

**REPORT ON
PLEASANT VALLEY SCHOOL DISTRICT
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2017**

PLEASANT VALLEY SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2017

TABLE OF CONTENTS

	<u>Page (s)</u>
Introductory Section	
Transmittal Letter	1
Letter to Governance/Management	2 - 6
Report Distribution List.....	7
Financial Section	
Independent Auditor's Report	8 - 10
Management's Discussion and Analysis	11 - 20
Basic Financial Statements	
District-wide Financial Statements:	
Statement of Net Position	21
Statement of Activities.....	22
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	24
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	25
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	26- 27
Statement of Fund Net Position - Proprietary Funds	28
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.....	29
Statement of Cash Flows - Proprietary Funds	30 - 31
Statement of Net Position - Fiduciary Funds	32
Statement of Changes in Net Position - Fiduciary Funds.....	33

PLEASANT VALLEY SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2017

TABLE OF CONTENTS (continued)

	<u>Page (s)</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	34
Notes to Basic Financial Statements	35 - 71
Required Supplemental Information:	
Schedule of Funding Progress.....	72
Schedule of District's Proportionate Share of Net Pension Liability.....	73
Schedule of District's Contributions – Pensions.....	74
Notes on Required Supplementary Information.....	75
Supplemental Information:	
Combining Balance Sheet – All Capital Project Funds.....	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All Capital Project Funds.....	77
Combining Statement of Fiduciary Net Position - Private Purpose Trust Funds.....	78
Combining Statement of Changes in Fiduciary Net Position - Private Purpose Trust Funds	78
Combining Balance Sheet - All Agency Funds	79
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	80
General Fund - Schedule on Tax Collectors' Receipts.....	81
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget vs Actual	82 - 85
Food Service Fund - Statement of Revenues, Expenses, and Changes in Fund Net Position.....	86
Construction Fund - Statement of Revenues and Expenditures.....	87
Capital Reserve Fund - Statement of Revenues and Expenditures	88
Western Pocono Library Fund - Statement of Revenues and Expenditures	88

PLEASANT VALLEY SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2017

TABLE OF CONTENTS (continued)

	<u>Page (s)</u>
General Long-Term Debt:	
Schedule on General Obligation Bonds – Series of 2012	89
Schedule on General Obligation Bonds – Series of 2015	89
Single Audit Section	
Schedule of Expenditures of Federal Awards	90
Notes to the Schedule of Expenditures of Federal Awards	91 - 92
Independent Auditor’s Report Under Government Auditing Standards	93 - 94
Independent Auditor’s Report Under Uniform Guidance.....	95 - 96
Schedule of Findings and Questioned Costs	97 – 98
Schedule of Prior Year Findings	99

INTRODUCTORY SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Board of School Directors
Pleasant Valley School District
2233 Route 115
Brodheadsville, PA 18322

We have performed the Single Audit of the Pleasant Valley School District for the fiscal year ended June 30, 2017, and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, which entailed:

1. An audit of the basic financial statements, and our opinion thereon;
2. A review of compliance and of internal control over financial reporting based on an audit of the financial statements performed in accordance with Governmental Auditing Standards, and our report thereon;
3. An examination of the Schedule of Expenditures of Federal Awards and our report thereon; and,
4. An opinion on compliance with requirements applicable to each major program, and a review of internal control over compliance in accordance with the Uniform Guidance, explained above, and our report thereon.

As part of our report, we have enclosed our management letter.

Respectfully submitted,

Gorman & Associates, P.C.

December 15, 2017



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Board of School Directors
Mr. David F. Piperato Superintendent
Pleasant Valley School District
2233 Route 115
Brodheads ville, PA 18322

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Pleasant Valley School District for the year ended June 30, 2017, and have issued our report thereon dated December 15, 2017.

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether your financial statements are fairly presented, in all material respects, in conformity with the U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities, including having compensating controls in place to ensure our preparation of your financial statements and note disclosures are not materially misstated.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matter on July 17, 2017.

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Pleasant Valley School District are described in the notes to the financial statements. No new accounting policies were adopted during this past year and the existing policies were properly applied. We did not discover any transactions entered into by the District that lacked authoritative guidance or consensus. In addition, there are no significant transactions affecting the financial statements that have been recognized incorrectly in the wrong year.

Accounting estimates, which are part of the significant accounting policies, are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events may differ significantly from those expected. The most sensitive estimates affecting the financial statements were depreciation taken on capital assets based upon the estimated useful life of each asset and calculated on the straight-line basis of depreciation, and the Actuary's Reports on Other Post-Employment Benefits, and the Net Pension Liability. We have evaluated the factors and assumptions used to develop these estimates and have determined the estimates to be reasonable in relation to the financial statements taken as a whole.

We wish to inform you that the disclosures in your financial statements are neutral, consistent, and clear. From time to time, certain disclosures are more sensitive than others due to their significance to financial statement users. The most sensitive disclosures involve capital assets and long-term debt.

We have requested certain representations from management that are included in the management representation letter provided to us on December 15, 2017. We advise the governing body to request this letter from management for their review. In conjunction with their representation, we wish to inform you we did not encounter any significant difficulties in dealing with management and had no disagreements with your management. To our knowledge, management did not find a need to converse with any other independent accountant on any related accounting or auditing issue.

In addition, the representation letter provided to us, by management, confirmed there were no uncorrected misstatements. Management has recorded all of our adjusting journal entries, and has agreed to the conversion entries necessary to convert governmental funds and proprietary funds to governmental activities and business-type activities, respectively.

In accordance with auditing standards, generally accepted in the United States of America, we have acquired a sufficient understanding of the District and its environment, including its internal control, to assess the risk of material misstatements of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures that were necessary to express an opinion on the 2016-2017 basic financial statements.

Our consideration of the District's internal control components was not designed for the purpose of making detailed recommendations and would not necessarily disclose all significant deficiencies within the components. Our audit procedures have been appropriately adjusted to compensate for any observed significant deficiencies. The following three paragraphs define the three different types of deficiencies that can occur:

A control 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 significant deficiency is a deficiency, or 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.

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.

As the primary purpose of our audit is to form an opinion on the basic financial statements, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against errors and fraud which audit procedures may not disclose. The objective of internal control over financial reporting is to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use and that financial records are reliable for preparing financial statements in accordance with generally accepted accounting principles and for maintaining the accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the related benefits; to operationalize this concept, management is required to formulate estimates and judgments of the cost/benefit ratios of alternative controls.

There are inherent limitations that should be recognized in considering the potential effectiveness of internal control over financial reporting. Errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, fatigue, and other personnel factors. Control procedures whose effectiveness depends upon the segregation of duties can be circumvented by collusion or by management. What's more, any projection of internal control evaluations to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or due to the deterioration of the degree of compliance with control procedures.

As an adjunct to our audit, we remained alert throughout for opportunities to enhance internal controls and operating efficiency. These matters were discussed with management as the audit progressed and have subsequently been reviewed in detail to formulate practical recommendations. We wish to thank your staff for their courtesies and cooperation, which facilitated the efficient performance of audit procedures. The remainder of this letter will explain any internal control deficiencies discovered during the audit, other auditor recommendations, and other information pertinent to the District.

A control deficiency is determined to be considered a material weakness or significant deficiency based upon the magnitude of the problem as it pertains to a particular opinion unit. In other words, what is considered a significant deficiency in one fund may only be a control deficiency in another fund of greater size.

The following section in this governance/management letter is separated by categories based on importance, with any material weaknesses or significant deficiencies listed in the beginning:

CONTROL DEFICIENCIES

Federal Funds – Quarterly Reporting

During our review of Title I, II, III and Title I – Striving Readers (KTO) it was discovered management is filing reports with the wrong quarter ended expenditures or not filing the reports on time. For all Title grants the District's end of quarter amounts were incorrect as they were either over or under reporting expenditures. One of the major problems why the District's figures do not tie to the quarterly reports is due to the fact the District has Title fund carryovers from year to year.

In the computer system you are constantly trying to keep the years separate in order to track them, but every year the same issue occurs due to expenditures not being coded to the proper account codes. This results in management not being able to tell what expenditures are carryover versus what expenditures are current year. We would like to recommend management try and expend all Title funding in the current year in order to eliminate these carryovers, which will help alleviate errors in segregating expenditures.

Federal Grants

During the current year, we noticed some improvement in the federal funds arena; however, we still have to make adjusting journal entries correcting negative expenditures, revenues, receivables, and deferred inflows. Management should make sure they are properly accounting for the federal funds in both revenues and expenditures. Most federal grants are expenditure driven, meaning you expend the money before receiving reimbursement. As such, revenues should always match expenditures with a corresponding receivable set up if expenditures have not been fully reimbursed and deferred inflows when excess federal funds have been received exceeding what was expended. Finally, prior year deferrals and receivables need to be reversed in the current year.

Intergovernmental Grants

During our review of a \$4,000 federal grant received from Northwest County IU #5, management did not use the proper source code to segregate these federal costs from non-federal costs. As such, we had difficulty determining which costs pertained to this grant.

In the future, we suggest management determine from the School Accounting Manual the proper source code to use for each type of federal grant received.

State Grant – Ready To Learn

During our review of the Ready to Learn Block Grant in reconciling revenues and expenditures, it was discovered management did not match revenue and expenditures at year end. The client should verify that all grants are balanced at year end. Please be aware the source code 212, which you used for this grant is not the correct source code for this grant. The correct source code is 222.

Contra Revenues

During our review of the District expenditures, we discovered numerous revenues recorded to expenditure accounts. The client should follow the PA Chart of Accounts when recording both revenues and expenditures. Additionally, the client should note, in the PA Chart of Accounts, there is a special section for Accounting Bulletins. We recommend the client draw attention to Accounting Bulletin #1999-01 – Accounting for Refunds of Expenditures.

With very few exceptions, i.e. jury duty fees, e-rate money, and retiree payments of health insurance premiums, most receipts should never be recorded to expenditure accounts.

Timely Deposits

During our review of the District's negative expenditures, we discovered several checks with dates between 1-2 months before the deposit was made. As an example, we discovered a check from a former high school attendant in which they paid the District \$20 for a copy of their diploma. The payer's check was dated as of 12/29/17, but was not deposited and or recorded into the system until 2/27/17. The client needs to make sure they are depositing funds in a timely manner to ensure receipt of funds.

Due to Library Tax Fund

During our review of the Library tax fund, we noticed there have been adjustments to what the General Fund has owed to the Library Tax Fund the past two years that have reduced the liability mostly due to refunds and assessments. However, the District continues to make payments based on each monthly calculation without taking into account these adjustments, so what is occurring is there is a carryover year to year that is reducing the liability, i.e. the library tax owed for delinquent collections at 6/30/17 is \$9,451.92. The District made this payment in 17-18; however, the true amount owed from the General Fund was \$7,663.02. There is a \$1,788.90 difference, due to refunds and assessment changes, that the District should offset against one of its payments to the Library in 17-18 to actually clear the liability to \$0.

Construction Fund

During our review of the Construction Fund, the amount set up at June 30, 2016, by management or by us for unpaid bills was not reversed out during the 2016-17 fiscal year, when those unpaid bills were paid. As such, the expenditures reported in the computer system during the year are overstated.

We would like to suggest management reverse the prior year's accounts payable in the current year. If management needs information from us to reverse the balance in the account, please contact us and we will be happy to provide pertinent information to you.

RECOMMENDATIONS

Current Real Estate and Library Tax Entries

During our review of property taxes, we discussed with management changing how entries are made in the General Fund for real estate taxes and Library Tax. She keeps a spreadsheet listing each tax deposit, minus overpayments, minus library tax, and net current real estate. Currently, she posts a monthly journal entry with an entry for each individual deposit and corresponding Library Tax, creating a plethora of entries that make reconciling each account difficult.

We suggested she create a separate workbook for each tax collector, and make a tab in each workbook for every month. She should total tax deposits for each month, for current, interims, and delinquent, and post an entry for the total net real estate taxes and corresponding library tax, in their respective accounts. This should reduce the amount of entries being shown in each account and make reconciling much easier while also reducing the likelihood of errors being made.

OTHER INFORMATION

Activity Funds

GASB Statement No. 84 on Fiduciary Activities becomes effective for the 2019-20 fiscal year. Since this date is a few years away, you might wonder why we are bringing it to your attention now. The reason is to provide the District ample time to change their recordkeeping on Student Clubs. When this Statement goes into effect, the Student Clubs will be considered Custodial Funds and there will be two financial statements: Statement of Net Position and Statement of Changes in Net Position. To make this easier think of a balance sheet and income statement.

Currently, most Districts report their disbursements as Deletions by School without breaking the disbursements into categories similar to the Food Service Fund. Receipts are reported as Additions without breaking out the categories of receipts. This new Statement will require management to separate receipts into revenue categories and disbursements into expense categories.

We wanted to give our clients ample time to revise their recordkeeping and computer systems to accommodate these changes.

This letter is required by our standards and has been combined with, what we previously referred to as, the management letter. The intent of this letter is to communicate with those charged with governance on matters pertaining to the audit and includes information that we believe can help you correct or improve operating efficiency, under the limitations of staff availability, within the District.

Respectively submitted,



December 15, 2017

REPORT DISTRIBUTION LIST

The Pleasant Valley School District has distributed copies of the Single Audit Act Package to:

ONE COPY TO: BUREAU OF THE CENSUS
(Electronically Submitted) DATA PREPARATION DIVISION

ONE COPY TO: COMMONWEALTH OF PENNSYLVANIA
(Electronically Submitted) OFFICE OF THE BUDGET/BUREAU OF AUDITS

ONE COPY TO: COLONIAL INTERMEDIATE UNIT
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EASTON, PA 18042

ONE COPY TO: NORTHWEST TRI-COUNTY INTERMEDIATE UNIT 5
ATTN: KAREN REAGAN
252 WATERFORD STREET
EDINBORO, PA 16412

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Pleasant Valley School District
2233 Route 115
Brodheads ville, PA 18322

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the general fund budgetary comparison statement of the Pleasant Valley School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.

Pleasant Valley School District

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, the aggregate remaining fund information, and the general fund budgetary comparison statement of the Pleasant Valley School District, as of June 30, 2017, 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.

Emphasis of Matter

As discussed in Note 2-G to the financial statements, effective July 1, 2016, the Pleasant Valley School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures, Governmental Accounting Standards Board Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Plans, Governmental Accounting Standards Board Statement No. 80, Blending Requirements for Certain Component Units, and Governmental Accounting Standards Board Statement No. 82, An amendment of GASB Statements Nos. 67, 68, and 73.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 11-20 the Schedule of Funding Progress, the Schedule of District's Proportionate Share of Net Pension Liability and the Schedule of District Contributions-Pension pages 72-74, 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 Pleasant Valley School District's basic financial statements. The *combining and individual fund statements and schedules, and schedule of expenditures of federal awards, by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards, as required by* are not a required part of the basic financial statements.


Pleasant Valley School District

The *combining and individual fund financial statements, schedules, and the schedule of expenditures of federal award, as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards, are the responsibility of management and were derived from and related 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 combining and individual fund financial statements, schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for 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 December 15, 2017, on our consideration of the Pleasant 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pleasant Valley School District's internal control over financial reporting and compliance.

Respectfully submitted,



December 15, 2017

PLEASANT VALLEY SCHOOL DISTRICT
Brodheadsville, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
(UNAUDITED)
For the Year Ended June 30, 2017

The discussion and analysis of Pleasant Valley School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. This summary is designed to a) assist the reader in focusing on significant financial issues, b) provide an overview of the District's financial activity, c) identify changes in the District's financial position, d) identify any material deviations from the approved budget, and e) identify individual fund issues or concerns.

FINANCIAL HIGHLIGHTS

The total net position of the District for governmental activities was (\$36,389,329), increasing by \$3,605,910 over the prior fiscal period. In the General Fund, the revenues in the amount of \$97,561,124 were sufficient to cover the governmental expenses of \$97,953,223. The total net position of the District for business-type activities was (\$1,207,015) decreasing by \$106,767 over the prior fiscal period. Total revenues in the amount of \$1,831,993 were not sufficient to cover the business-type expenses of \$1,938,760. As of June 30, 2017, the school district had a negative total net position of (\$37,596,344) for governmental and business type activities. This negative net position is the result of the mandated implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting of Pensions. This statement requires governmental employees that sponsor defined benefit pension plans, in this case, the Pennsylvania School Employees Retirement System or PSERS, to recognize a net pension liability on its statement of net position. The District's prorated share of the PSERS net unfunded liability is \$147,724,971 for governmental activities and \$2,443,927 for business type activities.

During the year, the District revenues were \$1,729,208 more than budgeted revenues, due to revenues from local, state, and federal sources. Expenditures were \$4,187,231 less than the budget.

The District has completed all major construction projects. The Pleasant Valley School District Board of Education is reviewing other building needs at this time.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

• *Government-Wide Financial Statements*

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. These statements are prepared using the accrual basis of accounting. The focus of these statements is long-term.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining.

PLEASANT VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

Table 1 reflects the condensed Statement of Net Position for the years ended 2017 and 2016.

Table 1
Condensed Statement of Net Position
Fiscal Year Ended June 30, 2017

	2017			2016			
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	
Current and other assets	\$ 37,323,290	\$ 836,682	\$ 38,159,972	\$ 38,458,218	\$ 862,312	\$ 39,320,530	(1)
Non-current assets	87,170,539	207,353	87,377,892	87,289,209	229,958	87,519,167	
Deferred Outflow of Resources	25,342,274	406,312	25,748,586	10,176,778	161,043	10,337,821	
Total Assets & Deferred Outflow of Resources	\$ 149,836,103	\$ 1,450,347	\$ 151,286,450	\$ 135,924,205	\$ 1,253,313	\$ 137,177,518	
Current and other liabilities	\$ 20,133,810	\$ 84,523	\$ 20,218,333	\$ 20,274,694	\$ 75,460	\$ 20,350,154	(1)
Long-term liabilities	162,490,674	2,512,587	165,003,261	151,021,483	2,204,680	153,226,163	
Deferred Inflow of Resources	3,600,948	60,252	3,661,200	4,623,267	73,421	4,696,688	
Total Liabilities & Deferred Inflow of Resources	186,225,432	2,657,362	188,882,794	175,919,444	2,353,561	178,273,005	
Net Position							
Net Investment in Capital Assets	71,990,652	207,353	72,198,005	60,572,671	229,958	60,802,629	
Restricted For:							
Retirement of Long-term debt	-	-	-	-	-	-	
Capital Projects	1,942,717		1,942,717	1,079,961		1,079,961	
Other Restrictions							
Unrestricted	(110,322,698)	(1,414,368)	(111,737,066)	(101,647,871)	(1,330,206)	(102,978,077)	
Total Net Position	(36,389,329)	(1,207,015)	(37,596,344)	(39,995,239)	(1,100,248)	(41,095,487)	
Total Liabilities, Deferred Inflow of Resources & Net Position	\$ 149,836,103	\$ 1,450,347	\$ 151,286,450	\$ 135,924,205	\$ 1,253,313	\$ 137,177,518	

(1) The amounts in the total columns include the internal balances reported in the individual Activity columns.

