

**REPORT ON
PLEASANT VALLEY SCHOOL DISTRICT
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2018**

PLEASANT VALLEY SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2018

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PLEASANT VALLEY SCHOOL DISTRICT

Single Audit Report

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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, 2018, 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.

November 27, 2018



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, 2018, and have issued our report thereon dated November 27, 2018.

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 23, 2018.

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 November 27, 2018. 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 2017-2018 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

Taxes

During our reconciliation of Current Real Estate Taxes, Current Interim Taxes, and Delinquent Taxes as compared to the District's general ledger accounts, we had a difficult time trying to verify the account balances at year end. This was a result in part of how the District is recording receipts from the tax collectors and County as well as adjusting journal entries being made by the District for the Western Pocono Library portion.

The District has multiple general ledger accounts listed under Current Real Estate Taxes, Current Interim Taxes and Delinquent Taxes for each township. Every time a tax collector submits a payment, the District posts directly to revenue and records the cash. When posting receipts into the general ledger system the District posted to multiple tax accounts for each township throughout the year. This made tracing the receipts in the District's detail of the general ledger accounts very difficult and time consuming. Additionally, there were numerous instances of journal entries being posted trying to correct taxes for various items as well as reversing entries and reposted entries.

We recommend management adjust how they are recording receipts in their general ledger system to better create an identifiable audit trail. We suggest management use only one tax account for each township for Current Real Estate and Current Interim Taxes. We suggest the District use only one account for Delinquent Taxes, if necessary for internal purposes, they can use an account for each township.

General Fund - Grants

During our audit of federal grants, we discovered expenditures for Title I, Title III, Title I KTO, IDEA, and IDEA 619 are not being recorded properly in the accounting software, causing Federal Revenues and Expenditures to not match as they should. There were a couple of reasons for why this occurred.

For some of the grants more expenditures were recorded to their respective source code than funds were actually granted. This is not surprising or unusual during the course of administering a grant however when a particular grant is closed, closing entries should be made removing the federal source code to a local source code funding if an over expenditure occurs.

The other issue with grants was the result of 2016-17 Accounts Payable not being reversed in the District's software as of July 1, 2017, but rather in the middle of November of 2017. As a result, grant

Board of School Directors • Mr. David F. Piperato, Superintendent

expenditures that were recorded back in 16-17 as Accounts Payable were also picked up in 17-18, which when corrected meant the District needed to record additional grant expenditures for 17-18. The District needs to make sure it is posting any reversing entries at the beginning of the fiscal year, as necessary, in order to avoid this issue going forward.

General Fund - Trial Balance

During our initial review of the District's trial balance we discovered the District's General Fund trial balance was out of balance by \$237,211.10. After further investigation with management, we discovered the District did not post all double entries at June 30, 2018, before creating the auditor export file.

In the future we advise management to post all double entries prior to our arrival and to verify their trial balance debits, credits and control accounts balance at year end.

Fund Balance

During our review of the District's opening fund balance as compared to the prior year audited financial statements we discovered the District's opening fund balance in the General Fund did not match our prior year audit balances by \$113,360.19. After further investigation with management, we discovered an adjusting journal entry posted directly to the unassigned fund balance account with the offset to a control account.

We recommend management ensure no entries are made to the fund balance accounts, for the exception of splitting out unassigned fund balance to the other various fund balance categories and that they review the opening fund balance accounts to ensure they match the prior year audited financial statements.

RECOMMENDATIONS

Polk Township – Monthly Tax Collector Reports/Overpayment

During our review of Polk Township's Act 169 monthly tax collector reports, we found several instances in which the tax collector remitted the reports well after the due date as well as the reports beginning and ending balances not matching from month to month. The District was in contact with the tax collector and revised their reports accordingly.

After reconciling the duplicate to what was remitted we found the tax collector overpaid the District by \$99.61. We were unable to pinpoint exactly which transaction was the result of the overpayment, however in total, the receipts recorded by the District as compared to the remittances from the Act 169 reports shows an overpayment for the above amount. We have included as part of your adjusting journal entries a journal entry recording the amount payable to the tax collector at year end.

We recommend management ensure collections posted into the general ledger system match what is being paid by the tax collector and that the duplicate is reconciled on a monthly basis. We also advise management ensure the monthly tax collector reports follow compliance with tax collection law.

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 Districts ample time to revise their recordkeeping and computer systems to accommodate these changes.

Leases

The Governmental Accounting Standards Board has issued Statement No. 87 dealing with Operating and Financing Leases. Under current accounting principles, only Financing Leases are recorded on the financial statements as assets and liabilities. Operating leases are shown as rent expense. As such, we have only been interested in capital or financing leases in past years, but the new standard below will require the need to audit all leases.

The new standard defines a lease as a contract that conveys control of the right to use another entity's non-financial asset as specified in the contract for a period of time. As such, all leases will be recorded on the financial statements as either a tangible or intangible asset with a corresponding liability for future present value of lease payments.

The effective date of this new standard occurs in the 2020-21 fiscal year.

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,



November 27, 2018

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
6 DANFORTH DRIVE
EASTON, PA 18042

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, 2018, 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, 2018, 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, 2017, the Pleasant Valley School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Financial Reporting for Postemployment Benefits by Employers, Governmental Accounting Standards Board Statement No. 81, Irrevocable Split-Interest Agreements, Governmental Accounting Standards Board Statement No. 85, Omnibus, Governmental Accounting Standards Board Statement No. 86, Certain Debt Extinguishment Issues and Implementation Guide 2017-1.

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 District's Proportionate Share of Net Pension Liability, the Schedule of District Contributions-Pension, and related schedules of the Multiple and Single Employer OPEB Plans pages 81-85, 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 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 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 November 27, 2018, 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,



November 27, 2018

PLEASANT VALLEY SCHOOL DISTRICT
Brodheadsville, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
(UNAUDITED)
For the Year Ended June 30, 2018

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, 2018. 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 (\$53,221,535), decreasing by \$16,832,206 over the prior fiscal period. In the General Fund, the revenues in the amount of \$99,085,507 were insufficient to cover the governmental expenses of \$101,292,840. The total net position of the District for business-type activities was (\$1,396,832) decreasing by \$189,817 over the prior fiscal period. Total revenues in the amount of \$1,759,185 were not sufficient to cover the business-type expenses of \$1,854,071. As of June 30, 2018, the school district had a negative total net position of (\$54,618,367) 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 \$150,103,676 for governmental activities and \$2,480,502 for business type activities.

During the year, the District revenues were \$792,423 more than budgeted revenues, due to revenues from local, state, and other financing sources. Expenditures were \$2,581,511 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 and is planning updates to existing buildings.

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 2018 and 2017

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

	2018			2017			
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	
Current and other assets	\$ 36,414,908	\$ 742,697	\$ 37,157,605	\$ 37,323,290	\$ 836,682	\$ 38,159,972	(1)
Non-current assets	85,310,131	184,748	85,494,879	87,170,539	207,353	87,377,892	
Deferred Outflow of Resources	23,531,906	348,642	23,880,548	25,342,274	406,312	25,748,586	
Total Assets & Deferred Outflow of Resources	\$ 145,256,945	\$ 1,276,087	\$ 146,533,032	\$ 149,836,103	\$ 1,450,347	\$ 151,286,450	
Current and other liabilities	\$ 17,449,328	\$ 28,254	\$ 17,477,582	\$ 20,133,810	\$ 84,523	\$ 20,218,333	(1)
Long-term liabilities	181,009,545	2,644,158	183,653,703	162,490,674	2,512,587	165,003,261	
Deferred Inflow of Resources	19,607	507	20,114	3,600,948	60,252	3,661,200	
Total Liabilities & Deferred Inflow of Resources	198,478,480	2,672,919	201,151,399	186,225,432	2,657,362	188,882,794	
Net Position							
Net Investment in Capital Assets	71,426,148	184,748	71,610,896	71,990,652	207,353	72,198,005	
Restricted For:							
Retirement of Long-term debt	-	-	-	-	-	-	
Capital Projects	3,312,065		3,312,065	1,942,717		1,942,717	
Other Restrictions							
Unrestricted	(127,959,748)	(1,581,580)	(129,541,328)	(110,322,698)	(1,414,368)	(111,737,066)	
Total Net Position	(53,221,535)	(1,396,832)	(54,618,367)	(36,389,329)	(1,207,015)	(37,596,344)	
Total Liabilities, Deferred Inflow of Resources & Net Position	\$ 145,256,945	\$ 1,276,087	\$ 146,533,032	\$ 149,836,103	\$ 1,450,347	\$ 151,286,450	

