the refunding. 22,215,000

Total Bonds and Notes Payable \$ 30,015,000

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 9 - LONG-TERM LIABILITIES - CONTINUED**

The future annual payments required to amortize all bonds and notes payable for the years ending June 30 are as follows:

	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 2,000,000	\$ 226,200	\$ 15,000	\$ 925,395	\$ 2,015,000	\$ 1,151,595
2023	2,100,000	126,200	15,000	925,124	2,115,000	1,051,324
2024	1,055,000	42,200	1,145,000	924,854	2,200,000	967,054
2025	-	-	2,290,000	879,183	2,290,000	879,183
2026	-	-	2,375,000	794,317	2,375,000	794,317
2027-2031	-	-	10,065,000	2,974,600	10,065,000	2,974,600
2032-2035	-	-	8,955,000	912,800	8,955,000	912,800
	<u>\$ 5,155,000</u>	<u>\$ 394,600</u>	<u>\$ 24,860,000</u>	<u>\$ 8,336,273</u>	<u>\$ 30,015,000</u>	<u>\$ 8,730,873</u>

**Defeased Debt**

During the year ended June 30, 2021, the District issued General Obligation Bonds, Series A of 2020 to advance refund a portion of the General Obligation Bonds, Series of 2014. The advance refunding met the requirements of an in-substance debt defeasance and the bond was removed from the District's long-term liabilities.

As of June 30, 2021, outstanding general obligation bonds of the District in the amount of \$2,100,000 were considered to be defeased with a related \$2,188,617 (market value at June 30, 2021) held in escrow funds.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 9 - LONG-TERM LIABILITIES - CONTINUED**

Long-term liability balances and activity for the year ended June 30, 2021, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds payable	\$ 9,900,000	\$ -	\$ 4,745,000	\$ 5,155,000	\$ 2,000,000
Notes payable*	3,585,000	24,875,000	3,600,000	24,860,000	15,000
Premiums	853,259	4,598,023	631,160	4,820,122	-
Bonds and notes payable, net	<u>14,338,259</u>	<u>29,473,023</u>	<u>8,976,160</u>	<u>34,835,122</u>	<u>2,015,000</u>
Compensated absences	630,969	-	68,521	562,448	-
Retirement severance and early retirement incentive	285,349	2,400	114,349	173,400	-
Net pension liability	56,823,523	9,098,633	5,727,290	60,194,866	-
Net other postemployment benefit liabilities	<u>4,837,038</u>	<u>624,628</u>	<u>227,288</u>	<u>5,234,378</u>	<u>-</u>
Total Governmental Long-Term Liabilities	<u>\$ 76,915,138</u>	<u>\$ 39,198,684</u>	<u>\$ 15,113,608</u>	<u>\$ 101,000,214</u>	<u>\$ 2,015,000</u>
<b>Business-Type Activities</b>					
Compensated absences	\$ 180	\$ 300	\$ -	\$ 480	\$ -
Net pension liability	859,477	191,913	91,256	960,134	-
Net other postemployment benefit liabilities	<u>50,121</u>	<u>3,271</u>	<u>7,302</u>	<u>46,090</u>	<u>-</u>
Total Business-Type Long-term Liabilities	<u>\$ 909,778</u>	<u>\$ 195,484</u>	<u>\$ 98,558</u>	<u>\$ 1,006,704</u>	<u>\$ -</u>

\* Notes payable are considered direct borrowings

**Event of Default**

The District's general obligation bonds and notes contain a provision that in the event of default of non-payment of principal and interest, the School Code allows for the Commonwealth of Pennsylvania to withhold monies from the School District subsidies and pay any past due amounts directly to the paying agent for payment to the bond holders.

Payments on bonds and notes payable are made by the general fund. The compensated absence liabilities will be liquidated by the general and food service funds. Total interest paid during the year ended June 30, 2021, was \$868,055. The net pension and PSERS OPEB Plan portion of the OPEB liability will be liquidated through future contributions to PSERS at the statutory rates; contributions will be made from the general and food service funds. The District OPEB Plan portion of the OPEB liability will be liquidated through future payments from the general and food service funds.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 10 - EMPLOYEE RETIREMENT PLANS**

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**Employee Defined Benefit Pension Plan**

***General Information About the Pension Plan***

Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania under Title 24 Part IV of the Pennsylvania General Assembly. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination 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 2.0% 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 Class T-F members, the right to benefits is vested after 10 years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.0% 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 (10 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.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

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**Employee Defined Benefit Pension Plan - continued**

***General Information About the Pension Plan - continued***

Contributions

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

Member Contributions:

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

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

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2021, was 33.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$5,944,632 for the year ended June 30, 2021.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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**Employee Defined Benefit Pension Plan - continued**

***General Information About the Pension Plan - continued***

Contributions - continued

Employer Contributions - continued:

The District is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net pension liability and related pension expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2021, for pension and OPEB benefits was \$3,055,536.

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

At June 30, 2021, the District reported a liability of \$61,155,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2021 the District's proportion was 0.1242%, which was an increase of 0.0009% from its proportion measured as of June 30, 2020.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

**Employee Defined Benefit Pension Plan - continued**

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

For the year ended June 30, 2021, the District recognized pension expense of \$6,483,077. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 2,687,000	\$ -
Difference between expected and actual experience	160,000	1,466,000
Changes in proportions - plan level	519,000	128,000
Changes in proportions - internal	9,704	9,704
Difference between employer contributions and proportionate share of total contributions	89,147	-
Contributions made subsequent to the measurement date	5,944,632	-
	\$ 9,409,483	\$ 1,603,704

The \$5,944,632 reported as deferred outflows of resources resulting from District pension contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

2022	\$ (165,708)
2023	317,809
2024	908,031
2025	801,015
	\$ 1,861,147



SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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Employee Defined Benefit Pension Plan - continued

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

Actuarial Assumptions

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study that was performed for the five year period ended June 30, 2015.

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

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

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

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**Employee Defined Benefit Pension Plan - continued**

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

The PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020 is:

	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	15.0%	5.2%
Private equity	15.0%	7.2%
Fixed income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return	10.0%	2.5%
Infrastructure/MLPs	6.0%	5.7%
Real estate	10.0%	5.5%
Risk parity	8.0%	3.3%
Cash	6.0%	(1.0%)
Financing (LIBOR)	(14.0%)	(0.7%)
	100.0%	

Discount Rate

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

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

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**Employee Defined Benefit Pension Plan - continued**

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	6.25%	7.25%	8.25%
District's proportionate share of the net pension liability	\$ 75,661,000	\$ 61,155,000	\$ 48,866,000

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2021, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of \$2,106,300. This amount represents the District’s contractually obligated contributions for wages earned in April 2021 through June 2021.