The statement of activities, in Table 2, presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal period (e.g. uncollected taxes and earned, but unused, compensated absences).

PLEASANT VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

Table 2
Changes in Net Position
For the Year Ended June 30, 2017

	2017			2016		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
REVENUES						
<i>Program Revenues:</i>						
Charges for services	\$ 369,498	\$ 644,950	\$ 1,014,448	\$ 311,378	\$ 714,530	\$ 1,025,908
Operating Grants	19,003,253	1,129,935	20,133,188	18,106,101	1,130,441	19,236,542
Capital Grants	1,914,459	-	1,914,459	1,239,242	-	1,239,242
<i>General Revenues:</i>						
Property taxes levied for general purposes	46,542,414	-	46,542,414	45,472,758	-	45,472,758
Taxes levied for specific purposes	3,761,944	-	3,761,944	3,720,107	-	3,720,107
Grants, subsidies and contributions not restricted	26,341,176	-	26,341,176	25,905,103	-	25,905,103
Investment earnings	172,683	825	173,508	53,288	423	53,711
Miscellaneous	642,515	5,185	647,700	663,487	9,190	672,677
Other	(51,098)	51,098	-	(56,506)	56,506	-
TOTAL REVENUES	98,696,844	1,831,993	100,528,837	95,414,958	1,911,090	97,326,048
PROGRAM EXPENSES						
Instruction	61,138,814	-	61,138,814	58,211,002	-	57,978,071
Instruction Student Support	6,882,725	-	6,882,725	6,403,753	-	6,403,753
Administrative and Financial Support	6,640,565	-	6,640,565	6,404,979	-	6,136,567
Operation and Maintenance of Plant Services	9,017,063	-	9,017,063	8,747,764	-	8,747,764
Pupil Transportation	6,188,424	-	6,188,424	5,958,419	-	5,958,419
Student Activities	1,510,135	-	1,510,135	1,371,308	-	1,371,308
Community Services	585,964	-	585,964	550,045	-	550,045
Interest on Long-Term Debt	504,915	-	504,915	481,244	-	481,244
Unallocated Depreciation	2,622,329	-	2,622,329	2,611,330	-	2,611,330
Food Service	-	1,938,760	1,938,760	-	1,940,585	1,940,585
TOTAL EXPENSES	95,090,934	1,938,760	97,029,694	90,739,844	1,940,585	92,179,086
Increase (decrease) in Net Position	3,605,910	(106,767)	3,499,143	4,675,114	(29,495)	331,684
Prior Period Adjustment	-	-	-	-	-	-
Net Position - Beginning	(39,995,239)	(1,100,248)	(41,095,487)	(44,670,353)	(1,070,753)	(45,741,106)
Net Position - Ending	\$ (36,389,329)	\$ (1,207,015)	\$ (37,596,344)	\$ (39,995,239)	\$ (1,100,248)	\$ (41,095,487)

PLEASANT VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

Governmental Activities

The increase of \$3,605,910 in net position of governmental activities was due to revenues exceeding expenditures during the year.

The District's food service program showed a decrease in net position of \$106,767 for year-end 2017. This decrease is a result of expenses exceeding revenues for the 2016-2017 year in the amount of \$106,767. Expenses decreased by \$1,825 from \$1,940,585 in 2016 to \$1,938,760 in 2017. Revenues fell by 4.1% while expenses decreased by 0.09%. The drop in revenues was due to declining student enrollment and decrease in sales revenues.

Both of the governmental-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The governmental activities include all of the District's instructional programs and support services except for its food service program, which is considered a business-type activity

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of fund financial statements is short-term. Fund financial statements are prepared using the modified accrual basis of accounting. The District uses several different types of funds, but the two most significant types are the governmental and proprietary fund types.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

PLEASANT VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the District's major funds, which are the General fund and Capital Projects funds. The District's non-major funds include the Western Pocono Library fund.

The District adopts an annual budget for its General fund. This adoption, by law, occurs prior to June 30 of each year for the subsequent fiscal year. A comprehensive budgetary comparison, original to final is provided in this report. Below is the summarized version of the budget comparison for 2016-2017:

	Budget Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Neg.)
	Original	Final		
Revenues	\$ 95,831,916	\$ 95,831,916	\$ 97,558,624	\$ 1,726,708
Expenditures	101,220,276	100,411,041	97,042,890	3,368,151
Excess (Deficiency) of Revenues Over				
Expenditures	(5,388,360)	(4,579,125)	515,734	5,094,859
Other Financing Sources/Uses	(920,178)	(1,729,413)	(907,833)	821,580
Special Items	-	-	-	-
Extraordinary	-	-	-	-
Net Change in Fund Balances	(6,308,538)	(6,308,538)	(392,099)	5,916,439
Fund Balance – Beginning	11,995,443	11,995,443	19,425,562	7,430,119
Fund Balance – Ending	\$ 5,686,905	\$ 5,686,905	\$ 19,033,463	\$ 13,346,558

Proprietary Funds

The District accounts for its food service operation in a proprietary fund, which reports the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship program. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The District prepares a budget each year for its General fund according to Pennsylvania law. The budget complied with all applicable Commonwealth laws and financial policies approved by the Board of School Directors.

The General fund's originally approved budget for 2017 included \$95,831,916 in revenues, \$102,140,454 in expenditures and a beginning unreserved fund balance available for appropriation in the amount of \$11,995,443.

The actual revenues received for 2017 were \$97,561,124 or approximately 1.8% higher. The final actual expenditures to the budget amounted to \$97,953,223, a variance from the budget of \$4,187,231 or an expenditure rate of 95.9%.

Differences between the final budget and actual results for the general fund were:

- Local revenues increased from the original budget due to earned interest, rentals, tuition from other local education agencies, and services provided other funds.
- State revenues increased from the original budget due to Ready to Learn grant reimbursements and employer retirement contributions.
- Federal revenues increased from the original budget due to the Title I grant and increased ACCESS reimbursement.
- The 95.1% expenditure rate was due primarily to 1) the uncertainty of the requirements for special needs students; 2) declining student enrollment impacting use of services, supplies and books; 3) unused contingency funds; and 4) lower than anticipated transportation costs.
- FINANCIAL ANALYSIS OF MAJOR FUNDS

GENERAL FUND

The following chart represents a summary of general fund revenue, by source, along with changes from 2016:

	2017 Amount	2016 Amount	Increase (Decrease)	% Change
Local Sources	\$ 50,918,607	\$ 50,663,859	\$ 254,748	0.5%
State Sources	44,741,532	43,199,382	1,542,150	3.6%
Federal Sources	1,898,485	1,411,870	486,615	34.5%
Other Sources	2,500	-	2,500	100.0%
TOTAL	<u>\$ 97,561,124</u>	<u>\$ 95,275,111</u>	<u>\$ 2,286,013</u>	<u>2.4%</u>

PLEASANT VALLEY SCHOOL DISTRICT
Management Discussion and Analysis

Local Sources

The increase in local sources was \$254,748, or 0.5%. This increase is due to an increase in real estate property tax collections earned income tax, and interest earnings.

State Sources

The increase in state sources was \$1,542,150 or 3.6% this increase was driven by an increase basic and special education funding, debt service subsidy, and retirement reimbursement, and Ready To Learn block grant. Many of the state funded sources rely on child accounting data and the market value and/or market value/personal income aid ratios as a base component of the formula calculation.

Federal Sources

The decrease in federal sources was \$486,615 or 34.5% due to decreases in funding from Title I and ACCESS reimbursement.

General fund expenditures totaled \$97,953,220, which represents an increase of \$4,658,437 or 5.0% from 2015-2016. The following represents a summary of general fund expenditures for the year ended June 30, 2017 by function, along with changes from 2015-2016.

	2017	2016	Increase	%
	Amount	Amount	(Decrease)	Change
Instruction	\$ 59,273,745	\$ 57,410,558	\$ 1,863,187	3.2%
Support Services	27,594,869	27,116,158	478,711	1.8%
Noninstructional	1,466,315	1,340,509	125,806	9.4%
Facilities Acquisition	17,865	-	17,865	100.0%
Other Financing Uses	9,600,429	7,427,558	2,172,871	29.3%
TOTAL	\$ 97,953,223	\$ 93,294,783	\$ 4,658,440	5.0%

Instruction

Increases in instructional expenses were primarily due to increases in all instructional areas: regular and special education, vocational and other programs. These increases were driven by contractual salary increases, along with the increases in the associated salary-related benefits, and mandated benefit increases. Service for special needs students, and supplies expenses also increased.

PLEASANT VALLEY SCHOOL DISTRICT
Management Discussion and Analysis

Support Services

Increases in support services were due to contractual salary increases and related benefits as described above under instruction. Student transportation contracted services also increased.

Non-instructional Services

The increase in non-instructional expenditures was due to increased salary and benefit costs and community services expenses due to grant expenditure requirements.

Facilities Acquisition, Construction and Improvement Services

Each year, this service area fluctuates depending upon the needs of the district. There were \$17,865 of improvement services that occurred during the 2016-2017 year.

Other Financing Uses

The increased expenses are due to scheduled debt service payments and an increased transfer of funds to capital reserve fund.

CAPITAL PROJECTS FUND

The District's capital projects fund accounts for financial resources expended to acquire or construct property or equipment

CAPITAL RESERVE FUND

The District's capital reserve is established under 53 P.S. 1432 of the Municipal Code. Under this section, the fund is legally restricted to capital improvements, replacements and additions to public works, deferred maintenance, purchase or replacement of school buses, debt service repayment and lease agreement obligations. During 2017, no expenditures were made from this fund. The June 30, 2017 balance was \$1,972,717.

PLEASANT VALLEY SCHOOL DISTRICT
Management Discussion and Analysis

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2017 is summarized in Table 3 below.

Table 3
Capital Assets
For the Year Ended June 30, 2017

	2017			Total % Change	2016		
	Govern- mental Activities	Business- Type Activities	Total		Govern- mental Activities	Business- Type Activities	Total
Land	\$ 1,724,661	\$ -	\$ 1,724,661	0.00%	\$ 1,724,661	\$ -	\$ 1,724,661
Site Improvements	1,417,851	-	1,417,851	-13.13%	1,343,925	-	1,343,925
Building and Bldg. Improve- ments (net Acc. Dep.)	75,340,526	-	75,340,526	-2.95%	77,323,835	-	77,323,835
Furniture and Equipment (net Acc. Dep.)	1,138,963	207,353	1,346,316	26.42%	1,245,654	229,958	1,475,612
Construction in Progress	1,537,056	-	1,537,056	84.55%	951,693	-	951,693
TOTAL	\$ 81,159,057	\$ 207,353	\$ 81,366,410	-2.66%	\$ 82,589,768	\$ 229,958	\$ 82,819,726

LONG TERM DEBT

At June 30, 2017, the District had \$15,910,574 in outstanding bonds and lease obligations. The District's debt remains short, with the majority being paid off by 2018. The District's bonds have an "A" rating from Standard and Poor's Rating Group.

In addition, the long term portion of compensated absences totaled \$1,809,085; liability for other post-employment benefits totaled \$5,384,704 and net pension liability totaled \$150,168,898.

PLEASANT VALLEY SCHOOL DISTRICT
Management Discussion and Analysis

FACTORS EXPECTED TO HAVE AN EFFECT ON FUTURE OPERATIONS

While the District experienced significant student growth over many years, the past several years have shown a decrease in student population. A review of the enrollment is shown in the table below. Because of the current national economic conditions, the district anticipates that district enrollment will continue to slowly decrease over the next few years.

Pupil Enrollment – Historical and Projected			
School Year	Elementary	Secondary	Total
1996-97	3,075	2,256	5,331
1997-98	3,226	2,452	5,678
1998-99	3,118	2,589	5,707
1999-00	3,221	2,671	5,892
2000-01	3,294	2,835	6,129
2001-02	3,360	2,995	6,355
2002-03	3,507	3,209	6,716
2003-04	3,494	3,403	6,897
2004-05	3,466	3,558	7,024
2005-06	3,411	3,547	6,958
2006-07	3,332	3,436	6,768
2007-08	3,181	3,375	6,556
2008-09	3,103	3,298	6,401
2009-10	2,773	3,112	5,885
2010-11	2,715	3,071	5,786
2011-12	2,594	2,944	5,538
2012-13	2,532	2,903	5,435
2013-14	2,395	2,998	5,393
2014-15	2,342	2,648	4,990
2015-16	2,279	2,584	4,863
2016-17	2,257	2,542	4,799

The District is continuing a building plan to provide for adequate resources for the students. Future plans will depend upon actual student enrollment.

REQUESTS FOR INFORMATION

Our financial report is designed to provide our citizens, taxpayers, parents, students, staff, investors and creditors with a general overview of the District's financial condition and to provide accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Susan H. Famularo, Business Manager/Board Secretary at Pleasant Valley School District, 2233 Route 115, Brodheadsville, PA 18322, (570) 402-1000, ext. 1260.

BASIC FINANCIAL STATEMENTS

**Pleasant Valley School District
Statement of Net Position
As of June 30, 2017**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 23,723,943	\$ 523,098	\$ 24,247,041
Investments	4,069,382	-	4,069,382
Receivables, net	4,863,999	-	4,863,999
Internal Balances	62,898	128,195	-
Due From Other Governments	4,367,725	134,888	4,502,613
Other Receivables	175,663	5,356	181,019
Inventories	52,026	45,145	97,171
Prepaid Expenses	7,654	-	7,654
Total Current Assets	37,323,290	836,682	37,968,879
Non-Current Assets:			
Restricted Cash and Cash Equivalents	-	-	-
Land	1,724,661	-	1,724,661
Site Improvements (net of depreciation)	1,417,851	-	1,417,851
Building and Bldg. Improvements (net of depreciation)	75,340,526	-	75,340,526
Furniture and Equipment (net of depreciation)	1,138,963	207,353	1,346,316
Construction in Progress	1,537,056	-	1,537,056
Long-term Receivable	6,011,482	-	6,011,482
Total Non-Current Assets	87,170,539	207,353	87,377,892
TOTAL ASSETS	124,493,829	1,044,035	125,346,771
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Change in Proportion of NPL	-	-	-
Deferred Outflows of Resources - Current Year Contributions	11,448,235	177,243	11,625,478
Deferred Outflows of Resources - Change in Assumptions	5,355,867	89,133	5,445,000
Deferred Outflows of Resources - Diff. in Projected vs Actual Contributions	-	-	-
Deferred Outflows of Resources - Diff. in Projected vs Actual Invest. Earnings	8,268,064	139,936	8,408,000
Deferred Outflows of Resources - Diff. between Expected vs Actual Experience	-	-	-
Deferred Outflows of Resources - Diff. between Proportionate Share vs Actual Pd-POS	34,261	-	34,261
Deferred Charges on Bond Refundings, net	235,847	-	235,847
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 149,836,103	\$ 1,450,347	\$ 151,095,357
LIABILITIES			
Current Liabilities:			
Internal Balances	\$ 128,195	\$ 62,898	\$ -
Due to other governments	150,919	-	150,919
Accounts Payable	1,104,188	1,078	1,105,266
Current Portion of Long-Term Obligations	8,975,403	-	8,975,403
Accrued Salaries and Benefits	9,662,414	-	9,662,414
Prepayments	-	20,469	20,469
Other Current Liabilities	112,691	78	112,769
Total Current Liabilities	20,133,810	84,523	20,027,240
Non-Current Liabilities:			
Bonds and Notes Payable	7,640,574	-	7,640,574
Net Pension Liability	147,724,971	2,443,927	150,168,898
Lease Purchase Obligations	-	-	-
Long-Term Portion of Compensated Absences	1,740,425	68,660	1,809,085
Other Retirement Benefits	1,140,431	-	1,140,431
Net OPEB Obligation	4,244,273	-	4,244,273
TOTAL LIABILITIES	182,624,484	2,597,110	185,030,501
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Change in Proportion - NPL	2,063,177	34,823	2,098,000
Deferred Inflows of Resources - Change in Assumption	-	-	-
Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	286,313	4,772	291,085
Deferred Inflows of Resources - Diff. in Projected vs Actual Invest. Earnings	-	-	-
Deferred Inflows of Resources - Diff. between Expected vs Actual Experience	1,236,343	20,657	1,257,000
Deferred Inflows of Resources - Diff. between Proportionate Share vs Actual Pd.-POS	-	-	-
Unearned Revenue	15,115	-	15,115
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	186,225,432	2,657,362	188,691,701
NET POSITION			
Net Investment in Capital Assets	71,990,652	207,353	72,198,005
Restricted For:			
Retirement of Long-Term Debt	-	-	-
Capital Projects	1,942,717	-	1,942,717
Other Restrictions	-	-	-
Unrestricted (deficit)	(110,322,698)	(1,414,368)	(111,737,066)
TOTAL NET POSITION	(36,389,329)	(1,207,015)	(37,596,344)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 149,836,103	\$ 1,450,347	\$ 151,095,357

The Accompanying Notes are an integral part of these financial statements.

(1) Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances are eliminated in the "total" column (GASB Statement No. 34, para. 58).

**Pleasant Valley School District
Statement of Activities
For the Year Ended June 30, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	OPERATING		CAPITAL	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS			
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 61,138,814	\$ 278,113	\$ 13,596,905	\$ -	\$ (47,263,796)	\$ -	\$ (47,263,796)
Instructional Student Support	6,882,725	-	1,022,777	-	(5,859,948)	-	(5,859,948)
Admin. & Fin'l Support Services	6,640,565	-	717,915	-	(5,922,650)	-	(5,922,650)
Oper. & Maint. of Plant Svcs.	9,017,063	-	749,292	-	(8,267,771)	-	(8,267,771)
Pupil Transportation	6,188,424	43,497	2,733,420	-	(3,411,507)	-	(3,411,507)
Student activities	1,510,135	47,888	145,655	-	(1,316,592)	-	(1,316,592)
Community Services	585,964	-	37,289	-	(548,675)	-	(548,675)
Interest on Long-Term Debt	504,915	-	-	1,914,459	1,409,544	-	1,409,544
Unallocated Depreciation Expense	2,622,329	-	-	-	(2,622,329)	-	(2,622,329)
TOTAL GOVERNMENTAL ACTIVITIES	95,090,934	369,498	19,003,253	1,914,459	(73,803,724)	-	(73,803,724)
BUSINESS-TYPE ACTIVITIES:							
Food Services	1,938,760	644,950	1,129,935	-	-	(163,875)	(163,875)
Other Enterprise Funds	-	-	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT	\$ 97,029,694	\$ 1,014,448	\$ 20,133,188	\$ 1,914,459	\$ (73,803,724)	\$ (163,875)	\$ (73,967,599)
GENERAL REVENUES:							
Property taxes. Levied for general purposes, net					\$ 46,542,414	\$ -	\$ 46,542,414
Taxes levied for specific purposes					3,761,944	-	3,761,944
Grants, subsidies, & contributions not restricted					26,341,176	-	26,341,176
Investment Earnings					172,683	825	173,508
Miscellaneous Income					642,515	5,185	647,700
Special item - Gain (Loss) on sale of capital assets					-	-	-
Transfers					(51,098)	51,098	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					77,409,634	57,108	77,466,742
CHANGES IN NET POSITION					3,605,910	(106,767)	3,499,143
NET POSITION - BEGINNING					(39,995,239)	(1,100,248)	(41,095,487)
NET POSITION - ENDING					\$ (36,389,329)	\$ (1,207,015)	\$ (37,596,344)

The Accompanying Notes are an integral part of these financial statements.