(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, 2018

	2018			2017		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES						
<i>Program Revenues:</i>						
Charges for services	\$ 329,246	\$ 615,695	\$ 944,941	\$ 369,498	\$ 644,950	\$ 1,014,448
Operating Grants	19,595,133	1,089,936	20,685,069	19,003,253	1,129,935	20,133,188
Capital Grants	1,681,075	-	1,681,075	1,914,459	-	1,914,459
<i>General Revenues:</i>						
Property taxes levied for general purposes	45,951,362	-	45,951,362	46,542,414	-	46,542,414
Taxes levied for specific purposes	3,804,319	-	3,804,319	3,761,944	-	3,761,944
Grants, subsidies and contributions not restricted	26,429,881	-	26,429,881	26,341,176	-	26,341,176
Investment earnings	453,514	4,903	458,417	172,683	825	173,508
Miscellaneous	746,288	2,944	749,232	642,515	5,185	647,700
Other	(221,657)	45,707	(175,950)	(51,098)	51,098	-
TOTAL REVENUES	98,769,161	1,759,185	100,528,346	98,696,844	1,831,993	100,528,837
PROGRAM EXPENSES						
Instruction	61,828,070	-	61,828,070	61,138,814	-	61,138,814
Instruction Student Support	7,095,612	-	7,095,612	6,882,725	-	6,882,725
Administrative and Financial Support	6,803,824	-	6,803,824	6,640,565	-	6,640,565
Operation and Maintenance of Plant Services	9,077,804	-	9,077,804	9,017,063	-	9,017,063
Pupil Transportation	6,084,302	-	6,084,302	6,188,424	-	6,188,424
Student Activities	1,485,601	-	1,485,601	1,510,135	-	1,510,135
Community Services	581,042	-	581,042	585,964	-	585,964
Interest on Long-Term Debt	886,480	-	886,480	504,915	-	504,915
Unallocated Depreciation	2,671,203	-	2,671,203	2,622,329	-	2,622,329
Food Service	-	1,854,071	1,854,071	-	1,938,760	1,938,760
TOTAL EXPENSES	96,513,938	1,854,071	98,368,009	95,090,934	1,938,760	97,029,694
Increase (decrease) in Net Position	2,255,223	(94,886)	2,160,337	3,605,910	(106,767)	3,499,143
Prior Period Adjustment	(19,087,429)	(94,931)	(19,182,360)	-	-	-
Net Position - Beginning	(36,389,329)	(1,207,015)	(37,596,344)	(39,995,239)	(1,100,248)	(41,095,487)
Net Position - Ending	\$ (53,221,535)	\$ (1,396,832)	\$ (54,618,367)	\$ (36,389,329)	\$ (1,207,015)	\$ (37,596,344)

PLEASANT VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

Governmental Activities

The decrease of \$16,832,206 in net position of governmental activities was the result of 1) an increase in net position of \$2,225,223 and 2) a prior period adjustment implementing the new accounting principle, GASB Statement No. 75, pertaining to the multiple employer cost sharing. Other Post-Employment Benefits (OPEB) plan on health assistance handled by the Pennsylvania School Employer's Retirement System (PSERS) reporting the net OPEB liability at June 30, 2017 and pertaining to the single employer OPEB plan dealing with the age-adjusted vs global healthcare rate, reporting the net OPEB liability at June 30, 2017 in the amount of \$3,508,656.

The District's food service program showed a decrease in net position of \$189,817 for year-end 2018. This decrease is a result of expenses exceeding revenues for the 2017-2018 year in the amount of \$94,886. Expenses decreased by \$84,689 from \$1,938,760 in 2017 to \$1,854,071 in 2018. Revenues fell by 4.0% while expenses decreased by 4.4%. The drop in revenues was due to declining student enrollment and decrease in sales revenues, operating grants and other revenues, combined with a prior period adjustment in the amount of \$94,931 as a result of the implementation of GASB statement No. 75 pertaining to multiple employer cost sharing of OPEB.

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 2017-2018:

	Budget Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Neg.)
	Original	Final		
Revenues	\$ 98,293,084	\$ 98,293,084	\$ 98,633,071	\$ 339,987
Expenditures	<u>102,947,210</u>	<u>101,656,362</u>	<u>99,903,235</u>	<u>1,753,127</u>
Excess (Deficiency) of Revenues Over				
Expenditures	(4,654,126)	(3,363,278)	(1,270,164)	2,093,114
Other Financing Sources/Uses	(927,141)	(2,217,889)	(937,169)	120,820
Special Items	-	-	-	-
Extraordinary	-	-	-	-
Net Change in Fund Balances	<u>(5,581,267)</u>	<u>(5,581,167)</u>	<u>(2,207,333)</u>	<u>3,373,934</u>
Fund Balance – Beginning	<u>13,117,024</u>	<u>13,117,024</u>	<u>19,033,463</u>	<u>5,916,439</u>
Fund Balance – Ending	<u>\$ 7,535,757</u>	<u>\$ 7,535,857</u>	<u>\$ 16,826,130</u>	<u>\$ 9,290,373</u>

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 2018 included \$98,293,084 in revenues, \$103,874,351 in expenditures and a beginning unreserved fund balance available for appropriation in the amount of \$13,117,024.

The actual revenues received for 2018 were \$99,085,507 or approximately 0.8% higher. The final actual expenditures to the budget amounted to \$101,292,840, a variance from the budget of \$2,581,811 or an expenditure rate of 97.5%.

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

- Local revenues increased from the original budget due to real estate taxes, earned income tax, real estate transfer tax, earned interest, rentals, and miscellaneous income.
- State revenues decreased from the original budget due to basic education funding, lease rental (debt service) subsidy and reimbursements for the employer share of social security and retirement contributions.
- Federal revenues increased from the original budget due increased ACCESS reimbursement.
- The 97.5% 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 2017

	2018 Amount	2017 Amount	Increase (Decrease)	% Change
Local Sources	\$ 51,562,993	\$ 50,918,607	\$ 644,386	1.3%
State Sources	45,529,941	44,741,532	788,409	1.8%
Federal Sources	1,540,137	1,898,485	(358,348)	-18.9%
Other Sources	452,436	2,500	449,936	17997.4%
TOTAL	<u>\$ 99,085,507</u>	<u>\$ 97,561,124</u>	<u>\$ 1,524,383</u>	<u>1.6%</u>

PLEASANT VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

Local Sources

The increase in local sources was \$644,386, or 1.3%. This increase is due to an increase in real estate property tax collections, interest earnings, and refunds of prior years expenditures.

State Sources

The increase in state sources was \$788,409 or 1.8% this increase was driven by an increase basic and special education funding, and retirement reimbursement. 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 \$358,348 or 18.9% due to decreases in funding from Title I.

General fund expenditures totaled \$101,292,840, which represents an increase of \$3,339,617 or 3.4% from 2016-2017. The following represents a summary of general fund expenditures for the year ended June 30, 2018 by function, along with changes from 2016-2017.

	2018	2017	Increase	%
	Amount	Amount	(Decrease)	Change
Instruction	\$ 60,436,486	\$ 59,273,745	\$ 1,162,741	2.0%
Support Services	28,496,666	27,594,869	901,797	3.3%
Noninstructional	1,414,693	1,466,315	(51,622)	-3.5%
Facilities Acquisition	39,877	17,865	22,012	123.2%
Other Financing Uses	10,905,118	9,600,429	1,304,689	13.6%
TOTAL	<u>\$ 101,292,840</u>	<u>\$ 97,953,223</u>	<u>\$ 3,339,617</u>	<u>3.4%</u>

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's Discussion and Analysis

Support Services

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

Non-instructional Services

The decrease in non-instructional expenditures was due to a decrease in student activities spending and community services expenses. Community service expenses are driven by grant funding.

Facilities Acquisition, Construction and Improvement Services

Each year, this service area fluctuates depending upon the needs of the district. There were \$39,877 of improvement services that occurred during the 2017-2018 year.

Other Financing Uses

The increased expenses are due to scheduled debt service payments, increased transfers to capital reserve fund, and repayment of debt service subsidy due to the final actual reimbursement rate of the middle school addition project calculated below the estimated reimbursement rate received by the district from the Pennsylvania Department of Education (PDE) in prior years.

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 2018, no expenditures were made from this fund. The June 30, 2018 balance was \$3,312,065.

PLEASANT VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2018 is summarized in Table 3 below.

Table 3
Capital Assets
For the Year Ended June 30, 2018

	2018			Total % Change	2017		
	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	1,174,110	-	1,174,110	-17.19%	1,417,851	-	1,417,851
Building and Bldg. Improve- ments (net Acc. Dep.)	74,560,640	-	74,560,640	-1.04%	75,340,526	-	75,340,526
Furniture and Equipment (net Acc. Dep.)	1,078,677	184,748	1,263,425	-6.16%	1,138,963	207,353	1,346,316
Construction in Progress	-	-	-	-100.00%	1,537,056	-	1,537,056
TOTAL	\$ 78,538,088	\$ 184,748	\$ 78,722,836	-3.25%	\$ 81,159,057	\$ 207,353	\$ 81,366,410

LONG TERM DEBT

At June 30, 2018, the District had \$7,174,162 in outstanding bonds and lease obligations. On July 19, 2018 general obligation bonds in the amount of \$9,325,000 were issued to address capital needs of the District facilities. The District's bonds have an "A=+" rating from the Standard and Poor's Rating Group.

In addition, the long term portion of compensated absences totaled \$1,437,459; liability for other post-employment benefits totaled \$1,186,038 and net pension liability totaled \$152,584,178, and net OPEB liability for single and multiple employer plans totaled \$26,011,866.