**Hybrid Defined Benefit/Defined Contribution Retirement Plan**

On June 12, 2017, Commonwealth of Pennsylvania Act 5 of 2017 was signed into law. This legislation establishes a new hybrid defined benefit/defined contribution (DC) retirement benefit plan applicable to all school employees who become new members of PSERS on July 1, 2019, and thereafter. The three new plan design options under Act 5 include two hybrid plans consisting of defined benefit and defined contribution components and a stand-alone defined contribution plan. A stand-alone defined benefit plan is no longer available to new members after June 30, 2019. Contributions to the defined contribution pension plan from the District were \$31,932 for the year ended June 30, 2021.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

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**403(b) Tax Shelter Plan**

The District has established a 403(b) tax shelter plan permitting the establishment of accounts for school employees to voluntarily set aside monies to supplement their retirement income. All school employees are eligible to participate. The District does not contribute to the Plan.

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS**

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**Employee Defined Benefit Other Postemployment Benefits Plan**

The District has other postemployment benefits (OPEB) under 2 different plans: (1) a cost-sharing, multiple employer, employee defined benefit other postemployment benefits plan administered through PSERS (PSERS OPEB Plan) and (2) a single employer defined benefit healthcare plan (District OPEB Plan). The District's aggregate net OPEB liability and deferred outflows and inflows of resources related to OPEB at June 30, 2021 are as follows:

<u>Plan</u>	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
PSERS OPEB Plan	\$ 2,684,000	\$ 315,470	\$ 72,000
District OPEB Plan	<u>2,596,468</u>	<u>632,733</u>	<u>154,333</u>
Total	<u>\$ 5,280,468</u>	<u>\$ 948,203</u>	<u>\$ 226,333</u>

**PSERS OPEB Plan**

***General Information About the PSERS OPEB Plan***

Health Insurance Premium Assistance Program

PSERS (the System) provides Premium Assistance which is a governmental, cost-sharing, multiple-employer, other postemployment benefits plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program (HOP). As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**PSERS OPEB Plan - continued**

***General Information About the PSERS OPEB Plan - continued***

Premium Assistance Eligibility Criteria

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

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

Pension Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Contributions

The contribution policy is set by state statute. A portion of each employer's contribution is set aside for premium assistance. The School District's contractually required contribution rate for the fiscal year ended June 30, 2021, was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$145,470 for the year ended June 30, 2021.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**PSERS OPEB Plan - continued**

***PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB***

The District is also required to contribute a percentage of covered payroll to PSERS for pension benefits. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net PSERS OPEB Plan liability and related expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2021, for pension and OPEB benefits was \$3,055,536.

At June 30, 2021, the District reported a liability of \$2,684,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was 0.1242%, which was an increase of 0.0009% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized OPEB expense of \$139,510. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 109,000	\$ 59,000
Difference between expected and actual experience	25,000	-
Net difference between projected and actual investment earnings	5,000	-
Changes in proportion	31,000	13,000
Contributions made subsequent to the measurement date	145,470	-
	\$ 315,470	\$ 72,000

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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PSERS OPEB Plan - continued

*PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued*

The \$145,470 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2022	\$	12,000
2023		12,000
2024		11,000
2025		29,000
2026		22,000
Thereafter		<u>12,000</u>
	\$	<u>98,000</u>

Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.66% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre-age 65 at 50%
  - Eligible retirees will elect to participate Post-age 65 at 70%

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**PSERS OPEB Plan - continued**

***PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued***

Actuarial Assumptions - continued

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.



**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**PSERS OPEB Plan - continued**

***PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued***

Actuarial Assumptions - continued

The PSERS Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020, is:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.3%	(1.0%)
U.S. Core Fixed Income	46.5%	(0.1%)
Non-U.S. Developed Fixed	3.2%	(0.1%)
	100.0%	

Discount Rate

The discount rate used to measure the total OPEB liability was 2.66%. Under the plan’s funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 2.66% which represents the S&P 20-year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability. The discount rate decreased from 2.79% as of June 30, 2019.

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2020, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 688 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted in the next section.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**PSERS OPEB Plan - continued**

***PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued***

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates - continued

The following presents the District's proportionate share of the net OPEB liability for the June 30, 2020 measurement date, calculated using current Healthcare cost trends as well as what the District's proportionate share of the net OPEB liability would be if the health cost trends were one-percentage point lower or one-percentage point higher than the current rate:

	<u>1% Decrease (Between 4% to 6.50%)</u>	<u>Current Trend Rate (Between 5% to 7.50%)</u>	<u>1% Increase (Between 6% to 8.50%)</u>
District's proportionate share of the net OPEB liability	\$ 2,683,000	\$ 2,684,000	\$ 2,684,000

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

The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB obligation would be if it were calculated using a discount rate that is one-percentage point lower (1.66%) or one-percentage-point higher (3.66%) than the current rate:

	<u>1% Decrease 1.66%</u>	<u>Current Discount Rate 2.66%</u>	<u>1% Increase 3.66%</u>
District's proportionate share of the net OPEB liability	\$ 3,060,000	\$ 2,684,000	\$ 2,372,000

OPEB Plan Fiduciary Net Position

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

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

**PSERS OPEB Plan - continued**

***PSERS OPEB Plan Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued***

Payables Related to the Plan

At June 30, 2021, the District had an accrued balance due to PSERS of \$2,106,300, including balances related to pension and OPEB. This amount represents the District’s contractually obligated contributions for wages earned in April 2021 through June 2021.

**District OPEB Plan**

***General Information About the District OPEB Plan***

Plan Description

Schuylkill Valley School District administers a single-employer defined benefit healthcare plan (the OPEB Plan). The District OPEB Plan provides medical, prescription drug, and dental insurance for eligible retirees through the District’s health insurance plan, which covers both active and retired members until the member reaches Medicare age. Benefit provisions are established through negotiation with the District and the unions representing the District’s employees. The OPEB Plan does not issue a publicly available financial report and no assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board Statement No. 75 to pay related benefits.