**Pleasant Valley School District
Balance Sheet
Governmental Funds
As of June 30, 2017**

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 21,891,324	\$ 1,832,620	\$ -	\$ 23,723,944
Investments	3,210,606	858,776	-	4,069,382
Taxes Receivable, net	4,816,511	-	47,488	4,863,999
Due from other funds	135,212	-	7,663	142,875
Due from Other Governments	4,367,725	-	-	4,367,725
Other Receivables	83,197	-	-	83,197
Inventories	-	-	-	-
Prepaid Expenditures	7,654	-	-	7,654
Other Current Assets	-	-	-	-
TOTAL ASSETS	34,512,229	2,691,396	55,151	37,258,776
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charges on Refundings, net	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 34,512,229	\$ 2,691,396	\$ 55,151	\$ 37,258,776
<u>LIABILITIES</u>				
Due to Other Funds	\$ 135,858	\$ -	\$ -	\$ 135,858
Due to Other Governments	150,919	-	-	150,919
Accounts Payable	842,687	253,839	7,663	1,104,189
Current Portion of Long-Term Debt	705,403	-	-	705,403
Accrued Salaries and Benefits	9,662,414	-	-	9,662,414
Payroll Deductions and Withholdings	-	-	-	-
Prepayments	-	-	-	-
Other Current Liabilities	384	-	-	384
TOTAL LIABILITIES	11,497,665	253,839	7,663	11,759,167
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unearned/Unavailable Property Taxes	3,981,101	-	47,488	4,028,589
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	15,478,766	253,839	55,151	15,787,756
FUND BALANCES:				
Nonspendable Fund Balance	7,654	-	-	7,654
Restricted Fund Balance	-	2,437,557	-	2,437,557
Committed Fund Balance	10,988,013	-	-	10,988,013
Assigned Fund Balance	5,581,267	-	-	5,581,267
Unassigned Fund Balance	2,456,529	-	-	2,456,529
TOTAL FUND BALANCES	19,033,463	2,437,557	-	21,471,020
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 34,512,229	\$ 2,691,396	\$ 55,151	\$ 37,258,776

The Accompanying Notes are an integral part of these financial statements.

**Pleasant Valley School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
As of June 30, 2017**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 21,471,020

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$133,511,671 and the accumulated depreciation is \$52,352,614. 81,159,057

Additional receivables established that do not meet the availability criteria reflected in the fund financial statements. This amount represents the difference between the prior year receivables and the current year receivables established under the accrual basis of accounting. 6,031,634

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 4,013,474

This represents deferred outflows of resources resulting in deferred charges on refunding prior bond issues. 235,847

This represents deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension Liability 21,520,594

The governmental funds follow the purchase method of inventory; therefore no inventory is reflected on the balance sheet, except for general supplies. However, the statement of net position uses the consumption method of inventory for all supplies. 52,026

This represents payments to be paid within the next twelve months for employees who have elected to retire under the District's early retirement incentive program -

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds payable	\$ (15,910,574)	
Accrued interest on the bonds	(112,307)	
Compensated absences	(1,740,425)	
Net Pension Liability	(147,724,971)	
Net OPEB Obligation	(4,244,273)	
Other Retirement Benefits	(1,140,431)	
Authority Lease Obligations	-	(170,872,981)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ (36,389,329)**

The Accompanying Notes are an integral part of these financial statements.

Pleasant Valley School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES				
Local Sources	\$ 50,918,607	\$ 8,549	\$ 543,982	\$ 51,471,138
State Sources	44,741,532	-	-	44,741,532
Federal Sources	<u>1,898,485</u>	<u>-</u>	<u>-</u>	<u>1,898,485</u>
TOTAL REVENUES	<u>97,558,624</u>	<u>8,549</u>	<u>543,982</u>	<u>98,111,155</u>
EXPENDITURES				
Instruction	59,273,745	-	-	59,273,745
Support Services	27,594,869	-	-	27,594,869
Operation of Non-Instructional Services	1,466,315	-	543,982	2,010,297
Capital Outlay	17,865	1,315,459	-	1,333,324
Debt Service	<u>8,690,096</u>	<u>-</u>	<u>-</u>	<u>8,690,096</u>
TOTAL EXPENDITURES	<u>97,042,890</u>	<u>1,315,459</u>	<u>543,982</u>	<u>98,902,331</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>515,734</u>	<u>(1,306,910)</u>	<u>-</u>	<u>(791,176)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Refunding Bond Issues	-	-	-	-
Bond Premium	-	-	-	-
Proceeds from Extended Term Financing	-	-	-	-
Interfund Transfers In	-	859,235	-	859,235
Sale/Compensation for Fixed Assets	2,500	-	-	2,500
Payment to bond refunding escrow agent	-	-	-	-
Bond Discount	-	-	-	-
Operating Transfers Out	<u>(910,333)</u>	<u>-</u>	<u>-</u>	<u>(910,333)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(907,833)</u>	<u>859,235</u>	<u>-</u>	<u>(48,598)</u>
SPECIAL/EXTRAORDINARY ITEMS				
Special Items	-	-	-	-
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(392,099)	(447,675)	-	(839,774)
FUND BALANCES - BEGINNING	<u>19,425,562</u>	<u>2,885,232</u>	<u>-</u>	<u>22,310,794</u>
FUND BALANCES - ENDING	<u>\$ 19,033,463</u>	<u>\$ 2,437,557</u>	<u>\$ -</u>	<u>\$ 21,471,020</u>

The Accompanying Notes are an integral part of these financial statements.

**Pleasant Valley School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2017**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (839,774)

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

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

	Depreciation expense	\$ 2,867,736	
	less - capital outlays	<u>1,437,027</u>	(1,430,709)

Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the statement of activities, but rather constitute long-term liabilities. -

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of fixed assets sold. -

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year. 616,633

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 7,750,000

In the statement of activities, certain operating expenses-- compensated absences (vacations) and special termination benefits (early retirement)--are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. (1,265,872)

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING **\$ 4,830,278**

**Pleasant Valley School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2017**

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING (CONT'D)	\$	4,830,278
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. This would include accumulated interest accreted on capital appreciation bonds. The additional interest accrued in the statement of activities over the amount due is shown here.		435,181
In the statement of activities, certain operating revenues are recognized when earned versus the revenues using the modified accrual basis of accounting in the fund statements that are recognized when the funds are available. As such, the amount shown here represents the difference between earned revenues and revenues that are earned, but not available.		1,329,696
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of assets. Refunding bond issues becomes a use of current financial resources in governmental funds, but refunding represent payments of long-term debt in the statement of net position. This figure represents the difference between bond proceeds and refunding payments made to paying agents.		-
The governmental funds use the purchase method of inventory for most supplies, where all items purchased are charged to expenditures. However, the statement of activities is reflected on the consumption method of recording inventory type items; therefore, this adjustment reflects the inventory difference.		(215,593)
The difference between current year pension expense reported on the governmental activities column of the government-wide financial statements and the pension contributions made this past year reported as expenditures in the governmental funds.		<u>(2,773,652)</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>3,605,910</u>

The Accompanying Notes are an integral part of these financial statements.

**Pleasant Valley School District
Statement of Fund Net Position
Proprietary Funds
As of June 30, 2017**

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 523,098	\$ -	\$ 523,098
Investments	-	-	-
Due from other funds	133,068	-	133,068
Due From Other Governments	134,888	-	134,888
Other Receivables	483	-	483
Inventories	45,145	-	45,145
Prepaid expenses	-	-	-
Other Current Assets	-	-	-
TOTAL CURRENT ASSETS	836,682	-	836,682
NON-CURRENT ASSETS:			
Building & Bldg. Improvements (net)	-	-	-
Machinery & Equipment (net)	207,353	-	207,353
Other Long-Term Receivables	-	-	-
TOTAL NON-CURRENT ASSETS	207,353	-	207,353
TOTAL ASSETS	1,044,035	-	1,044,035
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources - Change in Proportion of NPL	-	-	-
Deferred Outflows of Resources - Current Year Contributions	177,243	-	177,243
Deferred Outflows of Resources - Change in Assumptions	89,133	-	89,133
Deferred Outflows of Resources - Diff. in Projected vs Actual Contributions	-	-	-
Deferred Outflows of Resources - Diff. in Projected vs Actual Invest. Earnings	139,936	-	139,936
Deferred Outflows of Resources - Diff. between Expected vs Actual Experience	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 1,450,347	\$ -	\$ 1,450,347
<u>LIABILITIES</u>			
CURRENT LIABILITIES:			
Due to Other Funds	\$ 62,898	\$ -	\$ 62,898
Due to Other Governments	-	-	-
Accounts Payable	1,078	-	1,078
Current Portion of Long-Term Debt	-	-	-
Accrued Salaries and Benefits	-	-	-
Payroll Deductions and Withholdings	-	-	-
Other Current Liabilities	78	-	78
Prepayments	20,469	-	20,469
TOTAL CURRENT LIABILITIES	84,523	-	84,523
NON-CURRENT LIABILITIES:			
Long-Term Portion of Compensated Absences	68,660	-	68,660
Net Pension Liability	2,443,927	-	2,443,927
TOTAL NON-CURRENT LIABILITIES	2,512,587	-	2,512,587
TOTAL LIABILITIES	2,597,110	-	2,597,110
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources - Diff. in Projected vs Actual Invest. Earnings	-	-	-
Deferred Inflows of Resources - Change in Assumptions	-	-	-
Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	4,772	-	4,772
Deferred Inflows of Resources - Change in Proportion of NPL	34,823	-	34,823
Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	20,657	-	20,657
Unearned Revenue	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	2,657,362	-	2,657,362
<u>FUND NET POSITION</u>			
Net Investment in Capital Assets	207,354	-	207,354
Restricted for Legal Purposes	-	-	-
Unrestricted	(1,414,369)	-	(1,414,369)
TOTAL FUND NET POSITION	(1,207,015)	-	(1,207,015)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION	\$ 1,450,347	\$ -	\$ 1,450,347

The Accompanying Notes are an integral part of these financial statements.

Pleasant Valley School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
OPERATING REVENUES:			
Food Service Revenue	\$ 644,950	\$ -	\$ 644,950
Charges for Services	-	-	-
Other Operating Revenues	<u>5,185</u>	-	<u>5,185</u>
TOTAL OPERATING REVENUES	<u>650,135</u>	-	<u>650,135</u>
OPERATING EXPENSES:			
Salaries	607,141	-	607,141
Employee benefits	536,038	-	536,038
Purchased Professional and Technical Services	8,247	-	8,247
Purchased Property Service	15,648	-	15,648
Other Purchased Services	2,746	-	2,746
Supplies	739,510	-	739,510
Depreciation	22,605	-	22,605
Dues and Fees	1,147	-	1,147
Claims and Judgments	-	-	-
Other Operating Expenses	<u>5,678</u>	-	<u>5,678</u>
TOTAL OPERATING EXPENSES	<u>1,938,760</u>	-	<u>1,938,760</u>
OPERATING INCOME (LOSS)	<u>(1,288,625)</u>	-	<u>(1,288,625)</u>
NON-OPERATING REVENUES (EXPENSES)			
Earnings on investments	825	-	825
Contributions and Donations	-	-	-
Gain/Loss on Sale of Fixed Assets	-	-	-
State Sources	177,116	-	177,116
Federal Sources	952,819	-	952,819
Interest Expenses	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,130,760</u>	-	<u>1,130,760</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>\$ (157,865)</u>	-	<u>\$ (157,865)</u>
Capital contributions	-	-	-
Transfers in (out)	<u>51,098</u>	-	<u>51,098</u>
CHANGES IN FUND NET POSITION	<u>(106,767)</u>	-	<u>(106,767)</u>
FUND NET POSITION - BEGINNING	<u>(1,100,248)</u>	-	<u>(1,100,248)</u>
FUND NET POSITION - ENDING	<u>\$ (1,207,015)</u>	<u>\$ -</u>	<u>\$ (1,207,015)</u>

The Accompanying Notes are an integral part of these financial statements.

**Pleasant Valley School District
Statement of Cash Flows
Proprietary Funds
As of June 30, 2017**

	<u>FOOD SERVICE</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Users	\$ 705,956	\$ -	\$ 705,956
Cash Received from Assessments made to Other Funds	-	-	-
Cash Received from Earnings on Investments	-	-	-
Cash Received from Other Operating Revenue	43,098	-	43,098
Cash Payments to Employees for Services	(1,093,761)	-	(1,093,761)
Cash Payments for Insurance Claims	-	-	-
Cash Payments to Suppliers for Goods and Services	(642,147)	-	(642,147)
Cash Payments to Other Operating Expenses	<u>(6,825)</u>	-	<u>(6,825)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(993,679)</u>	-	<u>(993,679)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Local Sources	-	-	-
State Sources	169,717	-	169,717
Federal Sources	705,774	-	705,774
Notes and Loans Received	-	-	-
Interest Paid on Notes/Loans	-	-	-
Operating Transfers In (Out)	<u>51,098</u>	-	<u>51,098</u>
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	<u>926,589</u>	-	<u>926,589</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Facilities Acquisition/Const./Improvement Svcs.	-	-	-
Capital Contributions	-	-	-
Gain/Loss on Sale of Fixed Assets (Proceeds)	-	-	-
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	-	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on Investments	825	-	825
Purchase of Investment Securities/Deposits to Investment Pools	-	-	-
Withdrawals from Investment Pools	-	-	-
Proceeds from Sale and Maturity of Investment Securities	<u>-</u>	-	<u>-</u>
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>825</u>	-	<u>825</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(66,265)	-	(66,265)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>589,363</u>	-	<u>589,363</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 523,098</u>	<u>\$ -</u>	<u>\$ 523,098</u>

Pleasant Valley School District
Statement of Cash Flows
Proprietary Funds
As of June 30, 2017

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

	<u>FOOD SERVICE</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL</u>
OPERATING INCOME (LOSS)	\$ (1,288,625)	\$ -	\$ (1,288,625)
	-----	-----	-----
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Depreciation and Net Amortization	22,605	-	22,605
Provision for Uncollectible Accounts	-	-	-
Donated Commodities Used	116,818	-	116,818
CHANGES IN ASSETS AND LIABILITIES:			
(Increase) Decrease in Accounts Receivable	(483)	-	(483)
(Increase) Decrease in Advances to Other Funds	99,402	-	99,402
(Increase) Decrease in Inventories	(1,928)	-	(1,928)
(Increase) Decrease in Prepaid Expenses	-	-	-
(Increase) Decrease in Other Current Assets	-	-	-
(Increase) Decrease in Deferred Outflows of Resources - Change in Proportion of NPL	-	-	-
(Increase) Decrease in Deferred Outflows of Resources - Current Year Contributions	(16,200)	-	(16,200)
(Increase) Decrease in Deferred Outflows of Resources - Change in Assumptions	(89,133)	-	(89,133)
(Increase) Decrease in Deferred Outflows of Resources - Diff. in Projected vs Actual Contributions	-	-	-
(Increase) Decrease in Deferred Outflows of Resources - Diff. in Projected vs Actual Invest. Earnings	(139,936)	-	(139,936)
(Increase) Decrease in Deferred Outflows of Resources - Diff. between Expected vs Actual Experience	-	-	-
Increase (Decrease) in Accounts Payable	102	-	102
Increase (Decrease) in Accrued Salaries and Benefits	(9,848)	-	(9,848)
Increase (Decrease) in Advances from Other Funds	6,970	-	6,970
Increase (Decrease) in Other Current Liabilities	2,042	-	2,042
Increase (Decrease) in Net Pension Liability	317,704	-	317,704
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Invest. Earnings	(2,038)	-	(2,038)
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	949	-	949
Increase (Decrease) in Deferred Inflows of Resources - Change in Assumptions	-	-	-
Increase (Decrease) in Deferred Inflows of Resources - Change in Proportion of NPL	(23,801)	-	(23,801)
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	11,721	-	11,721
TOTAL ADJUSTMENTS	<u>294,946</u>	<u>-</u>	<u>294,946</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (993,679)</u>	<u>\$ -</u>	<u>\$ (993,679)</u>

The Accompanying Notes are an integral part of these financial statements.

**Pleasant Valley School District
Statement of Net Position
Fiduciary Funds
As of June 30, 2017**

	PRIVATE PURPOSE TRUST	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	AGENCY FUNDS
ASSETS			
Cash and cash equivalents	\$ 42,177	\$ -	\$ 810,525
Investments	19,657	-	102,241
Due from Other Funds	-	-	-
Other Receivables	-	-	2,387
Prepaid Expenses	-	-	-
Other Current Assets	-	-	-
TOTAL ASSETS	61,834	-	915,153
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 61,834	\$ -	\$ 915,153
LIABILITIES			
Accounts Payable	\$ 1,000	\$ -	\$ 2,861
Due to Other Funds	-	-	77,187
Due to Student Clubs	-	-	240,304
Accrued Salaries and Benefits	-	-	-
Payroll Deductions	-	-	594,801
Other Current Liabilities	-	-	-
TOTAL LIABILITIES	1,000	-	915,153
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenue	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	1,000	-	915,153
NET POSITION			
Restricted	-	-	-
Unrestricted	60,834	-	-
TOTAL NET POSITION	\$ 60,834	\$ -	\$ -

The Accompanying Notes are an integral part of these financial statements.