PLEASANT VALLEY SCHOOL DISTRICT
Management's 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
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
2017-18	2,196	2,408	4,604

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, 2018**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 24,966,006	\$ 418,133	\$ 25,384,139
Investments	2,116,268	-	2,116,268
Receivables, net	4,686,453	-	4,686,453
Internal Balances	-	131,421	-
Due From Other Governments	4,561,642	151,774	4,713,416
Other Receivables	52,811	5,112	57,923
Inventories	31,728	36,257	67,985
Prepaid Expenses	-	-	-
Total Current Assets	36,414,908	742,697	37,026,184
Non-Current Assets:			
Restricted Cash and Cash Equivalents	-	-	-
Land	1,724,661	-	1,724,661
Site Improvements (net of depreciation)	1,174,110	-	1,174,110
Building and Bldg. Improvements (net of depreciation)	74,560,640	-	74,560,640
Furniture and Equipment (net of depreciation)	1,078,677	184,748	1,263,425
Construction in Progress	-	-	-
Long-term Receivable	6,772,043	-	6,772,043
Total Non-Current Assets	85,310,131	184,748	85,494,879
TOTAL ASSETS	121,725,039	927,445	122,521,063
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Change in Proportion of NPL	562,177	5,823	568,000
Deferred Outflows of Resources - Current Year Contributions	13,944,627	203,304	14,147,931
Deferred Outflows of Resources - Change in Assumptions	4,033,340	64,938	4,098,278
Deferred Outflows of Resources - Diff. in Projected vs Actual Contributions	-	-	-
Deferred Outflows of Resources - Diff. in Projected vs Actual Invest. Earnings	3,482,160	65,840	3,548,000
Deferred Outflows of Resources - Diff. between Expected vs Actual Experience	1,409,483	8,737	1,418,220
Deferred Outflows of Resources - Diff. between Proportionate Share vs Actual Pd-POS	37,897	-	37,897
Deferred Charges on Bond Refundings, net	62,222	-	62,222
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 145,256,945	\$ 1,276,087	\$ 146,401,611
LIABILITIES			
Current Liabilities:			
Internal Balances	\$ 131,421	\$ -	\$ -
Due to other governments	244,803	-	244,803
Accounts Payable	1,420,412	3,121	1,423,533
Current Portion of Long-Term Obligations	5,320,285	-	5,320,285
Accrued Salaries and Benefits	10,286,165	-	10,286,165
Prepayments	-	25,055	25,055
Other Current Liabilities	46,242	78	46,320
Total Current Liabilities	17,449,328	28,254	17,346,161
Non-Current Liabilities:			
Bonds and Notes Payable	2,434,162	-	2,434,162
Net Pension Liability	150,103,676	2,480,502	152,584,178
Lease Purchase Obligations	-	-	-
Long-Term Portion of Compensated Absences	1,370,298	67,161	1,437,459
Other Retirement Benefits	1,186,038	-	1,186,038
Net OPEB Liability - Single Employer Plan	19,681,657	-	19,681,657
Net OPEB Liability - Multiple Employer Plan	6,233,714	96,495	6,330,209
TOTAL LIABILITIES	198,458,873	2,672,412	200,999,864
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Change in Proportion - NPL	-	-	-
Deferred Inflows of Resources - Change in Assumption	-	-	-
Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	17,953	507	18,460
Deferred Inflows of Resources - Diff. in Projected vs Actual Invest. Earnings	-	-	-
Deferred Inflows of Resources - Diff. between Expected vs Actual Experience	-	-	-
Deferred Inflows of Resources - Diff. between Proportionate Share vs Actual Pd.-POS	-	-	-
Unearned Revenue	1,654	-	1,654
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	198,478,480	2,672,919	201,019,978
NET POSITION			
Net Investment in Capital Assets	71,426,148	184,748	71,610,896
Restricted For:			
Retirement of Long-Term Debt	-	-	-
Capital Projects	3,312,065	-	3,312,065
Other Restrictions	-	-	-
Unrestricted (deficit)	(127,959,748)	(1,581,580)	(129,541,328)
TOTAL NET POSITION	(53,221,535)	(1,396,832)	(54,618,367)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 145,256,945	\$ 1,276,087	\$ 146,401,611

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, 2018**

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	\$ 61,828,070	\$ 250,190	\$ 14,107,400	\$ -	\$ (47,470,480)	\$ -	\$ (47,470,480)
Instructional Student Support	7,095,612	-	1,075,823	-	(6,019,789)	-	(6,019,789)
Admin. & Fin'l Support Services	6,803,824	-	630,046	-	(6,173,778)	-	(6,173,778)
Oper. & Maint. of Plant Svcs.	9,077,804	-	788,325	-	(8,289,479)	-	(8,289,479)
Pupil Transportation	6,084,302	23,661	2,804,485	-	(3,256,156)	-	(3,256,156)
Student activities	1,485,601	55,395	157,534	-	(1,272,672)	-	(1,272,672)
Community Services	581,042	-	31,520	-	(549,522)	-	(549,522)
Interest on Long-Term Debt	886,480	-	-	1,681,075	794,595	-	794,595
Unallocated Depreciation Expense	2,671,203	-	-	-	(2,671,203)	-	(2,671,203)
TOTAL GOVERNMENTAL ACTIVITIES	96,513,938	329,246	19,595,133	1,681,075	(74,908,484)	-	(74,908,484)
BUSINESS-TYPE ACTIVITIES:							
Food Services	1,854,071	615,695	1,089,936	-	-	(148,440)	(148,440)
Other Enterprise Funds	-	-	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT	\$ 98,368,009	\$ 944,941	\$ 20,685,069	\$ 1,681,075	\$ (74,908,484)	\$ (148,440)	\$ (75,056,924)
GENERAL REVENUES:							
Property taxes. Levied for general purposes, net					\$ 45,951,362	\$ -	\$ 45,951,362
Taxes levied for specific purposes					3,804,319	-	3,804,319
Grants, subsidies, & contributions not restricted					26,429,881	-	26,429,881
Investment Earnings					453,514	4,903	458,417
Miscellaneous Income					746,288	2,944	749,232
Special item - Gain (Loss) on sale of capital assets					(175,950)	-	(175,950)
Transfers					(45,707)	45,707	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					77,163,707	53,554	77,217,261
CHANGES IN NET POSITION					2,255,223	(94,886)	2,160,337
NET POSITION - BEGINNING					(36,389,329)	(1,207,015)	(37,596,344)
Prior Period Adjustment					(19,087,429)	(94,931)	(19,182,360)
NET POSITION - ENDING					\$ (53,221,535)	\$ (1,396,832)	\$ (54,618,367)

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

**Pleasant Valley School District
Balance Sheet
Governmental Funds
As of June 30, 2018**

	<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	\$ 22,452,682	\$ 2,513,323	\$ -	\$ 24,966,005
Investments	1,253,190	863,078	-	2,116,268
Taxes Receivable, net	4,641,602	-	44,851	4,686,453
Due from other funds	6,014	-	13,084	19,098
Due from Other Governments	4,561,642	-	-	4,561,642
Other Receivables	39,785	-	-	39,785
Inventories	-	-	-	-
Prepaid Expenditures	-	-	-	-
Other Current Assets	-	-	-	-
TOTAL ASSETS	32,954,915	3,376,401	57,935	36,389,251
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charges on Refundings, net	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 32,954,915	\$ 3,376,401	\$ 57,935	\$ 36,389,251
<u>LIABILITIES</u>				
Due to Other Funds	\$ 144,505	\$ -	\$ -	\$ 144,505
Due to Other Governments	244,803	-	-	244,803
Accounts Payable	1,110,270	297,059	13,084	1,420,413
Current Portion of Long-Term Debt	580,285	-	-	580,285
Accrued Salaries and Benefits	10,286,165	-	-	10,286,165
Payroll Deductions and Withholdings	-	-	-	-
Prepayments	-	-	-	-
Other Current Liabilities	178	-	-	178
TOTAL LIABILITIES	12,366,206	297,059	13,084	12,676,349
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unearned/Unavailable Property Taxes	3,762,579	-	44,851	3,807,430
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	16,128,785	297,059	57,935	16,483,779
FUND BALANCES:				
Nonspendable Fund Balance	-	-	-	-
Restricted Fund Balance	-	3,312,065	-	3,312,065
Committed Fund Balance	10,988,013	-	-	10,988,013
Assigned Fund Balance	4,332,172	-	-	4,332,172
Unassigned Fund Balance	1,505,945	(232,723)	-	1,273,222
TOTAL FUND BALANCES	16,826,130	3,079,342	-	19,905,472
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 32,954,915	\$ 3,376,401	\$ 57,935	\$ 36,389,251

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, 2018**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 19,905,472

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 \$133,473,503 and the accumulated depreciation is \$54,935,415.

78,538,088

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.

6,779,055

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.

3,805,777

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

62,222

This represents deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension/OPEB Liability.

23,451,732

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.

31,728

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	\$ (7,174,162)	
Accrued interest on the bonds	(46,064)	
Compensated absences	(1,370,298)	
Net Pension Liability	(150,103,676)	
Net OPEB Liability - Single Employer Plan	(19,681,657)	
Net OPEB Liability - Multiple Employer Plan	(6,233,714)	
Other Retirement Benefits	(1,186,038)	
Authority Lease Obligations	-	(185,795,609)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ (53,221,535)**

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, 2018

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES				
Local Sources	\$ 51,562,993	\$ 27,971	\$ 549,228	\$ 52,140,192
State Sources	45,529,941	-	-	45,529,941
Federal Sources	1,540,137	-	-	1,540,137
TOTAL REVENUES	<u>98,633,071</u>	<u>27,971</u>	<u>549,228</u>	<u>99,210,270</u>
EXPENDITURES				
Instruction	60,436,486	-	-	60,436,486
Support Services	28,496,666	-	-	28,496,666
Operation of Non-Instructional Services	1,414,693	-	549,228	1,963,921
Capital Outlay	39,877	730,084	-	769,961
Debt Service	9,515,513	-	-	9,515,513
TOTAL EXPENDITURES	<u>99,903,235</u>	<u>730,084</u>	<u>549,228</u>	<u>101,182,547</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,270,164)</u>	<u>(702,113)</u>	<u>-</u>	<u>(1,972,277)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Refunding Bond Issues	-	-	-	-
Bond Premium	-	-	-	-
Proceeds from Extended Term Financing	-	-	-	-
Interfund Transfers In	-	1,343,898	-	1,343,898
Sale/Compensation for Fixed Assets	451,050	-	-	451,050
Insurance Recoveries	1,386	-	-	1,386
Payment to bond refunding escrow agent	-	-	-	-
Bond Discount	-	-	-	-
Operating Transfers Out	(1,389,605)	-	-	(1,389,605)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(937,169)</u>	<u>1,343,898</u>	<u>-</u>	<u>406,729</u>
SPECIAL/EXTRAORDINARY ITEMS				
Special Items	-	-	-	-
Extraordinary Items	-	-	-	-
NET CHANGE IN FUND BALANCES	<u>(2,207,333)</u>	<u>641,785</u>	<u>-</u>	<u>(1,565,548)</u>
FUND BALANCES - BEGINNING	<u>19,033,463</u>	<u>2,437,557</u>	<u>-</u>	<u>21,471,020</u>
FUND BALANCES - ENDING	<u>\$ 16,826,130</u>	<u>\$ 3,079,342</u>	<u>\$ -</u>	<u>\$ 19,905,472</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, 2018**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (1,565,548)

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	\$ 2,905,800	
less - capital outlays	<u>911,832</u>	(1,993,968)

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.