Benefits Provided

Contribution requirements are negotiated between the District and union representatives. Below is a summary of the postemployment benefits provided to retirees:

*Employees Retired Before January 1, 1999:*

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
N/A	<u>Coverage</u> Medical, Prescription Drug, and Dental coverage for Retiree and spouse  <u>Premium Sharing</u> Retiree pays 100% of the cost	Retiree coverage ends at Retiree’s death and spouse coverage ends at spouse’s death.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

**District OPEB Plan - continued**

***General Information About the District OPEB Plan - continued***

Benefits Provided - continued

*Employees Retired 1/1/2019 - 5/13/2019 and 8/16/2019 and Later:*

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
Act 110/43	<u>Coverage</u> Medical, Prescription Drug, and Dental coverage for Retiree and spouse  <u>Premium Sharing</u> Retiree pays 100% of the cost	Retiree coverage ends at Retiree Medicare age and spouse coverage ends at earlier of Spouse Medicare age, Retiree Medicare age, or Retiree death.

*Employees Retired 5/14/2019 - 8/15/2019:*

Act 110/43	<u>Coverage</u> Medical, Prescription Drug, and Dental coverage for Retiree and Spouse  <u>Premium Sharing</u> Retiree pays 20% of the cost for 24 months. Retiree pays 100% of the cost after 24 months.	Retiree coverage ends at Retiree Medicare age and spouse coverage ends at earlier of Spouse Medicare age, Retiree Medicare age, or Retiree death.
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Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer’s group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**District OPEB Plan - continued**

***General Information About the District OPEB Plan - continued***

PSERS Superannuation Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of total combination of age plus service equal to or greater than 92 with a minimum of 30 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

Employees retired before January 1, 1999, and their spouses are required to enroll in Medicare supplement plan upon reaching Medicare age.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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District OPEB Plan - continued

*General Information About the District OPEB Plan - continued*

Employees Covered by Benefit Terms

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

Active participants	228
Retired participants	<u>24</u>
Total	<u><u>252</u></u>

*OPEB Liability*

Actuarial Assumptions and Other Inputs

The total OPEB liability as of July 1, 2020, was determined by rolling forward the District's total OPEB liability as of July 1, 2019 to July 1, 2020, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method - Entry Age Normal.
- Salary increases - 2.50% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.
- Discount rate - 1.86% - based on the Standard & Poor's Municipal Bond 20 Year High Grade Rate Index at 7/1/20.
- Mortality rates - Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.
- Healthcare cost trend rates - 5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Participation rates - 65% of employees are assumed to elect coverage.

The actuarial assumptions were selected using input from the District based on actual experience.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

**OPEB Liability - continued**

***Changes in the Total OPEB Liability***

	Total OPEB Liability
Balance at July 1, 2020	\$ 2,265,159
Changes for the year:	
Service cost	146,046
Interest	79,505
Changes of benefit terms	41,868
Differences between expected and actual experience	(114,905)
Changes of assumptions	261,871
Benefit payments	(83,076)
Net changes	331,309
Balance at June 30, 2021	\$ 2,596,468

Changes of assumptions or other inputs reflect the following changes: (1) the discount rate changed from 3.36% to 1.86% (2) the healthcare cost trend assumption was updated.

Changes of benefit terms reflect a retirement incentive offered in 2019 allowing retirees to pay 20% of premiums for 24 months and 100% thereafter.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (0.86%) or one-percentage point higher (2.86%) than the current discount rate:

	1% Decrease 0.86%	Current Discount Rate 1.86%	1% Increase 2.86%
OPEB Plan - Total OPEB liability	\$ 2,770,967	\$ 2,596,468	\$ 2,428,471

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**OPEB Liability - continued**

***Changes in the Total OPEB Liability - continued***

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

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
OPEB Plan - Total OPEB liability	\$ 2,312,818	\$ 2,596,468	\$ 2,932,521

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$302,890. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 318,738	\$ 49,003
Differences between expected and actual experience	139,762	105,330
Benefit payments made subsequent to the measurement date	174,233	-
	<u>\$ 632,733</u>	<u>\$ 154,333</u>



SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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OPEB Liability - continued

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

The \$174,233 reported as deferred outflows of resources related to OPEB liabilities resulting from benefit payments made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2022	\$ 35,471
2023	35,471
2024	35,471
2025	35,471
2026	35,471
Thereafter	<u>126,812</u>
	<u>\$ 304,167</u>

NOTE 12 - JOINT VENTURE

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The District is a participating member of the Berks Career & Technology Center. The Berks Career & Technology Center is controlled and governed by a joint board, which is composed of representative school board members of the participating schools. Direct oversight of Berks Career & Technology Center operations is the responsibility of the joint board. The District's share of annual operating and capital costs for Berks Career & Technology Center fluctuates based on the percentage of enrollment. The District's share for the 2020/2021 year was \$569,380.

Summary financial information as of June 30, 2020 (the most recent information available) is as follows:

<u>Berks Career &amp; Technology Center (Governmental Activities)</u>	
Total assets and deferred outflows of resources	\$ 31,607,620
Total liabilities and deferred inflows of resources	<u>30,858,040</u>
Total net position	<u>\$ 749,580</u>

Separate financial statements of the Berks Career & Technology Center have been prepared and are available.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE 13 - RISK MANAGEMENT**

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The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. The District's Workmen's Compensation policy is a retrospectively rated policy; the final total premium is based on the actual payroll for the policy year and is determined by the insurance carrier. For insured programs, there were no significant reductions in insurance coverages for the 2020/2021 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 14 - CONTINGENT LIABILITIES AND COMMITMENTS**

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The District receives federal, state, and local funding through a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. District officials do not expect any significant adjustments as a result of these examinations.

The District has entered into an agreement for the transportation of students. The Agreement is for the period of July 1, 2017 through June 30, 2022. The contractor provides all equipment, fuel, and labor necessary. The cost for the transportation services is determined on a monthly basis based on actual services provided.