**Pleasant Valley School District
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017**

	PRIVATE- PURPOSE TRUST FUND	PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
ADDITIONS		
Contributions	\$ 12,721	\$ -
Transfers from other funds	-	-
INVESTMENT EARNINGS:		
Interest and Dividends	232	-
Net increase (decrease) in fair value of investments	-	-
Less investment expense	-	-
TOTAL ADDITIONS	12,953	-
 DEDUCTIONS		
Transfers to other funds	-	-
Administrative charges	-	-
Scholarships	5,000	-
TOTAL DEDUCTIONS	5,000	-
 CHANGES IN NET POSITION	7,953	-
 NET POSITION - BEGINNING OF YEAR	52,881	-
 NET POSITION - END OF YEAR	\$ 60,834	\$ -

The Accompanying Notes are an integral part of these financial statements.

Pleasant Valley School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>	<u>BUDGET TO</u>	<u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>(BUDGETARY</u> <u>BASIS)</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>	<u>GAAP</u> <u>DIFFERENCE</u>	<u>AMOUNTS</u> <u>GAAP BASIS</u>
REVENUES						
Local Sources	\$ 50,425,930	\$ 50,425,930	\$ 50,918,607	\$ 492,677	\$ -	\$ 50,918,607
State Sources	44,113,986	44,113,986	44,741,532	627,546	-	44,741,532
Federal Sources	1,292,000	1,292,000	1,898,485	606,485	-	1,898,485
TOTAL REVENUES	<u>95,831,916</u>	<u>95,831,916</u>	<u>97,558,624</u>	<u>1,726,708</u>	<u>-</u>	<u>97,558,624</u>
EXPENDITURES						
Regular Instruction	39,968,103	39,508,186	38,282,116	1,226,070	-	38,282,116
Special Programs	16,757,790	16,597,703	15,888,949	708,754	-	15,888,949
Vocational Programs	3,894,748	3,869,592	3,508,135	361,457	-	3,508,135
Other Instructional Programs	1,365,594	1,633,098	1,594,545	38,553	-	1,594,545
Nonpublic Schools	-	-	-	-	-	-
Pre-Kindergarten	-	-	-	-	-	-
Pupil Personnel Services	3,533,110	3,505,279	3,466,562	38,717	-	3,466,562
Instructional Staff Services	2,393,141	2,548,859	2,402,017	146,842	-	2,402,017
Administrative Services	3,651,361	3,115,939	3,070,404	45,535	-	3,070,404
Pupil Health	810,798	817,033	813,304	3,729	-	813,304
Business Services	1,447,315	1,467,347	1,457,378	9,969	-	1,457,378
Operation & Maintenance of Plant Services	9,255,620	9,049,578	8,620,098	429,480	-	8,620,098
Student Transportation Services	6,450,200	6,443,802	6,147,422	296,380	-	6,147,422
Central Support Services	1,426,662	1,485,791	1,448,000	37,791	-	1,448,000
Other Support Services	28,000	170,000	169,684	316	-	169,684
Student Activities	1,416,575	1,431,575	1,424,332	7,243	-	1,424,332
Community Services	10,000	42,000	41,983	17	-	41,983
Facilities, Acquisition and Construction	-	20,000	17,865	2,135	-	17,865
Debt Service	8,811,259	8,705,259	8,690,096	15,163	-	8,690,096
TOTAL EXPENDITURES	<u>101,220,276</u>	<u>100,411,041</u>	<u>97,042,890</u>	<u>3,368,151</u>	<u>-</u>	<u>97,042,890</u>
Excess (deficiency) of revenues over expenditures	(5,388,360)	(4,579,125)	515,734	5,094,859	-	515,734
OTHER FINANCING SOURCES (USES)						
Proceeds From Extended Term Financing	-	-	-	-	-	-
Interfund Transfers In	-	-	-	-	-	-
Sale/Compensation for Fixed Assets	-	-	2,500	2,500	-	2,500
Fund Transfers Out	(120,178)	(929,413)	(910,333)	19,080	-	(910,333)
Budgetary Reserve	(800,000)	(800,000)	-	800,000	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(920,178)</u>	<u>(1,729,413)</u>	<u>(907,833)</u>	<u>821,580</u>	<u>-</u>	<u>(907,833)</u>
Special Items	-	-	-	-	-	-
Extraordinary Items	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	<u>(6,308,538)</u>	<u>(6,308,538)</u>	<u>(392,099)</u>	<u>5,916,439</u>	<u>-</u>	<u>(392,099)</u>
FUND BALANCE - JULY 1, 2016	<u>\$ 11,995,443</u>	<u>\$ 11,995,443</u>	<u>\$ 19,425,562</u>	<u>\$ 7,430,119</u>	<u>\$ -</u>	<u>\$ 19,425,562</u>
FUND BALANCE - JUNE 30, 2017	<u>\$ 5,686,905</u>	<u>\$ 5,686,905</u>	<u>\$ 19,033,463</u>	<u>\$ 13,346,558</u>	<u>\$ -</u>	<u>\$ 19,033,463</u>

The Accompanying Notes are an integral part of these financial statements.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Note 1 - Description of the School District and Reporting Entity

School District

The Pleasant Valley School District is located in Northeastern Pennsylvania, in Monroe County. The School District is comprised of Chestnuthill, Eldred, Polk, and Ross Townships.

The Pleasant Valley School District consists of Pleasant Valley High School, Pleasant Valley Middle School, Pleasant Valley Intermediate School, Pleasant Valley Elementary School, and Polk Elementary School.

The Pleasant Valley School District is a unit established, organized, and empowered by the Commonwealth of Pennsylvania for the express purpose of carrying out, on the local level, the Commonwealth's obligation to public education, as established by the constitution of the Commonwealth and by the School Law Code of the same (Article II; Act 150, July 8, 1968).

As specified under the School Law Code of the Commonwealth of Pennsylvania, this and all other school districts of the state "shall be and hereby are vested as bodies corporate, with all necessary powers to carry out the provisions of this act." (Article II, Section 211).

Board of School Directors

The public school system of the Commonwealth shall be administered by a board of school directors, to be elected or appointed, as hereinafter provided. At each election of school directors, each qualified voter shall be entitled to cast one vote for each school director to be elected.

The Pleasant 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 twenty-one years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any schools herein provided, or to pay any school indebtedness which the school district is required to pay, or to pay any 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.

Administration

The Superintendent shall be the executive officer of the Board of School Directors and, in that capacity shall administer the School District in conformity with Board policies and the School Laws of Pennsylvania. The Superintendent shall be directly responsible to, and therefore appointed by, the Board of School Directors. The Superintendent shall be responsible for the overall administration, supervision, and operation of the School District.

The Business Manager, recommended by the Superintendent and appointed by the Board of School Directors, shall supervise and coordinate all business aspects of the School District. In this capacity, he or she shall be responsible to insure that all work accomplished by him/her, or by persons under his/her supervision, is in the best interests of the Pleasant Valley School District. The Business Manager is directly responsible to the Superintendent.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Pleasant Valley School District, this includes general operations, food service, and student related activities of the School District.

Pleasant Valley School District is a municipal Corporation governed by an elected nine-member board. As required by accounting principles, generally accepted in the United States of America, these financial statements are to present Pleasant Valley School District (the primary government) and organizations for which the primary government is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the School District in that the School District approved the budget, the issuance of debt, or the levying of taxes. The Pleasant Valley School District does not have any component units.

Joint Ventures

Monroe Career & Technical Institute

The School District is a participating member of the Monroe Career & Technical Institute (MCTI). The MCTI 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 directors of each participating district must approve the MCTI'S annual operating budget. Each participating district pays a pro-rata share of the MCTI'S operating costs based on the number of students attending the MCTI'S for each District. The District's share of the MCTI'S operating costs for 2016-2017 was \$2,275,128.

On dissolution of the Monroe Career & Technology Institute, the net position of MCTI will be shared on a pro-rata basis of each participating district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the district does not have an equity interest in the MCTI as redefined by GASB Statement No. 14, except a residual interest in the net position upon dissolution that should no longer be reflected on the basic financial statements. Complete financial statements for the MCTI can be obtained from the MCTI'S administrative office at Laurel Lake Drive, Bartonsville, PA 18321.

Jointly Governed Organizations

Colonial Intermediate Unit

The School District is a participating member of the Colonial Intermediate Unit (CIU). The CIU 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 directors of each participating district must approve the CIU's annual operating budget. The CIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no on-going financial interest or financial responsibility in the CIU. The CIU contracts with participating districts to supply special education services, computer services, and acts as a conduit for certain federal programs.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Note 2 - Summary of significant accounting policies

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced. GASB Statement No. 62 was issued to include all prior Financial Accounting Standards Board's statements and interpretations, along with predecessors' statements and interpretation pertaining to governments into the hierarchy of the Governmental Accounting Standards Board's jurisdiction.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for one business-type activity of the School District. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Deferred outflows of resources are recorded in a particular governmental fund where costs are spent for a future period. Current Liabilities are assigned to the governmental fund from which they will be paid. Deferred inflows of

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

resources are recorded in a particular governmental fund that has received resources for a future period. The difference between the sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

General Fund

The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Fund

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establish that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Under this definition, the District does not have any special revenue funds.

Capital Projects Fund

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The District has the following Capital Project Funds:

Construction Fund

During the 2011-2012 fiscal year, this fund received \$3,715,000 from the General Obligation Bonds - Series 2012 to provide funds for energy improvements and upgrades to existing buildings and facilities.

Capital Reserve Fund

This fund was created in accordance with Section 1432 of the Municipal Code. The Municipal Code restricts how the resources are spent within this fund.

Proprietary Funds Proprietary funds focus on the determination of changes in net position, financial position, and cash flows and are classified as enterprise funds.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

Fiduciary Funds Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. *Measurement Focus*

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet, along with deferred outflows of resources or deferred inflows of resources required to be reported. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation's with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities, including required deferred outflows of resources or required deferred inflows of resources, associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its enterprise activities.

D. *Basis of Accounting*

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

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

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

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

E. Budgetary Process

An operating budget is adopted prior to the beginning of each year for the General Fund on a 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 the first business meeting of January, 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 prepared 150 days prior to the primary election. Under this Option, the preliminary budget must be available for public inspection at least 110 days prior to the primary election. The Board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption. The adoption must occur at least 90 days prior to the primary election.

If the preliminary budget exceeds the increase authorized by the Index, an application for an exception may be filed with either a Court of Common Pleas with jurisdiction or PDE 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.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

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 2016-17 budget transfers.

F. 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.

G. Changes in Accounting Principles

During the 2016-17 fiscal year the District implemented the following new generally accepted accounting principles:

- GASB Statement No. 74 (*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*), which establishes new reporting requirements about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans.
- GASB Statement No. 77 (Tax Abatement Disclosures). The purpose of these disclosures is intended, among other things, to assist the users of these financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services, (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. Financial statement users need information about certain limitations on a government's ability to raise resources, including limitations imposed by tax abatement programs.
- GASB Statement No. 78 (Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans). This Statement amends Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer.
- GASB Statement No. 80 (Blending Requirements for Certain Component Units). This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. As such, it amends Statement No. 14. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.
- GASB Statement No. 82 (An amendment of GASB Statements Nos. 67, 68, and 73). This Statement addresses certain issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

H. Pensions

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

I. Assets, Liabilities, and Net Position

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.

Investments

In accordance to GASB Statement No. 72, investments generally are to be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has the present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts.

A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share of the investment.

This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets. These assets were previously required to be measured at fair value.

Fair Value is measured using a hierarchy of inputs using valuation techniques. The hierarchy has three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

The valuation techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

Receivables and Payables

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

Property Tax Levy

Property taxes, which were levied during the fiscal year ended June 30, 2017, are recognized as revenue in the fund financial statements when received by the District during the fiscal year and also estimated to be received by the District within sixty (60) days after the fiscal year ended.

Property taxes that were levied during the current fiscal year, which are not estimated to be received within sixty (60) days after the fiscal year-end, are recorded as receivable and deferred inflows of resources in the fund financial statements.

In the government-wide financial statements, all property taxes levied during the fiscal year are recognized as revenue, net of estimated uncollectible amount.

Inventories

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. A physical inventory taken at June 30, 2017, shows \$52,026 as an asset in the governmental activities column of the government-wide statement of net position; a physical inventory taken at June 30, 2017, shows \$45,145 as an asset in the business-type activities column of the government-wide statement of net position.

Inventory type items in governmental funds utilize the purchase method. As such, no inventory is shown as an asset in the general fund or as nonspendable fund balance in the General Fund.

Inventory type items in Proprietary Funds use the consumption method, in which items are purchased for inventory and charged to expenses when used. The only Proprietary Fund of the District is the Food Service Fund. Inventory within this fund consists of donated commodities, which are valued at U.S.D.A.'s approximate costs, and purchased food. Inventories on hand at June 30, 2017, consist of:

Supplies	\$	3,655
Purchased Food		8,724
Donated Commodities		<u>32,766</u>
TOTAL	\$	<u>45,145</u>

Prepaid Expenses

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of two thousand-five hundred (\$2,500) dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized. All reported capital assets except land, certain land improvements, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	10 - 50 years	10 - 50 years
Furniture and Equipment	5 - 20 years	5 - 20 years
Vehicles	8 years	N/A

Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, and deferred amounts on refundings are deferred and amortized over the life of the bonds using modification of the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any deferred amount on refundings are reported as deferred outflows of resources and amortized over the life of the bond issue. Bond issuance costs are expensed in the year they are incurred.

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

Reclassification

Certain amounts have been reclassified to conform to the June 30, 2017, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements reported on the modified accrual basis of accounting.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net Investment in 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 School 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.

Fund Balance Categories

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Below are the potential categories of fund balance the government may use with their definitions, the actual categories used is explained in Note 7 to the financial statements:

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Nonspendable Fund Balance

This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance

Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or other government laws or regulations, or the constraint is imposed by enabling legislation or constitutional provisions.

Committed Fund Balance

This category pertains to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action.

This government's governing body is the School Board and the formal action taken to commit resources is done by resolution.

Assigned Fund Balance

This category includes all remaining amounts that are reported in governmental funds, except the general fund, that are not classified in one of the above-mentioned categories. In the general fund, this category represents the District's intent to use resources for a specific purpose, which does not require formal action by the governing body. The District's policy dictates the Superintendent and Business manager are responsible to make these assignments.

Unassigned Fund Balance

This category of fund balance represents the residual classification for the general fund after segregating resources used in the other categories listed above. Unassigned fund balance will only be shown in other governmental funds if those governmental funds have a negative net fund balance.

The District's policy on fund balance does not dictate which category of unrestricted fund balance is spent first, when resources are available to be spent in various categories. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts. The District's policy also does not dictate whether restricted (nonspendable or restricted) or unrestricted (committed, assigned, and unassigned) is spent first when resources are available in both categories. As such, in these circumstances, restricted will be assumed to have been spent first followed by the unrestricted categories.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds did not receive any capital contributions during this fiscal year.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Note 3 - Reconciliation of government-wide and fund financial statements

A. *Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.*

The governmental fund balance sheet includes a reconciliation between "fund balance - total governmental funds" and "net position - governmental activities" as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

The details of this \$170,872,981 difference are:

Bonds payable	\$ 15,265,000
Less: Issuance discount (to be amortized as interest expense)	(5,701)
Add: Issuance premium (to be amortized as a contra to interest expense)	651,275
Accrued interest payable	112,307
Net Pension Liability	147,724,971
Compensated absences	1,740,425
Net OPEB Obligation	4,244,273
Other Retirement Benefits	1,140,431
 Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	 \$ 170,872,981

B. *Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities*

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

- a) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.
- b) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording of depreciation expense on those items as recorded in the statement of activities.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

- c) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

	TOTAL GOVERN- MENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANS- ACTIONS	TOTAL FOR STATEMENT OF ACTIVITIES
REVENUES AND OTHER SOURCES					
LOCAL SOURCES:					
Property Taxes	\$ 45,925,781	\$ 616,633	\$ -	\$ -	\$ 46,542,414
Taxes levied for specific purposes	3,761,944	-	-	-	3,761,944
Interest and investment earnings	155,029	17,654	-	-	172,683
Miscellaneous	638,015	-	2,500	-	640,515
Contributions and Donations	2,000	-	-	-	2,000
Charges for Services	369,498	-	-	-	369,498
Grants, subsidies & contributions not restricted	26,341,176	-	-	-	26,341,176
Transfers in	-	-	-	-	-
INTERMEDIATE SOURCES:					
Charges for Services	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
STATE SOURCES:					
Operating and Capital grants and contributions	18,400,356	-	-	-	18,400,356
FEDERAL SOURCES:					
Operating and Capital grants and contributions	2,517,356	-	-	-	2,517,356
SPECIAL AND EXTRAORDINARY ITEMS:					
Proceeds from Extended Term Financing	-	-	-	-	-
Bond Premium	-	-	-	-	-
Proceeds from Bond Issues	-	-	-	-	-
Gain or (Loss) on disposal of assets	2,500	-	(2,500)	-	-
TOTAL REVENUES	98,113,655	634,287	-	-	98,747,942
EXPENDITURES/EXPENSES					
Instruction	59,273,745	1,872,044	(6,975)	-	61,138,814
Instructional Student Support	6,681,883	200,426	416	-	6,882,725
Admin. & Fin'l Support Services	6,145,466	412,206	82,893	-	6,640,565
Oper. & Maint. Of Plant Svcs.	8,620,098	360,883	36,082	-	9,017,063
Pupil Transportation	6,147,422	41,002	-	-	6,188,424
Student activities	1,424,332	56,514	29,289	-	1,510,135
Community Services	585,964	-	-	-	585,964
Capital Outlay	1,333,325	-	(1,333,325)	-	-
Debt Service	8,690,096	-	-	(8,185,181)	504,915
Special Item - Loss on Abandonment	-	-	-	-	-
Transfers Out	51,098	-	-	-	51,098
Depreciation - unallocated	-	-	2,622,329	-	2,622,329
TOTAL EXPENDITURES/EXPENSES	98,953,429	2,943,075	1,430,709	(8,185,181)	95,142,032
NET CHANGE FOR THE YEAR	\$ (839,774)	\$ (2,308,788)	\$ (1,430,709)	\$ 8,185,181	\$ 3,605,910

Note 4 - Stewardship, Compliance, and Accountability

A. Compliance with finance related legal and contractual provisions

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

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

B. Deficit fund balance or net position of individual funds

No individual fund contains a deficit fund balance or net position at June 30, 2017, except the governmental activities and business-type activities (Food Service Fund) has deficits of \$36,389,329, and \$1,207,015, respectively.

C. Excess of expenditures over appropriations in individual funds

No individual fund, which had a legally adopted budget, had an excess of expenditures over appropriations.