(627,000)

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 increased by this amount this year.

(207,698)

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.

8,270,000

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.

324,520

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING **\$ 4,200,306**

**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, 2018**

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING (CONT'D)	\$ 4,200,306
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.	359,032
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.	747,420
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.	(20,298)
The difference between current year pension/OPEB expense reported on the governmental activities column of the government-wide financial statements and the pension/OPEB contributions made this past year reported as expenditures in the governmental funds.	<u>(3,031,237)</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,255,223</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, 2018**

	<u>FOOD SERVICE</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL</u>
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 418,133	\$ -	\$ 418,133
Investments	-	-	-
Due from other funds	135,064	-	135,064
Due From Other Governments	151,774	-	151,774
Other Receivables	1,469	-	1,469
Inventories	36,257	-	36,257
Prepaid expenses	-	-	-
Other Current Assets	-	-	-
TOTAL CURRENT ASSETS	<u>742,697</u>	<u>-</u>	<u>742,697</u>
NON-CURRENT ASSETS:			
Building & Bldg. Improvements (net)	-	-	-
Machinery & Equipment (net)	184,748	-	184,748
Other Long-Term Receivables	-	-	-
TOTAL NON-CURRENT ASSETS	<u>184,748</u>	<u>-</u>	<u>184,748</u>
TOTAL ASSETS	927,445	-	927,445
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources - Change in Proportion of NPL	5,823	-	5,823
Deferred Outflows of Resources - Current Year Contributions	203,304	-	203,304
Deferred Outflows of Resources - Change in Assumptions	64,938	-	64,938
Deferred Outflows of Resources - Diff. in Projected vs Actual Contributions	-	-	-
Deferred Outflows of Resources - Diff. in Projected vs Actual Invest. Earnings	65,840	-	65,840
Deferred Outflows of Resources - Diff. between Expected vs Actual Experience	8,737	-	8,737
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,276,087</u>	<u>\$ -</u>	<u>\$ 1,276,087</u>
<u>LIABILITIES</u>			
CURRENT LIABILITIES:			
Due to Other Funds	\$ -	\$ -	\$ -
Due to Other Governments	-	-	-
Accounts Payable	3,121	-	3,121
Current Portion of Long-Term Debt	-	-	-
Accrued Salaries and Benefits	-	-	-
Payroll Deductions and Withholdings	-	-	-
Other Current Liabilities	78	-	78
Prepayments	25,055	-	25,055
TOTAL CURRENT LIABILITIES	<u>28,254</u>	<u>-</u>	<u>28,254</u>
NON-CURRENT LIABILITIES:			
Long-Term Portion of Compensated Absences	67,161	-	67,161
Net OPEB Liability - Multiple Employer Plan	96,495	-	96,495
Net Pension Liability	2,480,502	-	2,480,502
TOTAL NON-CURRENT LIABILITIES	<u>2,644,158</u>	<u>-</u>	<u>2,644,158</u>
TOTAL LIABILITIES	2,672,412	-	2,672,412
<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	507	-	507
Deferred Inflows of Resources - Change in Proportion of NPL	-	-	-
Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	-	-	-
Unearned Revenue	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	<u>2,672,919</u>	<u>-</u>	<u>2,672,919</u>
<u>FUND NET POSITION</u>			
Net Investment in Capital Assets	184,749	-	184,749
Restricted for Legal Purposes	-	-	-
Unrestricted	(1,581,581)	-	(1,581,581)
TOTAL FUND NET POSITION	<u>(1,396,832)</u>	<u>-</u>	<u>(1,396,832)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION	<u>\$ 1,276,087</u>	<u>\$ -</u>	<u>\$ 1,276,087</u>

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, 2018

	<u>FOOD SERVICE</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL</u>
OPERATING REVENUES:			
Food Service Revenue	\$ 615,695	\$ -	\$ 615,695
Charges for Services	-	-	-
Other Operating Revenues	2,944	-	2,944
TOTAL OPERATING REVENUES	<u>618,639</u>	<u>-</u>	<u>618,639</u>
OPERATING EXPENSES:			
Salaries	631,801	-	631,801
Employee benefits	506,916	-	506,916
Purchased Professional and Technical Services	12,623	-	12,623
Purchased Property Service	14,327	-	14,327
Other Purchased Services	4,067	-	4,067
Supplies	659,048	-	659,048
Depreciation	22,605	-	22,605
Dues and Fees	2,684	-	2,684
Claims and Judgments	-	-	-
Other Operating Expenses	-	-	-
TOTAL OPERATING EXPENSES	<u>1,854,071</u>	<u>-</u>	<u>1,854,071</u>
OPERATING INCOME (LOSS)	<u>(1,235,432)</u>	<u>-</u>	<u>(1,235,432)</u>
NON-OPERATING REVENUES (EXPENSES)			
Earnings on investments	4,903	-	4,903
Contributions and Donations	-	-	-
Gain/Loss on Sale of Fixed Assets	-	-	-
State Sources	190,983	-	190,983
Federal Sources	898,953	-	898,953
Interest Expenses	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,094,839</u>	<u>-</u>	<u>1,094,839</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	\$ (140,593)	\$ -	\$ (140,593)
Capital contributions	-	-	-
Transfers in (out)	45,707	-	45,707
CHANGES IN FUND NET POSITION	(94,886)	-	(94,886)
FUND NET POSITION - BEGINNING	(1,207,015)	-	(1,207,015)
Prior Period Adjustment	(94,931)	-	(94,931)
FUND NET POSITION - ENDING	<u>\$ (1,396,832)</u>	<u>\$ -</u>	<u>\$ (1,396,832)</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, 2018**

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Users	\$ 582,525	\$ -	\$ 582,525
Cash Received from Assessments made to Other Funds	-	-	-
Cash Received from Earnings on Investments	-	-	-
Cash Received from Other Operating Revenue	33,132	-	33,132
Cash Payments to Employees for Services	(1,104,152)	-	(1,104,152)
Cash Payments for Insurance Claims	-	-	-
Cash Payments to Suppliers for Goods and Services	(653,814)	-	(653,814)
Cash Payments to Other Operating Expenses	(2,684)	-	(2,684)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(1,144,993)	-	(1,144,993)
	-----	-----	-----
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Local Sources	-	-	-
State Sources	190,271	-	190,271
Federal Sources	799,147	-	799,147
Notes and Loans Received	-	-	-
Interest Paid on Notes/Loans	-	-	-
Operating Transfers In (Out)	45,707	-	45,707
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	1,035,125	-	1,035,125
	-----	-----	-----
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	-	-	-
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on Investments	4,903	-	4,903
Purchase of Investment Securities/Deposits to Investment Pools	-	-	-
Withdrawals from Investment Pools	-	-	-
Proceeds from Sale and Maturity of Investment Securities	-	-	-
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	4,903	-	4,903
	-----	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(104,965)	-	(104,965)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	523,098	-	523,098
	-----	-----	-----
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 418,133	\$ -	\$ 418,133

**Pleasant Valley School District
Statement of Cash Flows
Proprietary Funds
As of June 30, 2018**

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)	\$ (1,235,432)	\$ -	\$ (1,235,432)
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	88,159	-	88,159
CHANGES IN ASSETS AND LIABILITIES:			
(Increase) Decrease in Accounts Receivable	(986)	-	(986)
(Increase) Decrease in Advances to Other Funds	(1,996)	-	(1,996)
(Increase) Decrease in Inventories	4,361	-	4,361
(Increase) Decrease in Prepaid Expenses	-	-	-
(Increase) Decrease in Other Current Assets	-	-	-
(Increase) Decrease in Deferred Outflows of Resources - Change in Proportion of NPL	(5,823)	-	(5,823)
(Increase) Decrease in Deferred Outflows of Resources - Current Year Contributions	(26,061)	-	(26,061)
(Increase) Decrease in Deferred Outflows of Resources - Change in Assumptions	24,195	-	24,195
(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	74,096	-	74,096
(Increase) Decrease in Deferred Outflows of Resources - Diff. between Expected vs Actual Experience	(8,737)	-	(8,737)
Increase (Decrease) in Accounts Payable	2,043	-	2,043
Increase (Decrease) in Accrued Salaries and Benefits	(1,499)	-	(1,499)
Increase (Decrease) in Advances from Other Funds	(62,898)	-	(62,898)
Increase (Decrease) in Other Current Liabilities	4,586	-	4,586
Increase (Decrease) in Net OPEB Liability - Multiple Employer Plan	1,564	-	1,564
Increase (Decrease) in Net Pension Liability	36,575	-	36,575
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Invest. Earnings	-	-	-
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	(4,265)	-	(4,265)
Increase (Decrease) in Deferred Inflows of Resources - Change in Assumptions	-	-	-
Increase (Decrease) in Deferred Inflows of Resources - Change in Proportion of NPL	(34,823)	-	(34,823)
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	(20,657)	-	(20,657)
TOTAL ADJUSTMENTS	<u>90,439</u>	<u>-</u>	<u>90,439</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (1,144,993)</u>	<u>\$ -</u>	<u>\$ (1,144,993)</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, 2018**