The District has entered into a contract for a roof restoration project at the high school in the amount of \$1,779,810 with a remaining commitment of \$1,357,105 at June 30, 2021. The District plans to use existing resources in the capital projects fund to satisfy the remaining commitment.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 15 - FUND BALANCE**

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Details of the District's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies*. Fund balance classifications for the year ended June 30, 2021, were as follows:

**General Fund**

The general fund has nonspendable funds of \$8,846, restricted funds of \$69,970 in education trust funds, committed funds of \$50,000 for insurance deductibles, assigned funds of \$842,633 for the purpose of balancing the 2021/2022 budget and \$493,533 for Cyber Charter School costs, and unassigned fund balance of \$3,268,691. The commitments were authorized by the board of school directors' motion to set aside resources to fund insurance deductibles.

**Capital Projects Fund**

The capital projects fund has restricted funds of \$22,333,546 consisting of \$20,709,056 of unspent general obligation note funds and \$1,624,490 of surplus monies transferred from the general fund for the acquisition or construction of capital facilities and qualifying capital assets as authorized by Municipal Code P.L. 145 Act of April 30, 1943.

**Nonmajor Funds**

The nonmajor funds have restricted funds of \$374,718 consisting of \$128,865 for student activities and \$245,853 for scholarships.

**NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS**

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The Governmental Accounting Standards Board (GASB) has issued the following standards which have not yet been implemented:

- Statement No. 87, *Leases* - This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This statement is effective for the District's fiscal year ending June 30, 2022.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* - This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Under this statement, interest cost incurred before the end of a construction period must be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This statement is effective for the District's fiscal year ending June 30, 2022.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED**

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- Statement No. 96, *Subscription-Based IT Arrangements* - This statement establishes guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This statement is effective for the District's fiscal year ending June 30, 2023.

The District has not yet completed the analysis necessary to determine the actual financial statement impact of these new pronouncements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**

**For the Year Ended June 30, 2021**

	BUDGET		ACTUAL (GAAP Basis)	VARIANCE Final to Actual
	Original	Final		
<b>REVENUES</b>				
Local sources	\$ 29,816,130	\$ 29,816,130	\$ 30,636,770	\$ 820,640
State sources	9,667,874	9,667,874	9,824,928	157,054
Federal sources	558,547	558,547	753,829	195,282
<b>TOTAL REVENUES</b>	40,042,551	40,042,551	41,215,527	1,172,976
<b>EXPENDITURES</b>				
<b>INSTRUCTIONAL SERVICES:</b>				
Regular programs - elementary/secondary	18,192,388	17,745,431	18,680,712	(935,281)
Special programs - elementary/secondary	5,736,347	5,977,471	5,736,436	241,035
Vocational education programs	562,142	569,442	569,380	62
Other instructional programs - elementary/secondary	617,007	494,707	286,329	208,378
Nonpublic school programs	-	11,797	14,279	(2,482)
<b>TOTAL INSTRUCTIONAL SERVICES</b>	25,107,884	24,798,848	25,287,136	(488,288)
<b>SUPPORT SERVICES:</b>				
Students	1,494,695	1,545,126	1,401,558	143,568
Instructional staff	727,373	948,021	764,962	183,059
Administration	2,414,978	2,406,505	2,639,034	(232,529)
Pupil health	380,763	402,842	414,182	(11,340)
Business	478,859	482,758	412,679	70,079
Operation and maintenance of plant	2,288,982	2,285,184	2,428,675	(143,491)
Student transportation	2,063,100	2,063,100	1,591,464	471,636
Central	1,360,727	1,384,977	1,298,702	86,275
Other	31,901	31,901	32,715	(814)
<b>TOTAL SUPPORT SERVICES</b>	11,241,378	11,550,414	10,983,971	566,443
<b>OPERATION OF NONINSTRUCTIONAL SERVICES:</b>				
Student activities	1,301,270	1,301,270	1,104,221	197,049
Community services	29,932	29,932	7,648	22,284
<b>TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES</b>	1,331,202	1,331,202	1,111,869	219,333
<b>DEBT SERVICE PAYMENTS</b>	3,168,180	3,168,180	3,165,302	2,878
<b>REFUND OF PRIOR YEAR REVENUE</b>	-	-	210	(210)
<b>TOTAL EXPENDITURES</b>	40,848,644	40,848,644	40,548,488	300,156
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(806,093)	(806,093)	667,039	1,473,132
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	24,441	24,441
Insurance recoveries	-	-	5,205	5,205
Transfers out	(10,000)	(10,000)	(585,282)	(575,282)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(10,000)	(10,000)	(555,636)	(545,636)
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ (816,093)</u>	<u>\$ (816,093)</u>	111,403	<u>\$ 927,496</u>
<b>FUND BALANCE - BEGINNING OF YEAR, RESTATED</b>			4,622,270	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 4,733,673</u>	

See note to required supplementary information.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

**BUDGETARY DATA**

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The budget for the general fund is adopted on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2020/2021 budget transfers.

**Excess of Expenditures Over Appropriations in Individual Funds**

No individual governmental fund required to have a legally adopted budget had an excess of expenditures over appropriations.

**Budgetary Compliance**

The District's only legally adopted budget is for the general fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year end; therefore, it does not have any outstanding encumbrances at June 30, 2021. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**AND RELATED RATIOS - PENSION PLAN**

**LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the collective net pension liability	0.1242%	0.1233%	0.1227%	0.1238%	0.1232%	0.1226%	0.1233%	0.1249%
District's proportionate share of the collective net pension liability	\$ 61,155,000	\$ 57,683,000	\$ 58,902,000	\$ 61,143,000	\$ 61,054,000	\$ 53,104,000	\$ 48,804,000	\$ 51,130,000
District's covered payroll	\$ 17,435,997	\$ 17,001,366	\$ 16,518,055	\$ 16,486,173	\$ 15,954,462	\$ 15,779,846	\$ 15,729,185	\$ 16,033,919
District's proportionate share of the net pension liability as a percentage of its covered payroll	350.74%	339.28%	356.59%	370.87%	382.68%	336.53%	310.28%	318.89%
Plan fiduciary net position as a percentage of the total pension liability	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%	54.50%

The District's covered payroll noted above is as of the measurement date of the net pension liability, which is one year prior to the fiscal year end.

**NOTES TO SCHEDULE**

*Changes of Benefit Terms for the fiscal year ended June 30, 2021*  
None.

*Changes of Assumptions for the fiscal year ended June 30, 2021*  
None.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.