D. 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, 2017. 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.

Note 5 - Detailed notes on all funds and account groups

Assets

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2017, \$6,582,714 of the District's bank balance of \$10,024,374 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the District's name	6,582,714
TOTAL	\$ 6,582,714

Reconciliation to Financial Statements

Uncollateralized Amount Above	\$ 6,582,714
Plus: Insured Amount	3,441,660
Less: Outstanding Checks	(1,459,085)
Carrying Amount - Bank balances	8,565,289
Plus: Petty Cash	1,645
Deposits in Pooled Investments Considered Cash Equivalents	20,724,055
Deposits in Money Market Mutual Funds Considered Cash Equivalents	-
Less: Certificates of Deposit considered Investment by School Code	(4,191,246)
Total Cash Per Financial Statements	\$ 25,099,743

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Investments

Permitted investments for Pleasant Valley School District are defined in the Public School Code of 1949, as amended by Act 10 of 2016 as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
5. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.
7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
8. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
9. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
 - The investments of the company are the authorized investments listed above.
 - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

- The investment company is rated in the highest category by a nationally recognized rating agency.

11. Savings or demand deposits placed in accordance with the following conditions:

- The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
- The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.
- The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
- On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

As of June 30, 2017, the District had the following investments:

<i>Investment</i>	Maturities	Fair Value
Certificates of Deposit		\$ 4,191,280
PA School District Liquid Asset Fund		20,724,055
PA Local Government Investment Trust		-
TOTAL		\$ 24,915,335

Interest Rate Risk

The District does 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.

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2017, the District's investments were rated as follows:

<i>Investment</i>	Standard & Poor's
PA Local Government Investment Trust	AAA
PA School District Liquid Asset Fund	AAA

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. Of the Capital Reserve Fund's investments, 100% are in Certificates of Deposit with First Northern Bank & Trust. Of the General Fund's investments, 12.81% are held in various Certificate of thru PSDLAF. Of the District's governmental activities, 11.98% are invested in Certificates of Deposit thru PSDLAF.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

More than 5 percent of the Fiduciary Fund's investments are in Certificates of Deposit at ESSA Bank & Trust and First Northern Bank Trust, 46.74% and 8.99%, respectively. Of the entire entity, 11.80% of investments are held in Certificate of Deposits with PSDLAF.

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.

Reconciliation to Financial Statements

Total Investments Above	\$ 24,915,335
Less: Deposits in Investment Pool Considered Cash Equivalents	(20,724,055)
Deposits in Money Market Mutual Funds Considered Cash Equivalents	-
Total Investments Per Financial Statements	<u>\$ 4,191,280</u>

Fair Value Reporting

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 the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District did not have any recurring fair value investments at June 30, 2017. The District did have Cash Equivalents in 2a7-like external investment pools, which GASB Statement No. 72 allows to be recorded at amortized cost as provided in paragraph 16 of GASB Statement No. 31.

Property Taxes

Property taxes are levied on July 1, on the assessed value listed, as of that date, for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$340,473,020. In accordance with Act 1 of 2006, the District received \$4,071,503 in property tax reduction funds for the 2016-17 fiscal year. The tax rate for the year was \$14.7766 per \$100 of assessed valuation or 147.766 mills.

The property tax calendar is:

- | | | |
|--------------------------|---|---|
| July 1 | - | Full year tax assessed for current year. |
| July 1 - October 4 | - | Discount period during which a 2% discount is allowed. |
| October 5 - December 4 | - | Face amount of tax is due |
| December 5 - December 31 | - | A 10% penalty is added to all payments. |
| January 15 | - | All unpaid taxes become delinquent and are turned over to the County Tax Claim Bureau for Collection. |

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements.

Receivables

Receivables, as of year end, for the government's individual major funds and non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are:

	GENERAL FUND	CAPITAL PROJECT FUND	FOOD SERVICE FUND	NON- MAJOR FUNDS	FIDUCIARY FUNDS	TOTAL
RECEIVABLES:						
Interest	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ 11
Taxes	4,816,511	-	-	47,488	-	4,863,999
Accounts	83,197	-	483	-	2,376	86,056
Intergovernmental	4,367,725	-	134,888	-	-	4,502,613
GROSS RECEIVABLES	9,267,433	-	135,371	47,488	2,387	9,452,679
Less: Allowance for Uncollectibles	-	-	-	-	-	-
NET RECEIVABLES	\$ 9,267,433	\$ -	\$ 135,371	\$ 47,488	\$ 2,387	\$ 9,452,679

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were:

	UNAVAILABLE	UNEARNED
Delinquent Property taxes - General Fund	\$ 3,965,986	\$ -
Delinquent Property taxes - Library Fund	47,488	-
Grant drawdowns prior to meeting eligibility requirements	-	15,115
TOTAL	\$ 4,013,474	\$ 15,115

Capital Assets

Capital asset balances and activity for the year ending June 30, 2017, were:

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being depreciated:				
Land	\$ 1,724,661	\$ -	\$ -	\$ 1,724,661
Construction in Progress	951,693	1,333,325	(747,962)	1,537,056
Total Capital Assets not being depreciated	<u>2,676,354</u>	<u>1,333,325</u>	<u>(747,962)</u>	<u>3,261,717</u>
Capital Assets being depreciated:				
Site Improvements	3,503,278	316,087	-	3,819,365
Buildings and Bldg. Improvements	118,069,970	431,875	-	118,501,845
Furniture and Equipment	7,825,043	103,701	-	7,928,744
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>129,398,291</u>	<u>851,663</u>	<u>-</u>	<u>130,249,954</u>
Less accumulated depreciation for:				
Site Improvements	(2,159,353)	(242,161)	-	(2,401,514)
Buildings and Bldg. Improvements	(40,746,135)	(2,415,184)	-	(43,161,319)
Furniture and Equipment	(6,579,389)	(210,392)	-	(6,789,781)
TOTAL ACCUMULATED DEPRECIATION	<u>(49,484,877)</u>	<u>(2,867,737)</u>	<u>-</u>	<u>(52,352,614)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION	<u>79,913,414</u>	<u>(2,016,074)</u>	<u>-</u>	<u>77,897,340</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 82,589,768</u>	<u>\$ (682,749)</u>	<u>\$ (747,962)</u>	<u>\$ 81,159,057</u>
BUSINESS-TYPE ACTIVITIES:				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 1,560,869	\$ -	\$ -	\$ 1,560,869
Less accumulated depreciation	(1,330,911)	(22,605)	-	(1,353,516)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 229,958</u>	<u>\$ (22,605)</u>	<u>\$ -</u>	<u>\$ 207,353</u>

*** DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:**

Regular Instruction	\$ 7,225
Special Instruction	91
Vocational Instruction	9,008
Other Instruction	2,250
Adult Instruction	-
Community College Instruction	-
Pupil Services	-
Instructional Staff Svcs.	416
Administrative Services	8,305
Health Services	-
Business Services	2,558
Operation & Maintenance of Plant Svcs.	87,535
Pupil Transportation	-
Central Services	63,299
Other Support Services	8,731
Student Activities	55,990
Community Services	-
Depreciation - unallocated	<u>2,622,329</u>
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	<u>\$ 2,867,737</u>

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Governmental Activities did not dispose of any buildings and equipment during the year. The business-type activities did not dispose of any equipment this year.

Commitments

Encumbrances

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The General Fund Budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

The actual results of operations are presented in accordance with GAAP and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the District's legally adopted budget.

Long-Term Construction Commitments

The District had the following construction commitments in the Capital Project Fund.

	<u>CONTRACT AMOUNT</u>	<u>EXPENDED TO 6/30/17</u>	<u>OUTSTANDING COMMITMENTS</u>
<u>Locker School Renovations</u>			
Weiss Construction, Inc.	\$ 48,863	\$ 20,565	\$ 28,298
<u>High School Roof Restoration</u>			
Tremco Weatherproofing Technologies	681,391	248,367	433,024
-	<u>\$ 730,254</u>	<u>\$ 268,932</u>	<u>\$ 461,322</u>

Short-term debt

Interfund receivables and payables

The following interfund receivables and payables were in existence on June 30, 2017:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 135,212	\$ 135,858
Special Revenue (Western Pocono) Fund	7,663	-
Enterprise (Food Service) Fund	133,068	62,898
Agency (Payroll) Fund	-	75,574
Agency (Activity) Fund	-	1,613
TOTAL	<u>\$ 275,943</u>	<u>\$ 275,943</u>

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Interfund Transfers

The District also made the following interfund transfers during the fiscal year ended June 30, 2017:

	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
General Fund	\$ -	\$ 910,333
Capital Project (Capital Reserve) Fund	859,235	
Private-Purpose Trust Funds	-	-
Enterprise (Food Service) Fund	51,098	-
TOTAL	<u>\$ 910,333</u>	<u>\$ 910,333</u>

Long-term liabilities

Long-term liability balances and activity for the year ended June 30, 2017, were:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
<u>GOVERNMENTAL ACTIVITIES:</u>					
<i>General Obligation Debt:</i>					
<i>Bonds and notes payable:</i>					
Capital Projects	\$ 24,294,477	\$ 1,066	\$ 8,384,969	\$ 15,910,574	\$ 8,270,000
Lease Rental Obligations	-	-	-	-	-
Total general obligation debt	<u>24,294,477</u>	<u>1,066</u>	<u>8,384,969</u>	<u>15,910,574</u>	<u>8,270,000</u>
<i>Other liabilities:</i>					
<i>Vested employee benefits:</i>					
Vacation pay	529,688	-	193,106	336,582	18,745
Sick pay	1,772,892	336,354	-	2,109,246	686,658
Other Retirement Benefits	1,037,064	103,367	-	1,140,431	-
Net Pension Liability	128,617,746	19,107,225	-	147,724,971	-
Net OPEB Obligation	3,508,656	735,617	-	4,244,273	-
Total other liabilities	<u>135,466,046</u>	<u>20,282,563</u>	<u>193,106</u>	<u>155,555,503</u>	<u>705,403</u>
TOTAL GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES	<u>\$ 159,760,523</u>	<u>\$ 20,283,629</u>	<u>\$ 8,578,075</u>	<u>\$ 171,466,077</u>	<u>\$ 8,975,403</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>					
<i>Other liabilities:</i>					
Net Pension Liability	\$ 2,126,223	\$ 317,704	-	\$ 2,443,927	\$ -
<i>Vested employee benefits:</i>					
Vacation pay	5,203	-	1,766	3,437	-
Sick pay	73,254	-	8,031	65,223	-
TOTAL BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES	<u>\$ 2,204,680</u>	<u>\$ 317,704</u>	<u>\$ 9,797</u>	<u>\$ 2,512,587</u>	<u>\$ -</u>

Payments on bonds and notes are made by the general fund. Vested employee benefits will be liquidated by governmental and proprietary funds. The School District currently does not have any bonds or notes payable in business-type activities

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Total Interest paid and accrued during the year:

	<u>EXPENSE</u>	<u>PAID</u>
GOVERNMENTAL ACTIVITIES		
General obligation debt	\$ 504,915	\$ 940,096
Capital Leases	-	-
TOTAL INTEREST FOR GOVERNMENTAL ACTIVITIES	<u>\$ 504,915</u>	<u>\$ 940,096</u>

General Obligation Bonds – Series of 2012

On March 1, 2012, the District issued \$3,715,000 of General Obligation Bonds – Series of 2012. The purpose of this issue is (1) used to provide funds for energy improvements and upgrades to existing buildings and facilities of the District and (2) to pay certain costs relating to issuing and insuring of the bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from November 1, 2012 to November 1, 2026. Interest rates range from 2.00% to 2.75% with total interest indebtedness of \$730,129. The outstanding debt service requirements at June 30, 2017, are:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2017-18	\$ 240,000	\$ 60,675
2018-19	255,000	55,725
2019-20	260,000	50,575
2020-21	265,000	45,325
2021-22	270,000	39,806
2022-27	<u>1,460,000</u>	<u>97,269</u>
SUB-TOTAL	2,750,000	<u>\$ 349,375</u>
Unamortized Discount	(5,701)	
Unamortized Premium	<u>21,423</u>	
TOTAL OUTSTANDING	<u>\$ 2,765,722</u>	

General Obligation Bonds – Series of 2015

On August 19, 2015, the District issued \$22,130,000 of General Obligation Bonds – Series of 2015. The purpose of this issue is (1) to currently refund the GOB Series 2010, currently outstanding in the aggregate principal amount of \$23,385,000, and (2) to pay certain costs relating to issuing and insuring of the bonds.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from May 1, 2016 to May 1, 2019. Interest rates range from 2.00% to 5.00% with total interest indebtedness of \$2,326,810. The remaining outstanding debt service requirements at June 30, 2017, are:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2017-18	\$ 8,030,000	\$ 625,750
2018-19	<u>4,485,000</u>	<u>224,250</u>
SUB-TOTAL	\$ 12,515,000	<u>\$ 850,000</u>
Unamortized Premium	<u>629,852</u>	
TOTAL OUTSTANDING	<u>\$ 13,144,852</u>	

**Pleasant Valley School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2017**

<u>FISCAL YEAR</u>	<u>G.O.B. SERIES OF 2012</u>	<u>G.O.B. SERIES OF 2015</u>	<u>TOTAL PRINCIPAL PAYMENTS</u>
2017-18	\$ 240,000	\$ 8,030,000	\$ 8,270,000
2018-19	255,000	4,485,000	4,740,000
2019-20	260,000	-	260,000
2020-21	265,000		265,000
2021-22	270,000		270,000
2022-27	1,460,000	-	1,460,000
TOTAL	2,750,000	12,515,000	15,265,000
LESS: PAYABLE WITHIN ONE YR LONG-TERM PRINCIPAL DUE	240,000	8,030,000	8,270,000
AFTER ONE YEAR	<u>\$ 2,510,000</u>	<u>\$ 4,485,000</u>	<u>\$ 6,995,000</u>

<u>FISCAL YEAR</u>	<u>G.O.B. SERIES OF 2012</u>	<u>G.O.B. SERIES OF 2015</u>	<u>TOTAL DEBT SERVICE PAYMENTS</u>
2017-18	\$ 300,675	\$ 8,655,750	\$ 8,956,425
2018-19	310,725	4,709,250	5,019,975
2019-20	310,575	-	310,575
2020-21	310,325	-	310,325
2021-22	309,806		309,806
2022-27	1,557,269	-	1,557,269
TOTAL	<u>\$ 3,099,375</u>	<u>\$ 13,365,000</u>	<u>\$ 16,464,375</u>

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Compensated Absence

Sick-Pay

Under the District's various bargaining agreements and plans, professional and eligible support personnel accumulate unused sick days from year to year based on their classification. These accumulated sick days are non-vesting during the employee's tenure. Personal days not used are added to the sick leave accumulation. Upon retirement, these employees are eligible for remuneration on unused sick days for the following bargaining agreements:

1. Pleasant Valley Education Assoc. Members.
2. Pleasant Valley Educational Support Personnel, ESPA/PSEA/NEA Members.
3. Administrative Plan Members.

The District maintains records of each employee's accumulated sick days that are vested with employees who are eligible to retire and those under the administrative plan. In accordance with GASB Statement No. 16, the amount recorded for sick leave termination benefit earned as of June 30, 2017, in the General Fund, that will use currently available financial resources is \$686,658 which includes the employer's share of FICA tax (net of reimbursement). This amount is also shown as a current liability in the governmental activities column of the government-wide statement of net position. The amount of termination benefits earned and recorded in the Enterprise Fund and in the business-type activities column of the government-wide statement of net position, is \$65,223, including FICA tax (net of reimbursement). The remaining balance of termination benefits of \$1,422,588, including FICA tax (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position.

Vacation Leave

Unused vacation leave is paid upon an employee's termination; therefore a liability has been recorded. The vacation leave earned and recorded in the Enterprise Fund and in the business-type activities column of the government-wide statement of net position is \$3,437, including FICA tax and retirement contributions (net of reimbursement). The vacation leave earned as of June 30, 2017, in the General Fund that will use currently available financial resources is \$18,745, including FICA tax and retirement contributions (net of reimbursement). This amount is also shown as a current liability in governmental activities column of the government-wide statement of net position. The remaining vacation leave earned as of June 30, 2017, of \$317,837, including FICA tax and retirement contributions (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position.

Defined Benefit Pension Plans

Pension Plan

The Government Accounting Standards Board (GASB) requires that state and local governmental employers disclose in their notes to financial statements, certain information about the public employee retirement systems to which they contribute.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

General Information about the Pension Plan

Plan Description

The Public School Employees' Retirement System (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. 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.state.pa.us.

Benefits provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits reaching (a) age 62 with at least 1 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 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 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

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

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

Contributions

Member Contributions:

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

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

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

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50 percent (automatic Membership Class T-D). For all new hires and for members who elected 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 contributes at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and 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 fiscal year ended June 30, 2017 was 29.2% 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 \$11,625,477 for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$150,168,898 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, with rolling forward the System's total pension liability as of June 30, 2016. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2016, the District's proportion was 0.3044 percent, which was an increase of 0.0016 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$14,458,395. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	\$ 34,261	\$ -
Changes in Assumptions	5,445,000	-
Net difference between projected and actual contributions made	-	291,085
Net difference between projected and actual earnings on pension plan investments	8,408,000	
Difference between expected and actual experience	-	1,257,000
Changes in proportion of the Net Pension Liability	-	2,098,000
District contributions subsequent to the measurement date	<u>11,625,477</u>	<u>-</u>
Total	<u>\$ 25,512,738</u>	<u>\$ 3,646,085</u>

\$11,625,477 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>Amount</u>
2017	\$ 1,669,000
2018	1,583,395
2019	3,770,395
2020	3,245,814
2021	(27,428)
Thereafter	-
Total	<u>\$ 10,241,176</u>

Actuarial assumptions

The total pension liability as of June 30, 2016, was determined by rolling forward the System's total pension liability as of June 30, 2015 to June 30, 2016 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 increases – Effective average of 5.00%, which reflects an allowance for 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 Combined Healthy Annuitant Tables (male and female) adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2014 Mortality Tables for

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	22.5%	5.3%
Fixed Income	28.5%	2.1%
Commodities	8.0%	2.5%
Absolute return	10.0%	3.3%
Risk parity	10.0%	3.9%
Infrastructure/MLPs	5.0%	4.8%
Real estate	12.0%	4.0%
Alternative investments	15.0%	6.6%
Cash	3.0%	0.2%
Financing (LIBOR)	-14.0%	0.5%
	100%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2016.

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Discount Rate

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate, using the net position liability reported by PSERS before adjusting for differences on projected vs actual contributions made.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 184,531,000	\$ 150,851,000	\$ 122,550,000

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Public School Employees' Retirement System's *Comprehensive Annual Financial Report* (CAFR) that includes financial statements and required supplementary information for the plan, which can be found at www.psers.state.pa.us.