	PRIVATE PURPOSE TRUST	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	AGENCY FUNDS
ASSETS			
Cash and cash equivalents	\$ 47,797	\$ -	\$ 719,387
Investments	11,183	-	102,241
Due from Other Funds	-	-	-
Other Receivables	32	-	1,695
Prepaid Expenses	-	-	-
Other Current Assets	-	-	-
TOTAL ASSETS	59,012	-	823,323
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 59,012	\$ -	\$ 823,323
LIABILITIES			
Accounts Payable	\$ 2,000	\$ -	\$ 23,715
Due to Other Funds	-	-	9,657
Due to Student Clubs	-	-	248,404
Accrued Salaries and Benefits	-	-	-
Payroll Deductions	-	-	541,547
Other Current Liabilities	-	-	-
TOTAL LIABILITIES	2,000	-	823,323
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenue	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	2,000	-	823,323
NET POSITION			
Restricted	-	-	-
Unrestricted	57,012	-	-
TOTAL NET POSITION	\$ 57,012	\$ -	\$ -

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, 2018**

	PRIVATE- PURPOSE TRUST FUND	PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
ADDITIONS		
Contributions	\$ 4,373	\$ -
Transfers from other funds	-	-
INVESTMENT EARNINGS:		
Interest and Dividends	255	-
Net increase (decrease) in fair value of investments	-	-
Less investment expense	-	-
TOTAL ADDITIONS	4,628	-
 DEDUCTIONS		
Transfers to other funds	-	-
Administrative charges	-	-
Scholarships	8,450	-
TOTAL DEDUCTIONS	8,450	-
 CHANGES IN NET POSITION	(3,822)	-
 NET POSITION - BEGINNING OF YEAR	60,834	-
 NET POSITION - END OF YEAR	\$ 57,012	\$ -

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, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>BUDGET TO GAAP DIFFERENCE</u>	<u>ACTUAL AMOUNTS GAAP BASIS</u>
	<u>ORIGINAL</u>	<u>FINAL</u>				
REVENUES						
Local Sources	\$ 50,503,989	\$ 50,503,989	\$ 51,562,993	\$ 1,059,004	\$ -	\$ 51,562,993
State Sources	46,469,095	46,469,095	45,529,941	(939,154)	-	45,529,941
Federal Sources	1,320,000	1,320,000	1,540,137	220,137	-	1,540,137
TOTAL REVENUES	<u>98,293,084</u>	<u>98,293,084</u>	<u>98,633,071</u>	<u>339,987</u>	<u>-</u>	<u>98,633,071</u>
EXPENDITURES						
Regular Instruction	40,343,614	38,987,763	38,984,578	3,185	-	38,984,578
Special Programs	16,529,032	17,158,650	17,150,728	7,922	-	17,150,728
Vocational Programs	3,630,248	3,349,722	3,319,494	30,228	-	3,319,494
Other Instructional Programs	1,548,146	1,076,583	973,187	103,396	-	973,187
Nonpublic Schools	-	10,000	8,499	1,501	-	8,499
Pre-Kindergarten	-	-	-	-	-	-
Pupil Personnel Services	3,840,069	3,794,912	3,515,570	279,342	-	3,515,570
Instructional Staff Services	2,754,937	2,733,800	2,566,051	167,749	-	2,566,051
Administrative Services	3,923,101	3,722,893	3,569,253	153,640	-	3,569,253
Pupil Health	822,668	808,295	794,829	13,466	-	794,829
Business Services	1,605,829	1,603,783	1,483,298	120,485	-	1,483,298
Operation & Maintenance of Plant Services	9,602,107	9,013,917	8,912,811	101,106	-	8,912,811
Student Transportation Services	6,268,081	6,591,142	6,120,949	470,193	-	6,120,949
Central Support Services	1,650,783	1,679,307	1,500,158	179,149	-	1,500,158
Other Support Services	30,000	34,000	33,747	253	-	33,747
Student Activities	1,437,420	1,497,420	1,382,931	114,489	-	1,382,931
Community Services	-	33,000	31,762	1,238	-	31,762
Facilities, Acquisition and Construction	-	40,000	39,877	123	-	39,877
Debt Service	8,961,175	9,521,175	9,515,513	5,662	-	9,515,513
TOTAL EXPENDITURES	<u>102,947,210</u>	<u>101,656,362</u>	<u>99,903,235</u>	<u>1,753,127</u>	<u>-</u>	<u>99,903,235</u>
Excess (deficiency) of revenues over expenditures	(4,654,126)	(3,363,278)	(1,270,164)	2,093,114	-	(1,270,164)
OTHER FINANCING SOURCES (USES)						
Proceeds From Extended Term Financing	-	-	-	-	-	-
Interfund Transfers In	-	-	-	-	-	-
Sale/Compensation for Fixed Assets	-	-	451,050	451,050	-	451,050
Insurance Recoveries	-	-	1,386	1,386	-	1,386
Fund Transfers Out	(127,141)	(1,417,989)	(1,389,605)	28,384	-	(1,389,605)
Budgetary Reserve	(800,000)	(800,000)	-	800,000	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(927,141)</u>	<u>(2,217,989)</u>	<u>(937,169)</u>	<u>1,280,820</u>	<u>-</u>	<u>(937,169)</u>
Special Items	-	-	-	-	-	-
Extraordinary Items	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	<u>(5,581,267)</u>	<u>(5,581,267)</u>	<u>(2,207,333)</u>	<u>3,373,934</u>	<u>-</u>	<u>(2,207,333)</u>
FUND BALANCE - JULY 1, 2017	<u>\$ 13,117,024</u>	<u>\$ 13,117,024</u>	<u>\$ 19,033,463</u>	<u>\$ 5,916,439</u>	<u>\$ -</u>	<u>\$ 19,033,463</u>
FUND BALANCE - JUNE 30, 2018	<u>\$ 7,535,757</u>	<u>\$ 7,535,757</u>	<u>\$ 16,826,130</u>	<u>\$ 9,290,373</u>	<u>\$ -</u>	<u>\$ 16,826,130</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, 2018**

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, 2018

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 2017-2018 was \$2,070,927.

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, 2018**

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, 2018**

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, 2018**

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, 2018

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, 2018

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 2017-18 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 2017-18 fiscal year the District implemented the following new generally accepted accounting principles:

- GASB Statement No. 75 (*Accounting and 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 employers.
- GASB Statement No. 81 (*Irrevocable Split-Interest Agreements*). The purpose of this standard 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 this type of agreement.
- GASB Statement No. 85 (*Omnibus 2017*). This Statement amends previous standards associated with blending component units, goodwill, fair value measurement and application, and postemployment benefits. Specifically, blending a component unit in circumstances in which the primary government is a business-type activity, reporting amounts previously reported as goodwill and “negative” goodwill, measuring certain money market investments at amortized cost, timing of the measurement of pension or OPEB liabilities using the current resources measurement focus, recognizing on-behalf payments for pensions or OPEB, presenting payroll-related measures in required supplementary information for purposes of reporting OPEB, and accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.
- GASB Statement No. 86 (*Certain Debt Extinguishment Issues*). This Statement addresses 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 are placed in an irrevocable trust for the sole purpose of extinguishing debt.
- GASB Implementation Guide 2017-1. This is the latest Implementation Guide to be utilized in answering pertinent questions about the previously issued standards.

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.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018

I. Other Postemployment Benefits

Multiple Employer Cost Sharing OPEB Plan

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

Single Employer OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information was obtained from the Actuary Report conducted by Conrad Siegel. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The single employer plan is not funded.

J. 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, 2018**

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, 2018, 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, 2018, shows \$31,728 as an asset in the governmental activities column of the government-wide statement of net position; a physical inventory taken at June 30, 2018, shows \$36,257 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, 2018, consist of:

Supplies	\$ 2,194
Purchased Food	5,824
Donated Commodities	<u>28,239</u>
TOTAL	<u>\$ 36,257</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.

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.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

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.

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.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018

Reclassification

Certain amounts have been reclassified to conform to the June 30, 2018, 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 8 to the financial statements:

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.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

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.