**SCHUYLKILL VALLEY SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION PLAN**

**LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 5,944,632	\$ 5,818,546	\$ 5,532,088	\$ 5,335,872	\$ 4,832,409	\$ 4,021,594	\$ 3,272,361	\$ 2,542,490	\$ 1,867,624	\$ 1,250,899
Contributions in relation to the contractually required contribution	<u>5,944,632</u>	<u>5,818,546</u>	<u>5,532,088</u>	<u>5,335,872</u>	<u>4,832,409</u>	<u>4,021,594</u>	<u>3,272,361</u>	<u>2,542,490</u>	<u>1,867,624</u>	<u>1,250,899</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 17,574,578</u>	<u>\$ 17,435,997</u>	<u>\$ 17,001,366</u>	<u>\$ 16,518,055</u>	<u>\$ 16,486,173</u>	<u>\$ 15,954,462</u>	<u>\$ 15,779,846</u>	<u>\$ 15,729,185</u>	<u>\$ 16,033,919</u>	
Contributions as a percentage of covered payroll	33.83%	33.37%	32.54%	32.30%	29.31%	25.21%	20.74%	16.16%	11.65%	

NOTE: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND RELATED RATIOS -  
PSERS OPEB PLAN**

**LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017
District's proportion of the collective net PSERS OPEB liability	0.1242%	0.1233%	0.1227%	0.1238%	0.1232%
District's proportionate share of the collective net PSERS OPEB liability	\$ 2,684,000	\$ 2,622,000	\$ 2,558,000	\$ 2,522,000	\$ 2,654,000
District's covered payroll	\$ 17,435,997	\$ 17,001,366	\$ 16,518,055	\$ 16,486,173	\$ 15,954,462
District's proportionate share of the net PSERS OPEB liability as a percentage of its covered payroll	15.39%	15.42%	15.49%	15.30%	16.63%
Plan fiduciary net position as a percentage of the total PSERS OPEB liability	5.69%	5.56%	5.56%	5.73%	5.47%

The District's covered payroll noted above is as of the measurement date of the net PSERS OPEB liability, which is one year prior to the fiscal year end.

**NOTES TO SCHEDULE**

*Changes of Benefit Terms for the fiscal year ended June 30, 2021*

None.

*Changes of Assumptions for the fiscal year ended June 30, 2021*

Significant changes of assumptions for the June 30, 2020 measurement date are as follows:

- The discount rate changed from 2.79% to 2.66%.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS - PSERS OPEB PLAN**

**LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 145,470	\$ 146,510	\$ 140,848	\$ 139,532	\$ 137,360	\$ 135,126	\$ 143,665	\$ 147,782	\$ 139,666	\$ 101,636
Contributions in relation to the contractually required contribution	<u>145,470</u>	<u>146,510</u>	<u>140,848</u>	<u>139,532</u>	<u>137,360</u>	<u>135,126</u>	<u>143,665</u>	<u>147,782</u>	<u>139,666</u>	<u>101,636</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 17,574,578	\$ 17,435,997	\$ 17,001,366	\$ 16,518,055	\$ 16,486,173	\$ 15,954,462	\$ 15,779,846	\$ 15,729,185	\$ 16,033,919	
Contributions as a percentage of covered payroll	0.83%	0.84%	0.83%	0.84%	0.83%	0.85%	0.91%	0.94%	0.87%	

NOTE: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS -  
DISTRICT OPEB PLAN**

**LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:				
Service cost	\$ 146,046	\$ 144,219	\$ 134,660	\$ 124,704
Interest	79,505	68,045	61,093	43,029
Changes of benefit terms	41,868	-	-	-
Differences between expected and actual experience	(114,905)	-	192,172	-
Changes of assumptions	261,871	(59,893)	3,272	119,913
Benefit payments	(83,076)	(57,539)	(83,030)	(62,956)
	<u>331,309</u>	<u>94,832</u>	<u>308,167</u>	<u>224,690</u>
Net change in total OPEB liability				
Total OPEB liability, beginning	<u>2,265,159</u>	<u>2,170,327</u>	<u>1,862,160</u>	<u>1,637,470</u>
Total OPEB liability, ending	<u>\$ 2,596,468</u>	<u>\$ 2,265,159</u>	<u>\$ 2,170,327</u>	<u>\$ 1,862,160</u>
<b>Covered Employee Payroll</b>	<u>\$ 15,950,733</u>	<u>\$ 15,224,783</u>	<u>\$ 15,224,783</u>	<u>\$ 14,709,398</u>
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	16.28%	14.88%	14.26%	12.66%

**NOTES TO SCHEDULE**

*Changes of Benefit Terms*

Retirement incentive offered in 2019 allowing retirees to pay 20% of premiums for 24 months and 100% thereafter.

*Changes of Assumptions*

Significant changes in assumptions for the July 1, 2020 measurement date are as follows:

- The discount rate changed from 3.36% to 1.86%.
- The healthcare cost trend assumption was updated.

Significant changes in assumptions for prior measurement dates are as follows:

- The discount rate was updated each year based on the S&P Municipal Bond 20 - Year High Grade Index.
- The healthcare cost trend assumption was updated each year.
- For the July 1, 2017 measurement date the assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

**SUPPLEMENTARY INFORMATION**

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL - GENERAL FUND**

For the Year Ended June 30, 2021

		Budget	Actual	Variance
<b>6000 REVENUES FROM LOCAL SOURCES</b>				
<u>Taxes</u>				
6111	Current real estate taxes	\$ 25,812,730	\$ 25,522,244	\$ (290,486)
6112	Interim real estate taxes	143,500	674,294	530,794
6113	Public utility realty tax	27,300	27,192	(108)
6114	Payments in lieu of current taxes	448	448	-
6151	Current Act 511 earned income taxes	1,890,000	2,126,651	236,651
6153	Current Act 511 real estate transfer taxes	270,000	438,867	168,867
6400	Delinquent taxes (all levies)	616,800	719,586	102,786
	Total	28,760,778	29,509,282	748,504
<u>Other</u>				
6510	Earnings on investments	81,000	20,506	(60,494)
6700	Admissions and fees	130,100	65,367	(64,733)
6830	Federal revenue from intermediary sources	312,252	447,074	134,822
6910	Rentals	37,000	12,624	(24,376)
6920	Contributions	15,000	32,804	17,804
6940	Tuition from patrons	450,000	355,685	(94,315)
6990	Miscellaneous revenue	30,000	193,428	163,428
	Total	1,055,352	1,127,488	72,136
	<b>TOTAL REVENUES FROM LOCAL SOURCES</b>	29,816,130	30,636,770	820,640
<b>7000 REVENUES FROM STATE SOURCES</b>				
7111	Basic instructional subsidy	2,990,691	2,990,358	(333)
7112	State share of social security and Medicare taxes	672,100	706,392	34,292
7160	Tuition/court placed institutions	60,000	145,469	85,469
7270	Special education of exceptional pupils	1,021,574	1,021,529	(45)
7310	Transportation	840,000	883,278	43,278
7320	Rental and sinking fund payments	158,000	139,922	(18,078)
7330	Health services	36,000	37,635	1,635
7340	State property tax reduction allocation	589,995	589,995	-
7361	School safety and security grants	-	60,037	60,037
7505	Ready to learn block grant	197,972	197,972	-
7506	PAsmart grants	-	35,000	35,000
7599	Other state revenue	-	4,139	4,139
7820	State share of retirement	3,101,542	3,013,202	(88,340)
	<b>TOTAL REVENUES FROM STATE SOURCES</b>	9,667,874	9,824,928	157,054