Other Post Employment Benefits

Plan Description. Pleasant Valley School District has one single-employer defined benefit plan.

1. In Accordance with the PA School Code of 1949, as amended, medical coverage is provided to eligible retirees and spouses with the retiree paying the full active premium rate for coverage until age 65. This benefit has an implicit rate subsidy based upon GASB Statement No. 45, since the retiree pays the premium at the insurance carrier's global rate charged to the School District versus an age-adjusted rate, as defined in the GASB Statement.
2. The following schedule represents the summary of the other post employment benefit plan:

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

<i>Group</i>	<i>Eligibility</i>	<i>Coverage And Premium Sharing</i>	<i>Duration</i>
<u>I. ADMINISTRATORS</u>			
<u>A) Retired prior to July 1, 2013</u>	N/A – Already retired.	<ul style="list-style-type: none"> • Coverage: Medical, Dental, Prescription Drug, and Vision. • Premium Sharing: If member has 25 years of service with the District and retires through PSERS, the district will contribute 100% of the premium rate for the member less the active co-pay at the time of retirement. Based on the contract, the annual active co-pay is \$780 for 2011-2012 and \$975 for 2012-2013. Dependents must pay premium determined for the purpose of COBRA. • Upon the death of a retiree, the spouse may continue coverage by paying the full premium. • Dependents: Family included. 	<ul style="list-style-type: none"> • Member – Coverage ceases upon Medicare age. • Spouse – Coverage ceases upon the earlier of Medicare age and member Medicare age. Upon the death of a retiree, the spouse may continue coverage until Medicare age.
<u>B) Retired on or after July 1, 2013</u>	Must have 10 years of service with the district and retire through PSERS or be eligible for Act 110/43.	<ul style="list-style-type: none"> • Coverage: Medical, Dental, and Prescription Drug • Premium Sharing: If member has 10 years of service with the district and retires through PSERS, the district will contribute 100% of the premium rate for the member less the active co-pay at the time of retirement. And the PSERS supplement. Based on the current contract, the annual active co-pay is \$1,105 for 2013-2014, \$1,170 for 2014-2015, and \$520 for 2015-2016 through 2017-2018. Dependents must pay the full premium to continue coverage. If Act 110/43, membr must pay premium determined for the purpose of COBRA. • Upon the death of a retiree, the spouse may continue coverage by paying the full premium • Dependents: Family included. 	Same as IA
<u>II. CONFIDENTAL SECRETARIES</u>	Must have 25 years of service with the district and retire through PSERS or be eligible for Act 110/43. 1	<ul style="list-style-type: none"> • Coverage: Medical, Dental, and Prescription Drug • Premium Sharing: If member has 25 years of service with the district and retires through PSERS, the district will contribute 100% of the premium rate for the member less the active co-pay at the time of retirement. Based on the current contract, the annual active co-pay is \$585 for 2015-2016, \$260 for 2017-2018. Dependents must pay the full premium to continue coverage. If Act 110/43, membr must pay premium determined for the purpose of COBRA. • Upon the death of a retiree, the spouse may continue coverage by paying the full premium • Dependents: Family included. 	Same as 1

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

<i>Group</i>	<i>Eligibility</i>	<i>Coverage And Premium Sharing</i>	<i>Duration</i>
<u>III. TEACHERS</u>			
A) Retired prior to July 1, 2013	N/A – Already retired	<ul style="list-style-type: none"> • Coverage: Medical, Dental, Prescription Drug, and Vision. • Premium Sharing: If member has 25 years of service with the District and retires through PSERS, the district will contribute 100% of the premium rate for the member less the active co-pay at the time of retirement. Based on the contract, the annual active co-pay is \$780 for 2011-2013 and \$975 for 2012-2013. Dependents must pay the full premium to continue coverage. If Act 110/43, member must pay premium determined for the purposes of COBRA. • Upon the death of a retiree, the spouse may continue coverage by paying the full premium.. • Dependents: Family included. 	Same as 1A.
B) Retired on or after July 1, 2013	Same as II	<ul style="list-style-type: none"> • Coverage: Medical, Dental, and Prescription Drug • Premium Sharing: If member has 25 years of service with the district and retires through PSERS, the district will contribute 100% of the premium rate for the member less the greater of the active co-pay at the time of retirement and the PSERS supplement. Based on the current contract, the annual active co-pay is \$1,105 for 2013-2014, \$1,170 for 2014-2015, and \$520 for 2015-2016. Through 2017-2018. Dependents must pay the full premium to continue coverage. If ACT 110/43, member must pay premium determined for the purpose of COBRA. • Upon the death of a retiree, the spouse may continue coverage by paying the full premium • Dependents: Family included. 	Same as 1A
<u>IV. SUPPORT STAFF</u>	Same as II	ACT 110/43	Same as 1A

Notes: Act 110/43 Benefit: 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.

PSERS Retirement:

- 1) For individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS retirement if he (or she) is eligible for either: 1) PSERS early retirement while under 62 with 5 years of PSERS Service or 2) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age.
- 2) For individuals who became members of PSERS ON OR AGTER July 1, 2011, an employee is eligible for PSERS retirement if he (or she) is eligible for either: 1) PSERS early retirement while under 65 with 10 years of PSERS Service or 2) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service.
- 3) All individuals are eligible for a special early retirement

Benefits Not Reflected in Valuation: Unused sick leave and sabbatical conversions are not covered under GASB No. 45. They should be accounted for GASB No. 16

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Funding Policy and Annual OPEB Cost. This benefit is state mandated via the School Code statute. The District's annual other post-employment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost, each year, and to amortize any unfunded actual liabilities (or funding excess) over a period not to exceed thirty years. The District's annual OPEB cost for the current year and the related information is as follows:

Contribution Rates:	OPEB Benefit Actuarially Determined
Interest Rate	4.5%
Plan Members	698
Annual Required Contribution	\$ 1,613,508
Interest on net OPEB obligation	157,890
Adjustment to annual required contribution	<u>(215,402)</u>
Annual OPEB cost	1,555,996
Contributions made	<u>(820,379)</u>
Increase in net OPEB obligation	735,617
Net OPEB obligation - beginning of year	<u>3,508,656</u>
Net OPEB obligation - end of year	<u>\$ 4,244,273</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation of the five fiscal years ending June 30th, for the benefits were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2017	\$ 1,555,996	52.7%	\$ 4,244,273
6/30/2016	1,567,861	53.8%	3,508,656
6/30/2015	1,366,589	51.2%	2,784,787
6/30/2014	1,378,082	49.1%	2,118,419
6/30/2013	703,507	71.0%	1,417,242

Funding Status and Funding Process. The funded status of the benefits as of June 30, 2017, was as follows:

	Healthcare Benefit <u>Governmental Activity</u>
Actuarial accrued liability (a)	\$ 15,157,533
Actuarial value of plan assets (b)	<u>-</u>
Unfunded actuarial accrued liability (a) - (b)	<u>\$ 15,157,533</u>
Funded Ratio (b) / (a)	0.0%
Covered payroll	\$ 35,651,780
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll.	42.5%

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Actual valuations involve estimate of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the benefits and the annual required contributions of the employer are subject to continual revision, actual results are compared to past expectations, and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, provides multiyear trend information that shows whether the actuarial value of plan net position is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actual Methods and Assumptions. Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the type of benefits in force at the valuation date and the pattern of sharing benefit costs between the district and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	State-mandated Healthcare Benefit
Actuarial Valuation Date	1/1/2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar method over a 30 year period
Remaining amortization years	16.2889
Asset Valuation Method	pay as you go basis
Actuarial Assumptions:	
Investment rate of return	4.5%
Projected salary increases	3.75% to 6.25%
Healthcare inflation rate	
2016 +	6.5% to 3.8%

Other Long-Term Retirement Benefits

Sabbatical/Accumulated Sick-Day Exchange Options for Health Insurance payments Upon Retirement for Act 93 Employees.

An administrator who is eligible for a sabbatical and who has never exercised the option of prior paid sabbatical from the District may choose to exchange a sabbatical leave for a monetary/escrow upon retirement. The escrow account shall be used only for the purchase of health and/or long-term care insurance as designated by the administrator. The sabbatical exchange escrow is calculated by determining the cost difference between the total cost of an administrative sabbatical and continuous employment in the district. A replacement administrator's salary shall be determined at 10% less than the incumbent administrator.

We have estimated a long-term liability of \$1,140,431, shown under the governmental activities column on the government-wide Statement of Net Position as of June 30, 2017.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Other Employee Benefits

Employee Medical Insurance

The Pleasant Valley School District is one of the ten members comprising the Employee Benefit Trust of Eastern Pennsylvania. Trustees, acting as representatives of the members, manage the schedule of benefits as determined by respective members, ensure the trust is adequately funded, review claims administration and obtain excess catastrophe insurance. The Trustees have appointed independent consultants to provide the administrative services for the Trust. The accountability for the Trust's fiscal matters remains with the Board of Trustees. The Trust owes \$6,011,482, to the District as of June 30, 2017, for excess premiums paid.

Note 6- Risk Management

The District is subject to risk of loss from employee acts, property damage, personal injury, auto accidents, theft, etc. The District covers those risks through the purchase of commercial insurance. The premiums for the District's worker'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 company. Any settlements received or paid by the District are recorded as revenue or expenditures (expenses) in the subsequent year.

Note 7 - Fund Balance Allocations

Restricted Fund Balance

The two Capital Project Funds have restrictions on the use of the resources at year end. The Capital Reserve Fund's \$1,942,717 fund balance at year end is restricted because of enabling legislation under the Municipal Code in Pennsylvania. Section 1432 of this Code restricts the use of resources for limited purposes. In addition, the debt covenant on previous bond issues restrict the proceeds shown in the Construction Fund for the purposes outlined in the bond resolution. As such, the \$494,840, in fund balance at year end within this fund is considered restricted.

Nonspendable Fund Balance

The District has \$7,654 in prepaid expenditures at year end, which is not available to be spent.

Committed Fund Balance

The governing body (Board of School Directors) has committed \$1,112,000, of the General Fund's year end fund balance for eventual payment to stabilize retirement rate increases, \$4,658,000 for future capital needs, and \$5,218,013 for tax rate stabilization.

Assigned Fund Balance

The General Fund has \$5,581,267, assigned for balancing the 2017-18 general fund budget.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

Note 8 - Restricted Net Position

Net Investment in Capital Assets

The components of this restriction are total capital assets of \$87,170,539, unspent proceeds of \$494,840, with related debt of \$15,674,727, which includes unamortized bonds discounts, premiums, and deferred refunding charges. The business-type activities column reflects \$207,353 invested in capital assets with no related debt. The governmental activities also restricted \$1,942,717 for capital projects.

Note 9 - Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2017.

Litigation

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District, except for the following:

Possible cessation of debt service subsidy

On June 30, 2014, the Pleasant Valley School District closed Polk Elementary Center due to declining enrollment. This building has been repurposed and leased to nonprofit entities. The Pennsylvania Department of Education is considering a request for an exception to cessation of debt service subsidy based on the repurposing of the building. If this request is unsuccessful, the school district will be responsible for returning approximately \$350,000 to the Commonwealth of Pennsylvania. The outcome of this request at this time is unclear.

Note 10 – New Accounting Pronouncements

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

- *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* – This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

- Statement No. 81, *Irrevocable Split-Interest Agreements* – The purpose of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement, at present, will not apply to this government.
- Statement No. 83, *Certain Asset Retirement Obligations* – This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.
- Statement No. 84, *Fiduciary Activities* – This Statement is designed to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement 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.
- Statement No. 85, *Omnibus 2017* – The objective of this Statement is to address practice issues that have been identified during implementation and application of certain previous GASB Statements. This Statement addresses a variety of topics related to blending component units, goodwill, fair value measurement and application, and postemployment benefits.
- Statement No. 86, *Certain Debt Extinguishment Issues* – The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt – and placed in an irrevocable trust for the sole purpose of extinguishing debt.
- Statement No. 87, *Leases* – The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires 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.

**REQUIRED
SUPPLEMENTAL INFORMATION**

**Pleasant Valley School District
 Schedule of Funding Progress
 Fiscal Year Ended June 30, 2017**

Healthcare Benefit						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Unit Credit (b)	Unfunded AAL (UALL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
1/1/2016	\$ -	\$ 15,157,533	\$ 15,157,533	0.0%	\$ 35,651,780	42.52%
1/1/2014	-	13,014,653	13,014,653	0.0%	36,169,969	35.98%
1/1/2012	-	6,845,665	6,845,665	0.0%	38,272,729	17.89%

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2017

	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
District's proportion of the net pension liability (asset)	0.3044%	0.3028%	0.3129%
District's proportionate share of the net pension liability (asset)	\$ 150,851,000	\$ 131,159,000	\$ 123,848,000
District's covered employee payroll	39,813,278	39,351,697	38,943,017
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	26.39%	30.00%	31.44%
Plan fiduciary net position as a percentage of the total pension liability	50.14%	54.36%	57.24%

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2017

	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Contractually required contribution	\$ 11,625,477	\$ 9,837,925	\$ 7,983,318	\$ 5,744,937	\$ 4,155,305	\$ 2,863,358	\$ 1,931,837	\$ 1,330,413	\$ 1,892,104	\$ 2,291,725
Contributions in relation to the contractually required contribution	<u>11,625,477</u>	<u>9,837,925</u>	<u>7,983,318</u>	<u>5,744,937</u>	<u>4,155,305</u>	<u>2,863,358</u>	<u>1,931,837</u>	<u>1,330,413</u>	<u>1,892,104</u>	<u>2,291,725</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 employee payroll	\$ 39,813,278	\$ 39,351,697	\$ 38,943,017	\$ 35,905,855	\$ 36,133,089	\$ 35,791,969	\$ 38,636,738	\$ 33,260,323	\$ 47,302,608	\$ 35,585,797
Contributions as a percentage of covered employee payroll	29.20%	25.00%	20.50%	16.00%	11.50%	8.00%	5.00%	4.00%	4.00%	6.44%

**Pleasant Valley School District
Notes to Required Supplementary Information
Fiscal Year Ended June 30, 2017**

Public School Employees' Retirement System

Changes of benefit terms

None

Changes in assumptions

- The Investment Rate of Return was adjusted from 7.50% to 7.25%
- The inflation assumption was decreased from 3.0% to 2.75%
- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.5%, to an 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 modified from the RP-2000 Combined healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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. For disabled annuitants the RP-2000 Combined Disabled Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale

Methods and assumptions used in calculations of actuarially determined contributions

The actuarially determined contributions, by PSERS, are calculated as of the June 30 preceding the fiscal year in which contributions are made. It does not include an adjustment made for the difference between projected vs actual contributions. The following methods and assumptions were used to determine contribution rates reported:

- Investment return – 7.25%, includes inflation at 2.75%.
- Salary increases – Effective average of 5.0%, which reflects an allowance for inflation of 2.75%, and 2.25% for real wage growth and merit or seniority increases.
- Benefit payments – no postretirement benefit increases assumed in the future.
- Multiple decrement tables – mortality, vesting, retirement age, and withdrawal estimates are based upon tables provided by the actuary.

Proportionate Share of the Net Pension Liability

The amount reported as the District's proportionate share of the net pension liability (asset) does not include the adjustment for the difference between projected vs actual contributions made.

S U P P L E M E N T A L I N F O R M A T I O N S E C T I O N

**Pleasant Valley School District
Combining Balance Sheet
All Capital Project Funds
As of June 30, 2017**

	CAPITAL RESERVE FUND	CONSTRUCTION FUND	TOTAL CAPITAL PROJECT FUNDS
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,083,941	\$ 748,679	\$ 1,832,620
Investments	858,776	-	858,776
Taxes Receivable, net	-	-	-
Other Receivables	-	-	-
Due from other funds	-	-	-
Prepaid Expenditures	-	-	-
Inventories	-	-	-
TOTAL ASSETS	\$ 1,942,717	\$ 748,679	\$ 2,691,396
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charges on Refundings, net	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 1,942,717	\$ 748,679	\$ 2,691,396
<u>LIABILITIES</u>			
Accounts Payable	\$ -	\$ 253,839	\$ 253,839
Due to other funds	-	-	-
Interest Payable	-	-	-
Payable to other governments	-	-	-
Escheat Property	-	-	-
TOTAL LIABILITIES	-	253,839	253,839
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unearned Revenue	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	253,839	253,839
FUND BALANCES:			
Nonspendable Fund Balance	-	-	-
Restricted Fund Balance	1,942,717	494,840	2,437,557
Committed Fund Balance	-	-	-
Assigned Fund Balance	-	-	-
TOTAL FUND BALANCES	1,942,717	494,840	2,437,557
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,942,717	\$ 748,679	\$ 2,691,396

Pleasant Valley School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Capital Project Funds
For the Year Ended June 30, 2017

	CAPITAL RESERVE FUND	CONSTRUCTION FUND	TOTAL CAPITAL PROJECT FUNDS
REVENUES			
Local Sources	\$ 3,521	\$ 5,028	\$ 8,549
State Sources	-	-	-
Federal Sources	-	-	-
TOTAL REVENUES	3,521	5,028	8,549
EXPENDITURES			
Instruction	-	-	-
Support Services	-	-	-
Operation of Non-Instructional Services	-	-	-
Capital Outlay	-	1,315,459	1,315,459
Debt Service	-	-	-
TOTAL EXPENDITURES	-	1,315,459	1,315,459
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,521	(1,310,431)	(1,306,910)
OTHER FINANCING SOURCES (USES)			
Proceeds of long-term capital-related debt	-	-	-
Proceeds from Refunding Bond Issues	-	-	-
Bond Premium	-	-	-
Bond Discount	-	-	-
Payment to bond refunding escrow agent	-	-	-
Sale/Compensation for Fixed Assets	-	-	-
Transfers in	859,235	-	859,235
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES AND USES	859,235	-	859,235
NET CHANGE IN FUND BALANCES	862,756	(1,310,431)	(447,675)
FUND BALANCES - BEGINNING	1,079,961	1,805,271	2,885,232
FUND BALANCES - ENDING	\$ 1,942,717	\$ 494,840	\$ 2,437,557

Pleasant Valley School District
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
For the Year Ended June 30, 2017