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 \$185,795,609 difference are:

Bonds payable	\$ 6,995,000
Less: Issuance discount (to be amortized as interest expense)	(4,710)
Add: Issuance premium (to be amortized as a contra to interest expense)	183,872
Accrued interest payable	46,064
Net Pension Liability	150,103,676
Compensated absences	1,370,298
Net OPEB Liability - Single Employer Plan	19,681,657
Net OPEB Liability - Multiple Employer Plan	6,233,714
Other Retirement Benefits	1,186,038
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	\$ 185,795,609

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018

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.
- 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.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

	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	\$ 46,159,059	\$ (207,697)	\$ -	\$ -	\$ 45,951,362
Taxes levied for specific purposes	3,804,319	-	-	-	3,804,319
Interest and investment earnings	466,655	(13,141)	-	-	453,514
Miscellaneous	723,565	1,386	-	-	724,951
Contributions and Donations	21,337	-	-	-	21,337
Charges for Services	329,246	-	-	-	329,246
Grants, subsidies & contributions not restricted	26,429,881	-	-	-	26,429,881
Transfers in	-	-	-	-	-
INTERMEDIATE SOURCES:					
Charges for Services	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
STATE SOURCES:					
Operating and Capital grants and contributions	19,100,060	-	-	-	19,100,060
FEDERAL SOURCES:					
Operating and Capital grants and contributions	2,176,148	-	-	-	2,176,148
SPECIAL AND EXTRAORDINARY ITEMS:					
Proceeds from Extended Term Financing	-	-	-	-	-
Bond Premium	-	-	-	-	-
Proceeds from Bond Issues	-	-	-	-	-
Insurance Recoveries	1,386	(1,386)	-	-	-
Gain or (Loss) on disposal of assets	451,050	-	(627,000)	-	(175,950)
TOTAL REVENUES	<u>99,662,706</u>	<u>(220,838)</u>	<u>(627,000)</u>	<u>-</u>	<u>98,814,868</u>
EXPENDITURES/EXPENSES					
Instruction	60,436,486	1,389,460	2,124	-	61,828,070
Instructional Student Support	6,876,450	219,162	-	-	7,095,612
Admin. & Fin'l Support Services	6,586,456	143,046	74,322	-	6,803,824
Oper. & Maint. Of Plant Svcs.	8,912,811	202,805	(37,812)	-	9,077,804
Pupil Transportation	6,120,949	(36,647)	-	-	6,084,302
Student activities	1,382,931	48,577	54,093	-	1,485,601
Community Services	580,990	52	-	-	581,042
Capital Outlay	769,960	-	(769,960)	-	-
Debt Service	9,515,513	-	-	(8,629,033)	886,480
Special Item - Loss on Abandonment	-	-	-	-	-
Transfers Out	45,707	-	-	-	45,707
Depreciation - unallocated	-	-	2,671,203	-	2,671,203
TOTAL EXPENDITURES/EXPENSES	<u>101,228,253</u>	<u>1,966,455</u>	<u>1,993,970</u>	<u>(8,629,033)</u>	<u>96,559,645</u>
NET CHANGE FOR THE YEAR	<u>\$ (1,565,547)</u>	<u>\$ (2,187,293)</u>	<u>\$ (2,620,970)</u>	<u>\$ 8,629,033</u>	<u>\$ 2,255,223</u>

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.

B. Deficit fund balance or net position of individual funds

No individual fund contains a deficit fund balance or net position at June 30, 2018, except the governmental activities and business-type activities (Food Service Fund) has deficits of \$53,221,535, and \$1,396,832, respectively.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

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, 2018. 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, 2018, \$7,799,202 of the District's bank balance of \$8,545,662 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	7,799,202
TOTAL	\$ 7,799,202

Reconciliation to Financial Statements

Uncollateralized Amount Above	\$ 7,799,202
Plus: Insured Amount	746,460
Less: Outstanding Checks	(1,038,412)
Carrying Amount - Bank balances	7,507,250
Plus: Petty Cash	4,377
Deposits in Pooled Investments Considered Cash Equivalents	20,134,389
Deposits in Money Market Mutual Funds Considered Cash Equivalents	-
Less: Certificates of Deposit considered Investment by School Code	(1,494,693)
Total Cash Per Financial Statements	\$ 26,151,323

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018

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, 2018**

- 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, 2018, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposit		\$ 1,494,692
PA School District Liquid Asset Fund		18,747,797
PA Local Government Investment Trust		2,121,592
TOTAL		\$ 22,364,081

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, 2018, the District's investments were rated as follows:

<u>Investment</u>	<u>Standard & Poor's</u>
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, 28.92% are in Certificates of Deposit with First Northern Bank & Trust. More than 5 percent of the Fiduciary Funds' investments are in certificates of deposit at ESSA Bank & Trust and First Northern Bank & Trust, 48.38% and 5.29%, respectively.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

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	\$ 22,364,081
Less: Deposits in Investment Pool Considered Cash Equivalents	(20,134,389)
Deposits in Money Market Mutual Funds Considered Cash Equivalents	-
Total Investments Per Financial Statements	<u>\$ 2,229,692</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, 2018. 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 \$340,535,240. In accordance with Act 1 of 2006, the District received \$4,072,141 in property tax reduction funds for the 2017-18 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, 2018**

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	\$ -	\$ -	\$ -	\$ -	\$ 43	\$ 43
Taxes	4,641,602	-	-	44,851	-	4,686,453
Accounts	39,785	-	1,469	-	1,684	42,938
Intergovernmental	4,561,642	-	151,774	-	-	4,713,416
GROSS RECEIVABLES	9,243,029	-	153,243	44,851	1,727	9,442,850
Less: Allowance for Uncollectibles	-	-	-	-	-	-
NET RECEIVABLES	\$ 9,243,029	\$ -	\$ 153,243	\$ 44,851	\$ 1,727	\$ 9,442,850

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:

	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
Delinquent Property taxes - General Fund	\$ 3,760,925	\$ -
Delinquent Property taxes - Library Fund	44,851	-
Grant drawdowns prior to meeting eligibility requirements	1,654	1,654
TOTAL	\$ 3,807,430	\$ 1,654

Capital Assets

Capital asset balances and activity for the year ending June 30, 2018, were:

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being depreciated:				
Land	\$ 1,724,661	\$ -	\$ -	\$ 1,724,661
Construction in Progress	1,537,056	769,961	(2,307,017)	-
Total Capital Assets not being depreciated	<u>3,261,717</u>	<u>769,961</u>	<u>(2,307,017)</u>	<u>1,724,661</u>
Capital Assets being depreciated:				
Site Improvements	3,819,365	-	-	3,819,365
Buildings and Bldg. Improvements	118,501,845	2,307,017	(950,000)	119,858,862
Furniture and Equipment	7,928,744	141,871	-	8,070,615
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>130,249,954</u>	<u>2,448,888</u>	<u>(950,000)</u>	<u>131,748,842</u>
Less accumulated depreciation for:				
Site Improvements	(2,401,514)	(243,741)	-	(2,645,255)
Buildings and Bldg. Improvements	(43,161,319)	(2,459,903)	323,000	(45,298,222)
Furniture and Equipment	(6,789,781)	(202,157)	-	(6,991,938)
TOTAL ACCUMULATED DEPRECIATION	<u>(52,352,614)</u>	<u>(2,905,801)</u>	<u>323,000</u>	<u>(54,935,415)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION	<u>77,897,340</u>	<u>(456,913)</u>	<u>(627,000)</u>	<u>76,813,427</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	 <u>\$ 81,159,057</u>	 <u>\$ 313,048</u>	 <u>\$ (2,934,017)</u>	 <u>\$ 78,538,088</u>
 BUSINESS-TYPE ACTIVITIES:				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 1,560,869	\$ -	\$ -	\$ 1,560,869
Less accumulated depreciation	(1,353,516)	(22,605)	-	(1,376,121)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 207,353</u>	<u>\$ (22,605)</u>	<u>\$ -</u>	<u>\$ 184,748</u>

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

Regular Instruction	\$ 6,372
Special Instruction	259
Vocational Instruction	8,971
Other Instruction	4,500
Adult Instruction	-
Community College Instruction	-
Pupil Services	-
Instructional Staff Svcs.	-
Administrative Services	7,134
Health Services	-
Business Services	2,176
Operation & Maintenance of Plant Svcs.	82,778
Pupil Transportation	-
Central Services	59,584
Other Support Services	8,731
Student Activities	54,093
Community Services	-
Depreciation - unallocated	2,671,203
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	<u>\$ 2,905,801</u>

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

Governmental Activities disposed of \$950,000 in buildings during the year with \$323,000 in accumulated depreciation, leaving a loss on disposition of \$175,950. 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 did not have any construction commitments in the Capital Project Fund at year end.

Short-term debt

Interfund receivables and payables

The following interfund receivables and payables were in existence on June 30, 2018:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 6,014	\$ 144,505
Special Revenue (Western Pocono) Fund	13,084	-
Enterprise (Food Service) Fund	135,064	-
Agency (Payroll) Fund	-	9,459
Agency (Activity) Fund	-	198
TOTAL	\$ 154,162	\$ 154,162

Interfund Transfers

The District also made the following interfund transfers during the fiscal year ended June 30, 2018:

	TRANSFER IN	TRANSFER OUT
General Fund	\$ -	\$ 1,389,605
Capital Project (Capital Reserve) Fund	1,343,898	-
Private-Purpose Trust Funds	-	-
Enterprise (Food Service) Fund	45,707	-
TOTAL	\$ 1,389,605	\$ 1,389,605