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED**

For the Year Ended June 30, 2021

		Budget	Actual	Variance
<b>8000 REVENUES FROM FEDERAL SOURCES</b>				
8512	IDEA, Part B	-	8,725	8,725
8514	Title I	255,858	219,757	(36,101)
8515	Title II	56,090	48,965	(7,125)
8516	Title III	-	4,950	4,950
8517	Title IV	22,576	21,255	(1,321)
8741	Elementary and Secondary School Emergency Relief Fund (ESSER)	224,023	195,840	(28,183)
8749	Other CARES Act, CRRSA Act and ARP Act Funding	-	254,337	254,337
<b>TOTAL REVENUES FROM FEDERAL SOURCES</b>		<u>558,547</u>	<u>753,829</u>	<u>195,282</u>
<b>9000 OTHER FINANCING SOURCES</b>				
9400	Proceeds from sale of capital assets	-	24,441	24,441
9990	Insurance recoveries	-	5,205	5,205
<b>TOTAL REVENUES FROM OTHER FINANCING SOURCES</b>		<u>-</u>	<u>29,646</u>	<u>29,646</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>		<u>\$ 40,042,551</u>	<u>\$ 41,245,173</u>	<u>\$ 1,202,622</u>

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - GENERAL FUND**

**For the Year Ended June 30, 2021**

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>1000 INSTRUCTIONAL SERVICES</b>				
1100	Regular programs - elementary/secondary	\$ 17,745,431	\$ 18,680,712	\$ (935,281)
1200	Special programs - elementary/secondary	5,977,471	5,736,436	241,035
1300	Vocational education programs	569,442	569,380	62
1400	Other instructional programs - elementary/secondary	494,707	286,329	208,378
1500	Nonpublic school programs	11,797	14,279	(2,482)
<b>TOTAL INSTRUCTIONAL SERVICES</b>		24,798,848	25,287,136	(488,288)
<b>2000 SUPPORT SERVICES</b>				
2100	Students	1,545,126	1,401,558	143,568
2200	Instructional staff	948,021	764,962	183,059
2300	Administration	2,406,505	2,639,034	(232,529)
2400	Pupil health	402,842	414,182	(11,340)
2500	Business	482,758	412,679	70,079
2600	Operation and maintenance of plant	2,285,184	2,428,675	(143,491)
2700	Student transportation	2,063,100	1,591,464	471,636
2800	Central	1,384,977	1,298,702	86,275
2900	Other	31,901	32,715	(814)
<b>TOTAL SUPPORT SERVICES</b>		11,550,414	10,983,971	566,443
<b>3000 OPERATION OF NONINSTRUCTIONAL SERVICES</b>				
3200	Student activities	1,301,270	1,104,221	197,049
3300	Community services	29,932	7,648	22,284
<b>TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES</b>		1,331,202	1,111,869	219,333
<b>5000 OTHER EXPENDITURES AND FINANCING USES</b>				
5110	Debt service -			
	Principal payments	2,650,000	2,335,000	315,000
	Interest payments	518,180	830,302	(312,122)
5130	Refund of prior year revenue	-	210	(210)
5230	Transfers to capital projects	-	585,282	(585,282)
<b>TOTAL OTHER EXPENDITURES AND FINANCING USES</b>		3,168,180	3,750,794	(582,614)
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>		<u>\$ 40,848,644</u>	<u>\$ 41,133,770</u>	<u>\$ (285,126)</u>



**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**SCHEDULE OF BALANCE SHEET COMPONENTS - CAPITAL PROJECTS FUND**

**June 30, 2021**

	2020 Notes Component	Capital Projects Component	Technology Reserve Component	Total Capital Projects Fund
<b>ASSETS</b>				
Cash and investments	\$ 20,903,701	\$ 838,032	\$ 312,093	\$ 22,053,826
Interfund receivable	-	474,365	-	474,365
<b>TOTAL ASSETS</b>	<u>\$ 20,903,701</u>	<u>\$ 1,312,397</u>	<u>\$ 312,093</u>	<u>\$ 22,528,191</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 194,645	\$ -	\$ -	\$ 194,645
<b>TOTAL LIABILITIES</b>	194,645	-	-	194,645
<b>FUND BALANCES</b>				
Restricted	20,709,056	1,312,397	312,093	22,333,546
<b>TOTAL FUND BALANCES</b>	<u>20,709,056</u>	<u>1,312,397</u>	<u>312,093</u>	<u>22,333,546</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 20,903,701</u>	<u>\$ 1,312,397</u>	<u>\$ 312,093</u>	<u>\$ 22,528,191</u>

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**SCHEDULE OF REVENUES AND EXPENDITURES COMPONENTS -  
CAPITAL PROJECTS FUND**