	STUDENT SENATE SCHLRSHP	ARTHUR A. SMITH MEMORIAL	BRANDON KROEMELBEIN MEMORIAL	KELLY DUELL SCHLRSHP	DEBRA PERRONE SCHLRSHP	JOSEPH BURNS SCHLRSHP	JAMES GROMES SCHLRSHP	PRISCILLA MARINELLO SCHLRSHP	PVE SCHLRSHP
Assets & Deferred Outflows of Resources									
Cash	\$ 1,451	\$ 438	\$ 172	\$ 1,106	\$ 1,907	\$ 5,330	\$ 227	\$ 2,021	\$ 238
Investments	-	-	-	-	-	-	17,581	-	-
Accrued Interest Receivable	-	-	-	-	-	-	-	-	-
Deferred Outflow of Resources	-	-	-	-	-	-	-	-	-
Total Assets & Deferred Outflows of Resources	\$ 1,451	\$ 438	\$ 172	\$ 1,106	\$ 1,907	\$ 5,330	\$ 17,808	\$ 2,021	\$ 238
Liabilities & Deferred Inflows of Resources									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Payables	-	-	-	-	-	-	-	-	-
Deferred Inflow of Resources	-	-	-	-	-	-	-	-	-
Total Liabilities & Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-
NET POSITION									
Held in Trust for future recipients	\$ 1,451	\$ 438	\$ 172	\$ 1,106	\$ 1,907	\$ 5,330	\$ 17,808	\$ 2,021	\$ 238

Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Year Ended June 30, 2017

	STUDENT SENATE SCHLRSHP	ARTHUR A. SMITH MEMORIAL	BRANDON KROEMELBEIN MEMORIAL	KELLY DUELL SCHLRSHP	DEBRA PERRONE SCHLRSHP	JOSEPH BURNS SCHLRSHP	JAMES GROMES SCHLRSHP	PRISCILLA MARINELLO SCHLRSHP	PVE SCHLRSHP
ADDITIONS:									
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600	\$ -	\$ -
Interfund Transfers In	-	-	-	-	-	-	-	-	-
INVESTMENT EARNINGS:									
Interest and dividends	1	-	-	1	1	3	201	1	-
TOTAL ADDITIONS	1	-	-	1	1	3	801	1	-
DEDUCTIONS:									
Administrative Charges	-	-	-	-	-	-	-	-	-
Interfund Transfers Out	-	-	-	-	-	-	-	-	-
Awards	500	-	-	-	-	-	1,000	-	-
TOTAL DEDUCTIONS	500	-	-	-	-	-	1,000	-	-
CHANGES IN NET POSITION	(499)	-	-	1	1	3	(199)	1	-
NET POSITION - BEG. OF THE YR	1,950	438	172	1,105	1,906	5,327	18,007	2,020	238
NET POSITION - END OF THE YR	\$ 1,451	\$ 438	\$ 172	\$ 1,106	\$ 1,907	\$ 5,330	\$ 17,808	\$ 2,021	\$ 238

<u>SADD</u> <u>SCHLRSH</u>	<u>LISA</u> <u>TOMILLO</u> <u>SCHLRSH</u>	<u>ERIC</u> <u>MURPHY</u> <u>SCHLRSH</u>	<u>REBECCA</u> <u>NELSON</u> <u>SCHLRSH</u>	<u>ANTHONY</u> <u>ZARZYCKI</u> <u>SCHLRSH</u>	<u>RANDY</u> <u>MOTTS</u> <u>SCHLRSH</u>	<u>RICKY</u> <u>FINELLI</u> <u>MEMORIAL</u>	<u>TIMOTHY</u> <u>BOGART</u> <u>SCHLRSH</u>	<u>FARON</u> <u>FREY</u> <u>SCHLRSH</u>	<u>JOSEPH</u> <u>BILICIC</u> <u>SCHLRSH</u>	<u>TOTAL</u>
\$ 912	\$ 5,349	\$ 1,182	\$ 630	\$ 1,980	\$ 610 2,076	\$ 7,527	\$ -	\$ 10,914	\$ 183	\$ 42,177
-	-	-	-	-	-	-	-	-	-	19,657
-	-	-	-	-	-	-	-	-	-	-
<u>\$ 912</u>	<u>\$ 5,349</u>	<u>\$ 1,182</u>	<u>\$ 630</u>	<u>\$ 1,980</u>	<u>\$ 2,686</u>	<u>\$ 7,527</u>	<u>\$ -</u>	<u>\$ 10,914</u>	<u>\$ 183</u>	<u>\$ 61,834</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ 1,000
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,000	-	1,000
<u>\$ 912</u>	<u>\$ 5,349</u>	<u>\$ 1,182</u>	<u>\$ 630</u>	<u>\$ 1,980</u>	<u>\$ 2,686</u>	<u>\$ 7,527</u>	<u>\$ -</u>	<u>\$ 9,914</u>	<u>\$ 183</u>	<u>\$ 60,834</u>

<u>SADD</u> <u>SCHLRSH</u>	<u>LISA</u> <u>TOMILLO</u> <u>SCHLRSH</u>	<u>ERIC</u> <u>MURPHY</u> <u>SCHLRSH</u>	<u>REBECCA</u> <u>NELSON</u> <u>SCHLRSH</u>	<u>ANTHONY</u> <u>ZARZYCKI</u> <u>SCHLRSH</u>	<u>RANDY</u> <u>MOTTS</u> <u>SCHLRSH</u>	<u>RICKY</u> <u>FINELLI</u> <u>MEMORIAL</u>	<u>TIMOTHY</u> <u>BOGART</u> <u>SCHLRSH</u>	<u>FARON</u> <u>FREY</u> <u>SCHLRSH</u>	<u>JOSEPH</u> <u>BILICIC</u> <u>SCHLRSH</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,525	\$ -	\$ 4,596	\$ -	\$ 12,721
-	-	-	-	-	-	-	-	-	-	-
-	2	1	-	1	14	2	-	4	-	232
-	2	1	-	1	14	7,527	-	4,600	-	12,953
-	-	-	-	-	-	-	-	-	-	-
-	-	1,000	-	500	1,000	-	-	1,000	-	5,000
-	-	1,000	-	500	1,000	-	-	1,000	-	5,000
-	2	(999)	-	(499)	(986)	7,527	-	3,600	-	7,953
912	5,347	2,181	630	2,479	3,672	-	-	6,314	183	52,881
<u>\$ 912</u>	<u>\$ 5,349</u>	<u>\$ 1,182</u>	<u>\$ 630</u>	<u>\$ 1,980</u>	<u>\$ 2,686</u>	<u>\$ 7,527</u>	<u>\$ -</u>	<u>\$ 9,914</u>	<u>\$ 183</u>	<u>\$ 60,834</u>

**Pleasant Valley School District
Combining Balance Sheet
All Agency Funds
As of June 30, 2017**

	<u>ACTIVITY FUND</u>	<u>PAYROLL FUND</u>	<u>TOTAL</u>
ASSETS			
Cash	\$ 140,150	\$ 670,375	\$ 810,525
Investments	102,241	-	102,241
Due from Other Funds	-	-	-
Other Receivables	2,387	-	2,387
Prepaid Expenses	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 244,778</u>	<u>\$ 670,375</u>	<u>\$ 915,153</u>
 LIABILITIES			
Due to Student Organizations	\$ 240,304	\$ -	\$ 240,304
Due to Other Funds	1,613	75,574	77,187
Accounts Payable	2,861	-	2,861
Payroll Deductions	-	594,801	594,801
Accrued Salaries & Benefits	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 244,778</u>	<u>\$ 670,375</u>	<u>\$ 915,153</u>

Pleasant Valley School District
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
As of June 30, 2017

<u>ACTIVITY FUND</u>	<u>BALANCE 7/1/16</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE 6/30/17</u>
ASSETS				
Cash	\$ 121,950	\$ 283,552	\$ 265,352	\$ 140,150
Investments	102,241	102,241	102,241	102,241
Other Receivables	11	2,387	11	2,387
Prepaid Expenses	-	-	-	-
TOTAL ASSETS	<u>\$ 224,202</u>	<u>\$ 388,180</u>	<u>\$ 367,604</u>	<u>\$ 244,778</u>
LIABILITIES				
Accounts Payable	\$ 1,067	\$ 2,861	\$ 1,067	\$ 2,861
Due to Other Funds	1,790	1,613	1,790	1,613
Due to Student Organizations	221,345	383,706	364,747	240,304
TOTAL LIABILITIES	<u>\$ 224,202</u>	<u>\$ 388,180</u>	<u>\$ 367,604</u>	<u>\$ 244,778</u>
<u>PAYROLL FUND</u>				
ASSETS				
Cash	\$ 2,030,024	\$ 670,375	\$ 2,030,024	\$ 670,375
Investments	-	-	-	-
Due from Other Funds	-	-	-	-
Other Receivables	-	-	-	-
TOTAL ASSETS	<u>\$ 2,030,024</u>	<u>\$ 670,375</u>	<u>\$ 2,030,024</u>	<u>\$ 670,375</u>
LIABILITIES				
Due to Other Funds	\$ 1,639,482	\$ 75,574	\$ 1,639,482	\$ 75,574
Accrued Salaries and Benefits	-	-	-	-
Payroll Deductions	390,542	594,801	390,542	594,801
TOTAL LIABILITIES	<u>\$ 2,030,024</u>	<u>\$ 670,375</u>	<u>\$ 2,030,024</u>	<u>\$ 670,375</u>
<u>ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 2,151,974	\$ 953,927	\$ 2,295,376	\$ 810,525
Investments	102,241	102,241	102,241	102,241
Due to Other Funds	-	-	-	-
Other Receivables	11	2,387	11	2,387
Prepaid Expenses	-	-	-	-
TOTAL ASSETS	<u>\$ 2,254,226</u>	<u>\$ 1,058,555</u>	<u>\$ 2,397,628</u>	<u>\$ 915,153</u>
LIABILITIES				
Due to Student Organizations	\$ 221,345	\$ 383,706	\$ 364,747	\$ 240,304
Due to Other Funds	1,641,272	77,187	1,641,272	77,187
Accounts Payable	1,067	2,861	1,067	2,861
Accrued Salaries and Benefits	-	-	-	-
Payroll Deductions	390,542	594,801	390,542	594,801
TOTAL LIABILITIES	<u>\$ 2,254,226</u>	<u>\$ 1,058,555</u>	<u>\$ 2,397,628</u>	<u>\$ 915,153</u>

**Pleasant Valley School District
General Fund
Schedule on Tax Collectors' Receipts
For the Year Ended June 30, 2017**

	CHESTNUTHILL TOWNSHIP	ELDRED TOWNSHIP	POLK TOWNSHIP	ROSS TOWNSHIP	TOTAL
<u>CURRENT REAL ESTATE TAXES</u>					
Assessed Value	\$ 181,994,360	\$ 28,028,860	\$ 74,643,300	\$ 55,806,500	\$ 340,473,020
Millage Rate	0.147766	0.147766	0.147766	0.147766	0.147766
Total Tax to be Collected	26,892,579	4,141,713	11,029,742	8,246,303	50,310,337
Less: Act 1 Deduction	2,012,080	359,148	963,866	751,717	4,086,811
Total Taxable Duplicate	24,880,499	3,782,565	10,065,876	7,494,586	46,223,526
PLUS - Additions	9,364	1,165	8,041	7,534	26,104
Penalties	58,248	7,442	29,397	14,322	109,409
TOTAL TAXES TO BE COLLECTED	24,948,111	3,791,172	10,103,314	7,516,442	46,359,039
LESS: Discounts	400,569	59,003	155,700	118,399	733,671
Reductions	23,976	2,957	12,839	22,617	62,389
Refunds	-	1,189	-	-	1,189
1.75 Mill Library Tax	273,186	41,317	109,213	82,936	506,652
Returned to County	1,462,097	240,479	713,113	372,459	2,788,148
Outstanding	-	-	-	-	-
NET CURRENT REAL ESTATE TAXES COLLECTED	\$ 22,788,283	\$ 3,446,227	\$ 9,112,449	\$ 6,920,031	\$ 42,266,990
CURRENT INTERIM REAL ESTATE TAXES COLLECTED	\$ 16,420	\$ 9,780	\$ 5,474	\$ 11,170	\$ 42,844

Pleasant Valley School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2017

<u>6000 - Revenue from Local Sources</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
6111 Current Real Estate Taxes	\$ 42,144,430	\$ 42,266,990	\$ 122,560
6112 Interim Real Estate Taxes	60,000	42,844	(17,156)
6113 Public Utility	60,000	54,763	(5,237)
6114 Payment in Lieu of Taxes	6,500	6,614	114
6151 Earned Income Tax	3,000,000	3,066,906	66,906
6153 Real Estate Transfer Tax	350,000	474,285	124,285
6411 Delinquent Real Estate Taxes	3,400,000	3,071,966	(328,034)
6451 Delinquent Earned Income Taxes	100,000	159,376	59,376
6510 Interest	30,000	146,479	116,479
6710 Admissions	-	22,410	22,410
6740 Fees	5,000	3,539	(1,461)
6790 Other Student Activity Income	30,000	21,939	(8,061)
6820 State Revenue Received From an Entity Acting as an Agent	-	-	-
6832 I/U Services - Federal	700,000	614,871	(85,129)
6836 Federal ARRA Race to the Top Revenue	-	4,000	4,000
6910 Rentals	80,000	130,287	50,287
6920 Contributions	25,000	2,000	(23,000)
6940 Tuition from Patrons	-	-	-
6942 Summer School	20,000	26,090	6,090
6943 Adult School	-	-	-
6944 Receipts from Other LEA's - Education	125,000	252,023	127,023
6949 Other Tuition from Patrons	-	-	-
6961 Transportation Services Provided Other Pennsylvania Schools	-	43,497	43,497
6970 Services provided other funds	280,000	486,596	206,596
6990 Miscellaneous	10,000	5,054	(4,946)
6991 Refunds of Prior Yr. Expenditures	-	16,078	16,078
TOTAL REVENUE FROM LOCAL SOURCES	\$ 50,425,930	\$ 50,918,607	\$ 492,677
<u>7000 - Revenue from State Sources</u>			
7110 Basic Subsidy - ESBE	22,478,000	22,269,673	(208,327)
7160 Orphan Tuition	200,000	306,690	106,690
7271 Special Education	3,487,925	3,350,202	(137,723)
7311 Transportation (Regular and Additional)	2,600,000	2,682,397	82,397
7312 Transportation (NonPublic and Charter School)	-	41,580	41,580
7320 Rentals	1,880,603	1,914,459	33,856
7330 Health Services	90,000	86,057	(3,943)
7340 State Property Tax Allocation Reduction	4,071,503	4,071,503	-
7505 Ready to Learn Grant	821,955	1,021,256	199,301
7810 FICA Revenue	1,724,000	1,768,495	44,495
7820 Retirement Revenue	6,760,000	7,229,220	469,220
TOTAL REVENUE FROM STATE SOURCES	44,113,986	44,741,532	627,546
<u>8000 - Revenue from Federal Source</u>			
8514 Title I	700,000	1,050,145	350,145
8515 Title II	192,000	155,231	(36,769)
8516 Title III	-	40,958	40,958
8810 Medical Assistance Reimbursements (Access)	350,000	619,713	269,713
8820 Medical Assistance Reimbursement for Health-Related	50,000	32,438	(17,562)
TOTAL REVENUE FROM FEDERAL SOURCES	1,292,000	1,898,485	606,485
<u>9000 - Other Financing Sources</u>			
9300 Proceeds From Extended Term Financing	-	-	-
9400 Sale of or Compensation For Loss of Fixed Assets	-	2,500	2,500
TOTAL OTHER FINANCING SOURCES	-	2,500	2,500
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 95,831,916	\$ 97,561,124	\$ 1,729,208

Pleasant Valley School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2017

1000 - Instruction	Budget	Actual	Variance
1110 Regular Programs - Elem./Secondary	\$ 38,796,579	\$ 37,575,492	\$ 1,221,087
1190 Federally Funded Regular Programs	711,607	706,624	4,983
1211 Life Skills Support - Public	1,123,783	1,048,305	75,478
1241 Learning Support - Public	14,622,989	14,027,714	595,275
1243 Gifted Support	810,931	809,557	1,374
1290 Other Support	40,000	3,373	36,627
1341 Agricultural Education	545,999	501,669	44,330
1350 Industrial Arts Education	476,902	465,222	11,680
1360 Business Education	278,751	266,116	12,635
1390 Other Vocational Education Programs	2,567,940	2,275,128	292,812
1410 Drivers' Education	148,951	146,648	2,303
1420 Summer School	35,915	34,636	1,279
1430 Homebound Instruction	57,315	41,608	15,707
1441 Adjudicated / Court Placed Programs	15,000	-	15,000
1442 Alternative Education Programs	698,000	696,476	1,524
1450 Instructional Programs Outside the Established Schools	677,917	675,177	2,740
1801 Pre-Kindergarten	-	-	-
1802 Pre-K Admin. Support	-	-	-
1806 Pre-K Professional Development	-	-	-
Total Instruction	61,608,579	59,273,745	2,334,834
2000 - Support Services			
2120 Guidance Services	1,750,324	1,721,746	28,578
2130 Attendance Services	342,402	341,676	726
2142 Psychological Services	487,322	480,456	6,866
2151 Supervision of Speech Pathology and Audiology	723,872	722,687	1,185
2170 Student Accounting Services	201,359	199,997	1,362
2220 Technology Support Services	20,733	20,238	495
2240 Computer Assisted Instruction Services	1,500	431	1,069
2250 School Library Services	969,730	968,317	1,413
2260 Instructional & Curriculum Dev. Service	1,126,679	1,066,204	60,475
2270 Instructional Staff Development Services	6,450	5,565	885
2271 Instructional Staff Development Services (Certified)	158,300	120,630	37,670
2272 Instructional Staff Development Services (Non-Certified)	1,000	844	156
2290 Other Instructional Staff Services	264,467	219,788	44,679
2310 Board Services	101,621	96,382	5,239
2320 Board Treasurer Services	-	-	-
2330 Tax Assessment & Collection Service	136,900	130,562	6,338
2350 Legal Services	254,000	253,122	878
2360 Office of the Superintendent Services	369,145	352,783	16,362
2380 Office of the Principal Services	2,254,273	2,237,555	16,718
2390 Other Administration Services	-	-	-
2411 Supervision of Health Services - Head	22,807	22,635	172
2420 Medical Services	11,000	8,805	2,195
2430 Dental Services	1,900	1,800	100
2440 Nursing Services	781,326	780,064	1,262
2511 Supervision of Fiscal Services	75,927	75,497	430
2512 Budgeting Services	128,772	127,192	1,580
2513 Receiving and Disbursing Funds Services	171,887	171,741	146
2514 Payroll Services	167,903	166,784	1,119
2515 Financial Accounting Services	165,800	164,394	1,406
2519 Other Fiscal Services	293,058	288,442	4,616
2530 Warehousing and Distributing Services	1,000	485	515
SUB-TOTAL SUPPORT SERVICES	10,991,457	10,746,822	244,635