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

Long-term liabilities

Long-term liability balances and activity for the year ended June 30, 2018, were:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES:					
<i>General Obligation Debt:</i>					
<i>Bonds and notes payable:</i>					
Capital Projects	\$ 15,910,574	\$ 990	\$ 8,737,402	\$ 7,174,162	\$ 4,740,000
Lease Rental Obligations	-	-	-	-	-
Total general obligation debt	15,910,574	990	8,737,402	7,174,162	4,740,000
<i>Other liabilities:</i>					
<i>Vested employee benefits:</i>					
Vacation pay	333,582	33,840	-	367,422	1,853
Sick pay	2,109,246	-	526,085	1,583,161	578,432
Other Retirement Benefits	1,140,431	45,607	-	1,186,038	-
Net Pension Liability	147,724,971	2,378,705	-	150,103,676	-
Net OPEB Liability - Single Employer Plan	3,508,656	16,173,001	-	19,681,657	-
Net OPEB Liability - Multiple Employer Plan	-	6,233,714	-	6,233,714	-
Total other liabilities	154,816,886	24,864,867	526,085	179,155,668	580,285
TOTAL GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES	\$ 170,727,460	\$ 24,865,857	\$ 9,263,487	\$ 186,329,830	\$ 5,320,285
BUSINESS-TYPE ACTIVITIES:					
<i>Other liabilities:</i>					
Net Pension Liability	\$ 2,443,927	\$ 36,575	-	\$ 2,480,502	\$ -
Net OPEB Liability - Multiple Employer Plan	-	96,495	-	96,495	-
<i>Vested employee benefits:</i>					
Vacation pay	3,437	1,958	-	5,395	-
Sick pay	65,223	-	3,457	61,766	-
TOTAL BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES	\$ 2,512,587	\$ 135,028	\$ 3,457	\$ 2,644,158	\$ -

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

Total Interest paid and accrued during the year:

	EXPENSE	PAID
GOVERNMENTAL ACTIVITIES		
General obligation debt	\$ 327,392	\$ 686,425
Refunds of Prior Year Receipts	559,088	559,088
Capital Leases	-	-
TOTAL INTEREST FOR GOVERNMENTAL ACTIVITIES	\$ 886,480	\$ 1,245,513

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

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, 2018, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2018-19	\$ 255,000	\$ 55,725
2019-20	260,000	50,575
2020-21	265,000	45,325
2021-22	270,000	39,806
2022-23	280,000	33,788
2023-27	1,180,000	63,481
SUB-TOTAL	2,510,000	\$ 288,700
Unamortized Discount	(4,710)	
Unamortized Premium	17,702	
TOTAL OUTSTANDING	\$ 2,522,992	

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, 2018, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2018-19	\$ 4,485,000	\$ 224,250
SUB-TOTAL	\$ 4,485,000	\$ 224,250
Unamortized Premium	166,170	
TOTAL OUTSTANDING	\$ 4,651,170	

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

<u>FISCAL YEAR</u>	PRINCIPAL REQUIREMENTS		
	G.O.B. SERIES OF 2012	G.O.B. SERIES OF 2015	TOTAL PRINCIPAL PAYMENTS
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
2022-23	280,000		280,000
2023-27	1,180,000	-	1,180,000
TOTAL	2,510,000	4,485,000	6,995,000
LESS: PAYABLE WITHIN ONE YR	255,000	4,485,000	4,740,000
LONG-TERM PRINCIPAL DUE			
AFTER ONE YEAR	\$ 2,255,000	\$ -	\$ 2,255,000

<u>FISCAL YEAR</u>	PRINCIPAL & INTEREST REQUIREMENTS		
	G.O.B. SERIES OF 2012	G.O.B. SERIES OF 2015	TOTAL DEBT SERVICE PAYMENTS
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
2022-23	313,788		313,788
2023-27	1,243,481	-	1,243,481
TOTAL	\$ 2,798,700	\$ 4,709,250	\$ 7,507,950

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018

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, 2018, in the General Fund, that will use currently available financial resources is \$578,432 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 \$61,766, including FICA tax (net of reimbursement). The remaining balance of termination benefits of \$1,004,729, 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 \$5,395, including FICA tax and retirement contributions (net of reimbursement). The vacation leave earned as of June 30, 2018, in the General Fund that will use currently available financial resources is \$1,853, 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, 2018, of \$365,569, 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, 2018**

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.

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.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

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, 2018 was 31.74% 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 \$12,952,517 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$152,584,178 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, with rolling forward the System's total pension liability as of June 30, 2017. 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, 2017, the District's proportion was 0.3094 percent, which was an increase of 0.0050 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$15,434,347. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<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	\$ 36,946	\$ -
Changes in Assumptions	4,151,000	-
Net difference between projected and actual contributions made	-	28,360
Net difference between projected and actual earnings on pension plan investments	3,541,000	-
Difference between expected and actual experience	671,000	-
Changes in proportion of the Net Pension Liability	476,000	-
District contributions subsequent to the measurement date	12,952,517	-
Total	<u>\$ 21,828,463</u>	<u>\$ 28,360</u>

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018

\$12,952,517 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, 2019. 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>
2018	\$ 1,669,000
2019	3,850,347
2020	3,304,766
2021	(21,476)
2022	<u>44,949</u>
Total	<u>\$ 8,847,586</u>

Actuarial assumptions

The total pension liability as of June 30, 2017, was determined by rolling forward the System's total pension liability as of June 30, 2016 to June 30, 2017 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 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.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	20.0%	5.1%
Fixed Income	36.0%	2.6%
Commodities	8.0%	3.0%
Absolute return	10.0%	3.4%
Risk parity	10.0%	3.8%
Infrastructure/MLPs	8.0%	4.8%
Real estate	10.0%	3.6%
Alternative investments	15.0%	6.2%
Cash	3.0%	0.6%
Financing (LIBOR)	-20.0%	1.1%
	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, 2017.

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.15%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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%
District's proportionate share of the net pension liability	\$ 188,093,000	\$ 152,808,000	\$ 123,017,000

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

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.pfers.state.pa.us.

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 \$1,186,038, shown under the governmental activities column on the government-wide Statement of Net Position as of June 30, 2018.

OTHER POST-EMPLOYMENT BENEFITS

General Information about the Health Insurance Premium Assistance Program – Multiple Employer OPEB Plan

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2017 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

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

Pension Plan description

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

Benefits provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2017 there were no assumed future benefit increases to participating eligible retirees

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2017 was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$330,450 for the year ended June 30, 2017.

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

At June 30, 2018, the District reported a liability of \$6,330,209 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2016 to June 30, 2017. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2017, the District's proportion was 0.3094 percent, which was an increase of 0.0050 percent from its proportion measured as of June 30, 2016.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

For the year ended June 30, 2018, the District recognized OPEB expense of \$286,808. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<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	\$ 951	\$ -
Changes in Assumptions	-	293,000
Net difference between projected and actual contributions made	9,900	-
Net difference between projected and actual investment earnings	7,000	-
Difference between expected and actual experience	-	-
Changes in proportion of the Net OPEB Liability	92,000	-
District contributions subsequent to the measurement date	338,708	-
Total	<u>\$ 448,559</u>	<u>\$ 293,000</u>

\$338,708 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2018	\$ (32,000)
2019	(30,192)
2020	(30,192)
2021	(30,192)
2022	(32,192)
Thereafter	<u>(28,381)</u>
Total	<u>\$ (183,149)</u>

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2017, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2016 to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 3.13% - S&P 20 Year Municipal Bond Rate.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2015 determined the employer contribution rate for fiscal year 2017.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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

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

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	76.4%	0.6%
Fixed Income	23.6%	1.5%
	100%	

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

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, 2017.

Discount rate

The discount rate used to measure the Total OPEB Liability was 3.13%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 3.13% which represents the S&P 20 year Municipal Bond Rate at June 30, 2017, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2017, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2016, 91,797 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2016, 1,354 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2017, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (Between 4% to 7%)	Current Trend Rate (Between 5% to 8%)	1% Increase (Between 6% to 9%)
System net OPEB liability	\$ 6,302,000	\$ 6,304,000	\$ 6,305,000

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

The following presents the net OPEB liability, calculated using the discount rate of 3.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.13%) or 1-percentage-point higher (4.13%) than the current rate:

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

	1% Decrease 2.13%	Current Discount Rate 3.13%	1% Increase 4.13%
District's proportionate share of the net OPEB liability	\$ 7,166,000	\$ 6,304,000	\$ 5,588,000

OPEB plan fiduciary net position

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

Single Employer OPEB Plan

The following table represents Pleasant Valley School District's other post-employment benefit plan provisions:

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

SUMMARY OF PLAN PROVISIONS			
<i>Group</i>	<i>Eligibility</i>	<i>Coverage And Premium Sharing</i>	<i>Duration</i>
<u>I. ADMINSTRATORS</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. <p style="margin-left: 40px;">Upon the death of a retiree, the spouse may continue coverage by paying the full premium.</p> <ul style="list-style-type: none"> • Dependents: Family included. 	<p>Member – Coverage ceases upon Medicare age.</p> <p>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.</p>
<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, Prescription Drug, and Vision. • 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. <p style="margin-left: 40px;">Upon the death of a retiree, the spouse may continue coverage by paying the full premium</p> <ul style="list-style-type: none"> • Dependents: Family included. 	Same as IA

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

<i>Group</i>	<i>Eligibility</i>	<i>Coverage And Premium Sharing</i>	<i>Duration</i>
<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	<p>Coverage: Medical, Dental, and Prescription Drug</p> <p>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.</p> <p>Upon the death of a retiree, the spouse may continue coverage by paying the full premium</p> <p>Dependents: Family included.</p>	Same as 1
<u>III. TEACHERS</u>			
A) Retired prior to July 1, 2013	N/A – Already retired	<p>Coverage: Medical, Dental, Prescription Drug, and Vision.</p> <p>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.</p> <p>Upon the death of a retiree, the spouse may continue coverage by paying the full premium..</p> <p>Dependents: Family included.</p>	Same as 1A.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

<i>Group</i>	<i>Eligibility</i>	<i>Coverage And Premium Sharing</i>	<i>Duration</i>
<i>B) Retired on or after July 1, 2013</i>	Same as II	<p>Coverage: Medical, Dental, and Prescription Drug</p> <p>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.</p> <p>Upon the death of a retiree, the spouse may continue coverage by paying the full premium</p> <p>Dependents: Family included.</p>	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, 2018**

Employees covered by benefit terms:

At June 30, 2018, the following employees were covered by the benefit terms:

Active Participants	611
Vested Former Participants	0
Retired Participants	<u>65</u>
Total	676

Total OPEB Liability

The School's total OPEB liability under this single employer plan of \$19,681,657, was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs

Actuarial valuations involve estimates 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.