**For the Year Ended June 30, 2021**

	2020 Notes Component	Capital Projects Component	Technology Reserve Component	Total Capital Projects Fund
<b>REVENUES</b>				
Local sources	\$ 2,985	\$ 5,549	\$ 322	\$ 8,856
<b>TOTAL REVENUES</b>	2,985	5,549	322	8,856
<b>EXPENDITURES</b>				
Current:				
Instructional services	-	-	1,335	1,335
Support services	1,593,329	1,026,986	174,635	2,794,950
Debt service - interest	37,753	-	-	37,753
<b>TOTAL EXPENDITURES</b>	1,631,082	1,026,986	175,970	2,834,038
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,628,097)	(1,021,437)	(175,648)	(2,825,182)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of refunding note	2,650,000	-	-	2,650,000
Issuance of general obligation note	22,225,000	-	-	22,225,000
Premium on issuance of general obligation notes	4,598,023	-	-	4,598,023
Transfers in (out)	(931,255)	1,416,537	100,000	585,282
Current refunding debt service - principal	(3,585,000)	-	-	(3,585,000)
Payment to refunded bond escrow agent	(2,619,615)	-	-	(2,619,615)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	22,337,153	1,416,537	100,000	23,853,690
<b>NET CHANGE IN FUND BALANCES</b>	20,709,056	395,100	(75,648)	21,028,508
<b>FUND BALANCES - BEGINNING OF YEAR</b>	-	917,297	387,741	1,305,038
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 20,709,056</u>	<u>\$ 1,312,397</u>	<u>\$ 312,093</u>	<u>\$ 22,333,546</u>

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2021**

	Student Activities	Scholarships	Totals
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 128,865	\$ 245,853	\$ 374,718
<b>TOTAL ASSETS</b>	<b>\$ 128,865</b>	<b>\$ 245,853</b>	<b>\$ 374,718</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>FUND BALANCES</b>			
Restricted	\$ 128,865	\$ 245,853	\$ 374,718
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 128,865</b>	<b>\$ 245,853</b>	<b>\$ 374,718</b>

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS**

**For the Year Ended June 30, 2021**

	<u>Student Activities</u>	<u>Scholarships</u>	<u>Totals</u>
<b>REVENUE</b>			
Local sources	\$ 57,268	\$ 6,876	\$ 64,144
<b>EXPENDITURES</b>			
Current:			
Operation of noninstructional services	58,490	12,900	71,390
Refund of prior year revenue	23,301	-	23,301
	<u>81,791</u>	<u>12,900</u>	<u>94,691</u>
<b>TOTAL EXPENDITURES</b>			
	81,791	12,900	94,691
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(24,523)	(6,024)	(30,547)
<b>FUND BALANCES - BEGINNING OF YEAR, RESTATED</b>	<u>153,388</u>	<u>251,877</u>	<u>405,265</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 128,865</u>	<u>\$ 245,853</u>	<u>\$ 374,718</u>

**SCHUYLKILL VALLEY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Assistance Listing Number (ALN)	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Program or Award Amount	Receipts for the Year	Accrued/ (Unearned) Revenue at June 30, 2020	Revenue Recognized/ Expenditures	Accrued/ (Unearned) Revenue at June 30, 2021
<b>U.S. Department of Education</b>									
Passed through Commonwealth of Pennsylvania Department of Education:									
Title I Grants to Local Educational Agencies	I	84.010	013-20-0375	08/29/19-09/30/20	\$ 233,552	\$ 55,258	\$ 55,258	\$ -	\$ -
Title I Grants to Local Educational Agencies	I	84.010	013-21-0375	09/21/20-09/30/21	219,767	207,688	-	219,757	12,069
Subtotal - ALN 84.010						262,946	55,258	219,757	12,069
Supporting Effective Instruction State Grant	I	84.367	020-20-0375	08/29/19-09/30/20	49,260	3,460	3,460	-	-
Supporting Effective Instruction State Grant	I	84.367	020-21-0375	09/21/20-09/30/21	48,965	38,272	-	48,965	10,693
Subtotal - ALN 84.367						41,732	3,460	48,965	10,693
Title IV Student Support and Academic Enrichment Program	I	84.424	144-21-0375	09/21/20-09/30/21	21,255	21,255	-	21,255	-
COVID-19 - Education Stabilization Fund	I	84.425D	200-20-0375	03/13/20-09/30/21	230,192	218,077	-	195,840	(22,237)
Passed through the Pennsylvania Commission on Crime and Delinquency:									
COVID-19 - Education Stabilization Fund	I	84.425D	35379	03/13/20-09/30/22	61,204	-	-	55,191	55,191
Subtotal - ALN 84.425						218,077	-	251,031	32,954
Passed through Fleetwood Area School District:									
English Language Acquisition State Grants	I	84.365	N/A	08/01/19-06/30/20	2,307	2,307	2,307	-	-
English Language Acquisition State Grants	I	84.365	N/A	08/01/20-06/30/21	4,950	-	-	4,950	4,950
Subtotal - ALN 84.365						2,307	2,307	4,950	4,950
Special Education Cluster (IDEA)									
Passed through Commonwealth of Pennsylvania Department of Education:									
COVID-19 - Special Education - Grants to States	I	84.027	252-20-0315	07/01/20 -09/30/21	19,410	9,058	-	8,725	(333)
Passed through Berks County Intermediate Unit:									
Special Education - Grants to States	I	84.027	N/A	07/01/19-09/30/20	312,252	15,823	15,823	-	-
Special Education - Grants to States	I	84.027	N/A	07/01/20-09/30/21	339,829	327,829	-	339,829	12,000
Subtotal - ALN 84.027						352,710	15,823	348,554	11,667
Special Education - Preschool Grants	I	84.173	N/A	07/01/20-06/30/21	7,245	7,245	-	7,245	-
Total Special Education Cluster (IDEA)						359,955	15,823	355,799	11,667
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>						906,272	76,848	901,757	72,333
<b>U.S. Department of Treasury</b>									
Passed through the Pennsylvania Commission on Crime and Delinquency									
COVID-19 - Coronavirus Relief Fund	I	21.019	2020-CS-01-33797	06/17/20-10/30/20	199,146	199,146	-	199,146	-
Passed through the County of Berks									
COVID-19 - Coronavirus Relief Fund	I	21.019	CGA-235819-20	03/01/20-09/20/20	100,000	100,000	-	100,000	-
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>						299,146	-	299,146	-
<b>U.S. Department of Agriculture</b>									
Child Nutrition Cluster									
Passed through Commonwealth of Pennsylvania Department of Education:									
COVID-19 - School Breakfast Program	I	10.553	N/A	07/01/19-06/30/20	N/A	3,806	3,806	-	-
COVID-19 - School Breakfast Program	I	10.553	N/A	07/01/20-06/30/21	N/A	88,481	-	97,510	9,029
Subtotal - ALN 10.553						92,287	3,806	97,510	9,029
COVID-19 - National School Lunch Program	I	10.555	N/A	07/01/19-06/30/20	N/A	6,020	6,020	-	-
COVID-19 - National School Lunch Program	I	10.555	N/A	07/01/20-06/30/21	N/A	382,514	-	407,255	24,741
Passed through Commonwealth of Pennsylvania Department of Agriculture:									
National School Lunch Program	I	10.555	N/A	07/01/20-06/30/21	N/A	63,974	(7,005)	63,373	(7,606)
Subtotal - ALN 10.555						452,508	(985)	470,628	17,135
<b>TOTAL CHILD NUTRITION CLUSTER AND U.S. DEPARTMENT OF AGRICULTURE</b>						544,795	2,821	568,138	26,164
<b>TOTAL FEDERAL AWARDS</b>						\$ 1,750,213	\$ 79,669	\$ 1,769,041	\$ 98,497