Pleasant Valley School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
SUB-TOTAL SUPPORT SERVICES (CARRIED FORWARD)	\$ 10,991,457	\$ 10,746,822	\$ 244,635
2540 Printing, Publishing and Duplicating Services	463,000	462,843	157
2611 Supervision of Operation and Maintenance of Plant Services - Head	269,709	243,463	26,246
2619 Supervision of Operation and Maintenance of Plant Services	238,299	237,183	1,116
2620 Operation of Building Services	7,181,543	6,789,765	391,778
2660 Security Services	1,359,527	1,349,512	10,015
2690 Other Operation and Maintenance of Plant Services	500	175	325
2711 Supervision of Student Transportation Services - Head	68,306	67,790	516
2720 Vehicle Operation Services	6,029,496	5,734,907	294,589
2750 Non-Public Transportation	346,000	344,725	1,275
2818 System-Wide Technology Services	1,090,647	1,064,700	25,947
2831 Supervision of Staff Services	311,544	309,890	1,654
2832 Recruitment and Placement Services	100	95	5
2833 Staff Accounting Services	34,900	29,634	5,266
2834 Staff Development Services - Non-Instructional, Certified	42,100	41,236	864
2836 Staff Development Services - Non-Instructional, Non-Certified	6,500	2,445	4,055
2900 Other Support Services	170,000	169,684	316
	<hr/>	<hr/>	<hr/>
Total Support Services	28,603,628	27,594,869	1,008,759
 <u>3000 - Operation of Non-Instructional Services</u>			
3210 School Sponsored Student Activities	375,600	369,783	5,817
3250 School Sponsored Athletics	1,055,975	1,054,549	1,426
3300 Community Services	42,000	41,983	17
	<hr/>	<hr/>	<hr/>
Total Non-Instructional Services	1,473,575	1,466,315	7,260
 <u>4000 - Facilities Acquisition, Construction, and Improvement Svcs.</u>			
4500 Building Acquisition and Construction Services	-	-	-
4600 Existing Building Improvement Services	20,000	17,865	2,135
	<hr/>	<hr/>	<hr/>
Total Facilities Acquisition, Construction, and Improvement Services	20,000	17,865	2,135
 <u>5000 - Other Expenditures and Financing Uses</u>			
5110 Debt Service	8,681,259	8,666,825	14,434
5130 Refund of Prior Year Receipts	24,000	23,271	729
5230 Capital Projects Funds Transfers Out	863,235	859,235	4,000
5251 Food Service Fund Transfers Out	66,178	51,098	15,080
5900 Budgetary Reserve	800,000	-	800,000
	<hr/>	<hr/>	<hr/>
Total Other Expenditures and Financing Uses	10,434,672	9,600,429	834,243
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 102,140,454	\$ 97,953,223	\$ 4,187,231

**Pleasant Valley School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 95,831,916	\$ 97,561,124	\$ 1,729,208
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>102,140,454</u>	<u>97,953,223</u>	<u>4,187,231</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(6,308,538)	(392,099)	5,916,439
Special Items	-	-	-
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AFTER SPECIAL ITEMS AND EXTRAORDINARY ITEMS	(6,308,538)	(392,099)	5,916,439
FUND BALANCE - JULY 1, 2016	<u>11,995,443</u>	<u>19,425,562</u>	<u>7,430,119</u>
FUND BALANCE - JUNE 30, 2017	<u>\$ 5,686,905</u>	<u>\$ 19,033,463</u>	<u>\$ 13,346,558</u>

**Pleasant Valley School District
Food Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2017**

REVENUES

School Lunches	\$ 607,037	
Special Functions	37,913	
State Subsidy Revenue	48,921	
Donated Commodities	119,556	
Federal Subsidies	833,263	
Capital Contributions	-	
Interest	825	
FICA Revenue	26,200	
Retirement Revenue	101,995	
Miscellaneous	3,157	
Transfer from General Fund	51,098	
Rebates	2,028	
TOTAL REVENUES	<u>1,831,993</u>	\$ 1,831,993

COST OF FOOD AND COMMODITIES

691,914

GROSS PROFIT

1,140,079

OPERATING EXPENSES

Salaries	607,141	
Social Security	46,609	
Retirement	242,191	
Medical Insurance	177,803	
Dental Insurance	11,773	
Prescription Benefits	42,262	
Life Insurance	982	
Other Benefits	14,418	
Professional Fees	790	
Support Services - Technology	7,457	
Travel	2,683	
Printing and Binding	63	
Supplies	47,596	
Rentals	1,585	
Fees	1,147	
Uniforms	-	
Repairs and Maintenance	14,063	
Equipment	5,678	
Depreciation	22,605	
TOTAL EXPENSES	<u>1,246,846</u>	<u>1,246,846</u>

CHANGES IN FUND NET POSITION

(106,767)

FUND NET POSITION - JULY 1, 2016

(1,100,248)

FUND NET POSITION - JUNE 30, 2017

\$ (1,207,015)

**Pleasant Valley School District
Construction Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2017**

FUND BALANCE - JULY 1, 2016		\$ 1,805,271
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Earnings on Investments	\$ 5,028	
Refund of Prior Year Expenditures	-	
Proceeds from Bond Issues	-	
Bond Premiums	-	
TOTAL REVENUES AND OTHER FINANCING SOURCES		5,028
 TOTAL FUNDS AVAILABLE		 1,810,299
 <u>EXPENDITURES AND OTHER FINANCING USES</u>		
<u>INSTRUCTIONAL:</u>		
Equipment	-	
<u>SUPPORT SERVICES:</u>		
Professional Services	-	
Repairs and Maintenance	-	
Bond Insurance	-	
Equipment	-	
<u>NON-INSTRUCTIONAL SERVICES:</u>		
Equipment	-	
<u>CAPITAL OUTLAY:</u>		
Professional Services	-	
Advertising	-	
Insurance	-	
Supplies	-	
Land & Land Improvements	-	
Construction	1,284,959	
Equipment	30,500	
Fees	-	
<u>DEBT SERVICE:</u>		
Principal	-	
Interest	-	
<u>OTHER FINANCING USES:</u>		
Bond Discount	-	
		1,315,459
 FUND BALANCE - JUNE 30, 2017		 <u>\$ 494,840</u>

**Pleasant Valley School District
Capital Reserve Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2017**

FUND BALANCE - JULY 1, 2016		\$ 1,079,961
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Earnings on Investments	\$ 3,521	
Sale of or Compensation for Loss of Fixed Assets	-	
Transfer from General Fund	859,235	862,756
TOTAL FUNDS AVAILABLE		1,942,717
 <u>EXPENDITURES AND OTHER FINANCING USES</u>		
SUPPORT SERVICES:		
Equipment	-	
Miscellaneous	-	
CAPITAL OUTLAY		
Land	-	
Equipment Rentals	-	-
 FUND BALANCE - JUNE 30, 2017		 <u><u>\$ 1,942,717</u></u>

**Western Pocono Library Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2017**

FUND BALANCE - JULY 1, 2016		\$ -
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Current Real Estate Taxes	\$ 506,651	
Interim Real Estate Taxes	514	
Delinquent Real Estate Taxes	36,817	543,982
TOTAL FUNDS AVAILABLE		\$ 543,982
 <u>EXPENDITURES AND OTHER FINANCING USES</u>		
Noninstructional Services:		
Public Library Services		543,982
 FUND BALANCE - JUNE 30, 2017		 <u><u>\$ -</u></u>

Pleasant Valley School District
Schedule on General Obligation Bonds - Series of 2012
Dated as of March 1, 2012
For the Year Ended June 30, 2017

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2017-18	\$ 60,675	\$ 240,000
2018-19	55,725	255,000
2019-20	50,575	260,000
2020-21	45,325	265,000
2021-22	39,806	270,000
2022-23	33,788	280,000
2023-24	27,075	285,000
2024-25	19,887	290,000
2025-26	12,325	300,000
2026-27	4,194	305,000
TOTAL OUTSTANDING	\$ 349,375	\$ 2,750,000

Schedule on General Obligation Bonds - Series of 2015
Dated as of August 19, 2015
For the Year Ended June 30, 2017

	<u>INTEREST</u>	<u>PRINCIPAL</u>
2017-18	\$ 625,750	\$ 8,030,000
2018-19	224,250	4,485,000
TOTAL OUTSTANDING	\$ 850,000	\$ 12,515,000

S I N G L E A U D I T S E C T I O N

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	CFDA NUMBER	GRANTOR PASS THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/1/16	REVENUE	EXPENDITURES	ACCRUED OR (DEFERRED) AT 6/30/17	FOOTNOTES
U.S. DEPARTMENT OF EDUCATION											
PASSED THROUGH THE PDE											
ESEA - TITLE I - IMPROVING BASIC PROGRAMS	I	84.010	013-16-0342 A	7/1/15-9/30/16	\$ 522,185	\$ -	\$ -	\$ -	\$ -	\$ -	3
ESEA - TITLE I - IMPROVING BASIC PROGRAMS	I	84.010	013-17-0342 A	7/1/16-9/30/17	\$ 734,702	680,797	-	703,452	703,452	22,655	
TOTAL TITLE IA PROGRAM						680,797	-	703,452	703,452	22,655	
PASSED THROUGH THE PDE											
STRIVING READERS LITERACY GRANT	I	84.371	143-150342	7/1/15-9/30/16	\$ 361,118	98,636	(49,265)	147,901	147,901	-	3
STRIVING READERS LITERACY GRANT	I	84.371	143-160342	7/1/16-9/30/17	\$ 218,649	127,545	-	198,792	198,792	71,247	
TOTAL STRIVING READERS LITERACY PROGRAM						226,181	(49,265)	346,693	346,693	71,247	
PASSED THROUGH THE PDE											
ESEA - TITLE IIA - IMPROVING TEACHER QUALITY	I	84.367	020-16-0342 A	7/1/15-9/30/16	\$ 181,156	-	(40,513)	40,513	40,513	-	3
ESEA - TITLE IIA - IMPROVING TEACHER QUALITY	I	84.367	020-17-0342 A	7/1/16-9/30/17	\$ 179,346	124,586	-	114,719	114,719	(9,867)	
TOTAL TITLE IIA PROGRAM						124,586	(40,513)	155,232	155,232	(9,867)	
PASSED THROUGH THE PDE											
ESEA - TITLE III - LANGUAGE INSTRUCTION	I	84.365	010-16-0342 A	7/1/15-9/30/16	\$ 27,961	6,990	(15,842)	22,832	22,832	-	3
ESEA - TITLE III - LANGUAGE INSTRUCTION	I	84.365	010-17-0342 A	7/1/16-9/30/17	\$ 23,374	23,374	-	18,126	18,126	(5,248)	
TOTAL TITLE III PROGRAM						30,364	(15,842)	40,958	40,958	(5,248)	
PASSED THROUGH THE COLONIAL I.U. #20											
IDEA	I	84.027	N/A	7/1/15-9/30/16	\$ 638,074	363,588	363,588	-	-	-	3
IDEA	I	84.027	N/A	7/1/16-9/30/17	\$ 627,831	226,200	-	612,631	612,631	386,431	1
IDEA - SECTION 619A	I	84.173	N/A	7/1/15-9/30/16	\$ 1,120	-	1,120	-	-	-	1
IDEA - SECTION 619A	I	84.173	N/A	7/1/16-9/30/17	\$ 2,240	2,240	-	2,240	2,240	-	1
TOTAL IDEA CLUSTER						593,148	364,708	614,871	614,871	386,431	
PASSED THROUGH THE NORTHWEST TRI-COUNTY INTERMEDIATE UNIT #5											
ARRA - RACE TO THE TOP - EARLY LEARNING CHALLENGE	I	84.412A	N/A	10/1/16-6/30/17	\$ 4,000	4,000	-	4,000	4,000	-	3
TOTAL U.S. DEPARTMENT OF EDUCATION						1,659,076	259,088	1,865,206	1,865,206	465,218	2
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES											
PASSED THROUGH THE PA DEPARTMENT OF PUBLIC WELFARE											
ESEA - TITLE 19 MEDICAL REIMBURSEMENT	I	93.778	N/A	10/1/16-9/30/17	N/A	46,679	24,996	32,438	32,438	10,755	3
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES						46,679	24,996	32,438	32,438	10,755	
U.S. DEPT. OF AGRICULTURE											
PASSED THROUGH PA DEPT. OF EDUCATION											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/15-6/30/16	N/A	-	-	-	-	-	3
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/16-6/30/17	N/A	606,491	-	712,976	712,976	106,485	
NATIONAL SCHOOL BREAKFAST - SEVERE NEED	I	10.553	N/A	7/1/15-6/30/16	N/A	-	-	-	-	-	
NATIONAL SCHOOL BREAKFAST - SEVERE NEED	I	10.553	N/A	7/1/16-6/30/17	N/A	99,283	-	120,287	120,287	21,004	
PASSED THROUGH THE DEPARTMENT OF AGRICULTURE											
NATIONAL SCHOOL LUNCH PROGRAM - USDA COMMODITIE	I	10.555	N/A	7/1/16-6/30/17	N/A	119,556	(30,028)	116,818	116,818	(32,766)	3
TOTAL CHILD NUTRITION CLUSTER						825,330	(30,028)	950,081	950,081	94,723	4,5
TOTAL U.S. DEPARTMENT OF AGRICULTURE						825,330	(30,028)	950,081	950,081	94,723	
TOTAL FEDERAL FINANCIAL AWARDS						\$ 2,531,085	\$ 254,056	\$ 2,847,725	\$ 2,847,725	\$ 570,696	

SOURCE: D -DIRECT; I -INDIRECT

Pleasant Valley School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Note 1 - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented on the budgetary basis of accounting for all federal awards charged to governmental funds and on the accrual basis of accounting for all federal awards charged to proprietary funds, as contemplated by generally accepted accounting principles.

Note 2 - Organization and Scope

The District recognized 1.9% of its total general fund revenue in federal awards, and 52.0% of its total enterprise fund revenue.

Note 3 – Indirect Costs

The District did not charge any indirect costs to any of their federal grants and programs during this fiscal year. As such, the District did not use the 10% de minimis cost rate.

Note 4 - Program Disclosure – Footnotes

1. The federal awards passed through the Colonial I.U., under the U.S. Department of Education heading, are part of a consortium of participating school districts. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenue.
2. The federal awards passed through the Northwest Tri-County Intermediate Unit 5, under the U.S. Department of Education heading, is part of a consortium of participating school districts. The awards passed through the IU are grants received using funds from the American Recovery and Reinvestment Act. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenue.
3. The Federal Grants were passed through the following entities in the totals below:

<u>Passed through</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
PA Department of Education	\$ 2,248,491	\$ 2,079,598
Colonial I.U.	1,269,265	614,871
Northwest Tri-County I.U #5	4,000	4,000
PA Department of Public Welfare	N/A	32,438
PA Department of Agriculture	N/A	116,818
Totals	\$ 3,521,756	\$ 2,847,725

4. The District received non-monetary assistance from the U.S. Department of Agriculture of \$119,556, in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2016-17 fiscal year, the District used \$116,818 in commodities and established a year-end inventory of \$32,766 at June 30, 2017.
5. The amount recognized as revenue in the Schedule of Expenditures of Federal Awards, under the U.S. Department of Agriculture heading, represents the commodities used, versus the commodities received, which are recognized as revenue in the basic financial statements.

Pleasant Valley School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

6. The Medical Access grant passed through the PA Department of Education is reflected as federal source revenue on the basic financial statements; however, pursuant to instructions from the Commonwealth of PA, it is not reported as revenue on the Schedule of Expenditures of Federal Awards.

<u>FINANCIAL STATEMENT RECONCILIATION</u>	
General Fund Federal Source Revenues	\$ 1,898,485
Federal Grants in Local Sources	618,871
Food Service Fund Federal Revenue	<u>952,819</u>
Total Federal Revenue, per financial statements	3,470,175
Less: Medical Access Reimbursement	(619,713)
Add: Change in Donated Commodities	<u>(2,737)</u>
Total Federal Revenue Reported on SEFA	<u>\$ 2,847,725</u>



**INDEPENDENT AUDITOR'S REPORT
UNDER GOVERNMENT AUDITING STANDARDS**

Board of School Directors
Pleasant Valley School District
2233 Route 115
Brodheads ville, PA 18322

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, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Pleasant Valley School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Pleasant Valley School District's basic financial statements, and have issued our report thereon dated December 15, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pleasant Valley School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pleasant Valley School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pleasant 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pleasant Valley School District's financial statements are free from material misstatement, we performed tests of its compliance with certain

Pleasant Valley School District

provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,



December 15, 2017



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT
UNDER UNIFORM GUIDANCE**

Board of School Directors
Pleasant Valley School District
2233 Route 115
Brodheads ville, PA 18322

Report on Compliance for Each Major Federal Program

We have audited Pleasant 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 Pleasant Valley School District's major federal programs for the year ended June 30, 2017*. Pleasant 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Pleasant 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 Pleasant 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 Pleasant Valley School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Pleasant 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, 2017.

Report on Internal Control over Compliance

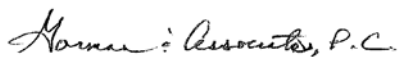
Management of Pleasant Valley School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pleasant Valley School District's internal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

Respectfully submitted,



December 15, 2017

**Pleasant Valley School District
Schedule of Findings and Questioned Costs
For the Year Ended on June 30, 2017**

Section I - Summary of Auditor Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes 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 section 200.516 of the Uniform Guidance? yes no

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	IDEA Cluster

Percentage of programs tested to total awards 21.6%

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

Auditee qualified as low-risk auditee? yes no

**Pleasant Valley School District
Schedule of Findings and Questioned Costs
For the Year Ended on June 30, 2017**

Section II - Financial Statement Findings

There were no findings discovered, relating to the financial statements, which are required to be reported in accordance with generally accepted government auditing standards.

Section III – Findings and Questioned Costs for Federal Awards

We did not discover any findings or questioned costs on federal awards, in accordance with Uniform Guidance Section 200.516.

FOLLOW-UP AUDIT PROCEDURES

We did not perform any follow-up audit procedures, since there were no findings reported on federal awards in the prior year.

**Pleasant Valley School District
Schedule of Prior Year Findings
For the Year Ended on June 30, 2017**

2015-16

Significant Deficiency 2016-001 (Payroll)

Criteria:	Normally, the District should record salaries earned during its fiscal year as expenditures.
Condition:	During this past fiscal year, a payroll in August 2015, was not posted to the expenditure accounts including fica tax and retirement costs.
Cause:	It appears this condition was created by some technology fluke between the payroll system and the general ledger module.
Effect:	The failure to properly record this payroll and related benefits causes an understatement of expenditures during the year in the computer system.
Recommendation:	We have made the appropriate adjustments on this year's financial statements. In the future, we recommend that the District consider increasing its work force in the business office to reconcile balance sheet accounts on a monthly basis.
Status:	Corrective action was taken.