I = Indirect source of funding

NOTE: No funds were passed through to subrecipients in the year ended June 30, 2021.

See notes to schedule of expenditures of federal awards.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2021**

**NOTE 1 - BASIS OF PRESENTATION**

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The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of the Schuylkill Valley School District under programs of the federal government for the year ended June 30, 2021. 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 Schuylkill Valley School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Schuylkill Valley School District.

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

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Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to the reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business for amounts reported as expenditures in prior years.

**NOTE 3 - DE MINIMIS RATE FOR INDIRECT COSTS**

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The District did not elect to use the de minimis rate for indirect costs.

**NOTE 4 - ACCESS PROGRAM**

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The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. No ACCESS funding classified as fee-for-service was recognized for the year ended June 30, 2021.

**NOTE 5 - FOOD COMMODITIES**

---

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District had \$7,606 of food commodity inventory.



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**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**

**To the Board of School Directors  
Schuylkill Valley School District  
Leesport, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Schuylkill Valley School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Schuylkill Valley School District's basic financial statements, and have issued our report thereon dated November 15, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Schuylkill Valley 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Schuylkill Valley School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Schuylkill Valley 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Schuylkill Valley School District's financial statements are free of 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*.

### **Schuylkill Valley School District's Response to Findings**

Schuylkill Valley School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Schuylkill Valley School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Herbein + Company, Inc.*

**Reading, Pennsylvania  
November 15, 2021**





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

**To the Board of School Directors  
Schuylkill Valley School District  
Leesport, Pennsylvania**

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

We have audited Schuylkill Valley School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Schuylkill Valley School District's major federal programs for the year ended June 30, 2021. Schuylkill Valley School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, Schuylkill Valley 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, 2021.

## Report on Internal Control Over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Herbein + Company, Inc.*

**Reading, Pennsylvania**  
**November 15, 2021**

SCHUYLKILL VALLEY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified  
Internal control over financial reporting:  
Material weakness(es) identified?        yes   X   no  
Significant deficiency(ies) identified not considered to be  
material weaknesses?   X   yes        none reported  
Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major programs:  
Material weakness(es) identified?        yes   X   no  
Significant deficiency(ies) identified not considered to be  
material weaknesses?        yes   X   none reported  
Type of auditor's report issued on compliance for  
major programs: Unmodified  
Any audit findings disclosed that are required to be  
reported in accordance with 2 CFR Section 200.516(a)        yes   X   no

**Identification of major programs:**

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>Special Education Cluster</u>	
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants

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

Auditee qualified as low-risk auditee?   X   yes        No

SCHUYLKILL VALLEY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

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**Section II - Financial Statement Findings**

**2021-001 ACCOUNT RECONCILIATIONS AND ADJUSTMENTS POSTED AS A RESULT OF THE AUDIT - SIGNIFICANT DEFICIENCY**

Criteria

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition

Certain material balance sheet accounts were not accurately and properly reconciled throughout the year or at year end. As a result, several audit adjustments were proposed during the audit to properly reflect accounts on the financial statements in compliance with reporting under U.S. generally accepted accounting principles.

Cause

Recent turnover in the business office staff contributed to certain reconciliations not being performed timely or accurately.

Effect

Significant adjustments were posted as a result of audit procedures to bring numerous funds and accounts into compliance with reporting under U.S. generally accepted accounting standards. As a result of reconciliations and other monitoring activities not being performed, the preliminary financial statements were misstated at year end.

Recommendation

The business office should review and document its policies and procedures for key transaction classes to ensure that an appropriate individual is assigned the task and has the tools necessary to complete that task effectively and efficiently. Material accounts should be reconciled monthly to the general ledger and deadlines setup for accountability of preparation and review. Management should assess the current staffing levels in the business office and determine if an additional position and/or change in duties of current staff are necessary for more accurate and timely financial reporting throughout the year.

Management Response

See corrective action plan included in this report package.

**Section III - Federal Awards Findings and Questioned Costs**

There were no federal awards findings or questioned costs.



# **Schuylkill Valley School District**

**ADMINISTRATION CENTER**

**929 Lakeshore Drive**

**Leesport, PA 19533**

**OFFICE OF THE SUPERINTENDENT**

**(610) 916-0957**

## **STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2021**

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### **Section II - Financial Statement Findings**

There were no financial statement findings.

### **Section III - Federal Awards Findings and Questioned Costs**

There were no federal awards findings or questioned costs.



# Schuylkill Valley School District

ADMINISTRATION CENTER

929 Lakeshore Drive

Leesport, PA 19533

OFFICE OF THE ASSISTANT SUPERINTENDENT

(610) 916-0957

## CORRECTIVE ACTION PLAN

June 30, 2021

November 15, 2021

Schuylkill Valley School District respectfully submits the following corrective action plan for the year ended June 30, 2021.

Name and address of independent public accounting firm: Herbein + Company, Inc., 2763 Century Boulevard, Reading, PA 19610.

Audit period: June 30, 2021

Contact name: Janet C. Heilman

The findings from the June 30, 2021 schedule of findings and questions costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### **Section II – Financial Statement Findings**

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Management Response

The deficiencies that have been noted for the 2020-2021 fiscal year were caused by staff turn and job responsibilities not being completed prior to the resignations. The former Business Manager did not provide cross training of employees to provide adequate coverage of task to keep the Business Office operating efficiently. To eliminate this in the future the district will provide staff training and cross training as needed

Sincerely,



Dr. Janet C. Heilman

Assistant Superintendent