Actuarial 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 types of benefits in force at the valuation date and the pattern of sharing benefit costs between the district and the 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:

	Single Employer OPEB Healthcare Benefit
Actuarial Valuation Date	7/1/2017
Actuarial Cost Method	Entry Age Normal
Interest Rate	3.13%
Projected salary increases	3.75% to 6.25%
Healthcare inflation rate	6.0% in 2017, and 5.5% in 2018 through 2023. Rate gradually decrease from 5.4% in 2024 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Asset Valuation Method	pay as you go basis
The discount rate is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2017.	

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

Mortality rates are assumed pre-retirement and post-retirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into our retirement table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study on October, 2017.

Changes in the Total OPEB Liability

Service Cost	\$	995,141
Interest		462,423
Changes in Benefit Terms		(62,238)
Difference between expected and actual experience		821,942
Changes in assumptions		264,306
Benefit payments		<u>(820,379)</u>
Net change in total OPEB Liability		1,661,195
Total OPEB Liability - beginning		<u>18,020,462</u>
Total OPEB Liability - ending		<u>\$ 19,681,657</u>
Covered employee payroll	\$	<u>37,098,830</u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the School's single employer OPEB plan, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.13%) or 1-percentage point higher (4.13%) than the current discount rate:

	1% Decrease	Current	1% Increase
	2.13%	Discount Rate	4.13%
		3.13%	
District's proportionate share of the net OPEB liability	\$ 21,227,776	\$ 19,681,657	\$ 18,215,615

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the School's single employer OPEB plan, as well as what the School's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (5.0% decreasing to 2.9%) or 1-percentage point higher (7.0% decreasing to 4.9%) than the current healthcare cost trend rates:

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

	1% Decrease (Between 2.9% to 5.0%)	Current Trend Rate (Between 3.9% to 6.0%)	1% Increase (Between 4.9% to 7.0%)
System net OPEB liability	\$ 17,286,870	\$ 19,681,657	\$ 22,521,755

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

For the year ended June 30, 2018, the School recognized OPEB expense of \$1,494,076. At June 30, 2018, the School reported deferred outflows of resource and deferred inflows of resources related to this single employer OPEB plan from the following sources:

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 240,278	\$ -
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	747,220	-
Changes in proportion of the Net OPEB Liability	-	-
District contributions subsequent to the measurement date	856,706	-
Total	<u>\$ 1,844,204</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to this single employer OPEB plan will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2019	\$ 98,750
2020	98,750
2021	98,750
2022	98,750
2023	98,750
Thereafter	<u>493,748</u>
Total	<u>\$ 987,498</u>

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

Combined Deferred Outflows/Inflows on Pensions and OPEB

As a result of having multiple pension and other post-employment benefit plans, the following schedule is prepared to illustrate the individual components reflected on the Statement of Net Position:

GOVERNMENTAL ACTIVITIES					STATEMENT OF NET POSITION	
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	<i>Pension - GASB 68</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension & OPEB Total</i>	<i>Governmental & Business-Type Activities</i>	<i>Total</i>
	DR OR (CR)	DR OR (CR)	DR OR (CR)	DR OR (CR)	DR OR (CR)	DR OR (CR)
	CURRENT YR BALANCE	CURRENT YR BALANCE	CURRENT YR BALANCE	CURRENT YR BALANCE	CURRENT YR BALANCE	CURRENT YR BALANCE
Change in Proportion	\$ 471,580	\$ -	\$ 90,597	\$ 562,177		\$ 568,000
Current Year Contributions	12,754,394	856,706	333,527	13,944,627		14,147,931
Change in Assumption	4,081,595	240,278	(288,533)	4,033,340		4,098,278
Diff in Projected Vs Actual Contributions	(27,702)	-	9,749	(17,953)		(18,460)
Difference in Investment Earnings	3,475,267	-	6,893	3,482,160		3,548,000
Diff. between Expected vs Actual Experience	662,263	747,220	-	1,409,483		1,418,220
Diff. between Prop. Share vs Actual POS	36,946	-	951	37,897		37,897
Net Pension Liability	\$ 150,103,676	\$ 19,681,657	\$ 6,233,714	\$ 150,103,676	Net Pension Liability	\$ 152,584,178
Net OPEB Liability				\$ 25,915,371	Net OPEB Liability	\$ 26,011,866

BUSINESS-TYPE ACTIVITIES				
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	<i>Pension - GASB 68</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension & OPEB Total</i>
	DR OR (CR)	DR OR (CR)	DR OR (CR)	DR OR (CR)
	CURRENT YR BALANCE	CURRENT YR BALANCE	CURRENT YR BALANCE	CURRENT YR BALANCE
Change in Proportion	\$ 4,420	\$ -	\$ 1,403	\$ 5,823
Current Year Contributions	198,123	-	5,181	203,304
Change in Assumption	69,405	-	(4,467)	64,938
Diff in Projected Vs Actual Contributions	(658)	-	151	(507)
Difference in Investment Earnings	65,733	-	107	65,840
Diff. between Expected vs Actual Experience	8,737	-	-	8,737
Diff. between Prop. Share vs Actual POS	-	-	-	-
Net Pension Liability	\$ 2,480,502	\$ -	\$ 96,495	\$ 2,480,502
Net OPEB Liability				\$ 96,495

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

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 \$6,772,043, to the District as of June 30, 2018, 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 – Prior Period Adjustments – General Fund/Net Position

	Food Service Fund	Business-Type Activities	Governmental Activities
Fund Balance/Net Position - June 30, 2017 (as reported)	\$ (1,207,015)	\$ (1,207,015)	\$ (36,389,329)
Adjustments to the fund balance:			
As a result of the new accounting principle GASB Statement No. 75, a prior period adjustment needed to be made pertaining to the multiple employer cost sharing OPEB plan on health assistance handled by PSERS reporting the net opeb liability at June 30, 2016.	(94,931)	(94,931)	(6,131,619)
As a result of the new accounting principle GASB Statement No. 75, a prior period adjustment needed to be made pertaining to the the single employer OPEB plan dealing with age-adjusted vs global healthcare rates, reporting the net opeb liability at June 30, 2016.	-	-	(12,955,810)
Fund Balance/Net Position - June 30, 2017 (restated)	<u>\$ (1,301,946)</u>	<u>\$ (1,301,946)</u>	<u>\$ (55,476,758)</u>

Note 8 - 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 \$3,312,065 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 balance at year end within this fund is considered unassigned.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

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 \$4,332,172, assigned for balancing the 2018-19 general fund budget.

Note 9 - Restricted Net Position

Net Investment in Capital Assets

The components of this restriction are total capital assets of \$78,538,088, unspent proceeds of \$-0-, with related debt of \$7,111,940, which includes unamortized bonds discounts, premiums, and deferred refunding charges. The business-type activities column reflects \$184,748 invested in capital assets with no related debt. The governmental activities also restricted \$3,312,065 for capital projects.

Note 10 - 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, 2018.

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:

Note 11 – New Accounting Pronouncements

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

- 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. Effective date: for periods beginning after June 15, 2018.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018

- 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. Effective date: Periods beginning after December 15, 2018.
- 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. Effective date: Periods beginning after December 15, 2019.
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* – The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash or other assets in or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires additional essential information related to debt be disclosed, including unused lines of credit, assets pledged as collateral for the debt, and terms specified in debt agreements related to default events. Effective date: for periods beginning after June 15, 2018.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – The objectives of the statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before construction ends. This standard requires expensing interest costs when incurred rather than capitalizing the costs.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2018**

Note 12 – Subsequent Events

General Obligation Bonds – Series of 2018

On July 19, 2018, the District issued \$9,325,000 of General Obligation Bonds – Series of 2018. The purpose of this issue is to (1) to provide funds for capital projects which will include implementation of energy conservation measures, installation of new roofs at various buildings and facilities of the district, alterations, renovations, and/or other improvements to the security entrance of the high school, completion of additional capital projects of the district, and related expenses (2) to pay certain costs relating to issuing and insuring of the bonds. The bonds mature from May 1, 2018 to May 1, 2033. Interest rates range from 1.75% to 5.00% with total interest indebtedness of \$3,408,452. The outstanding debt service requirements at June 30, 2018, are:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2018-19	5,000	308,702
2019-20	490,000	394,000
2020-21	515,000	369,500
2021-22	545,000	343,750
2022-23	570,000	316,500
2023-28	3,250,000	1,190,000
2028-33	<u>3,950,000</u>	<u>486,000</u>
SUB-TOTAL	\$ 9,325,000	<u>\$ 3,408,452</u>
Unamortized Discount	-	
Unamortized Premium	<u>673,619</u>	
TOTAL OUTSTANDING	<u>\$ 9,998,619</u>	

**REQUIRED
SUPPLEMENTAL INFORMATION**

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, 2018

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
District's proportion of the net pension liability (asset)	0.3094%	0.3044%	0.3028%	0.3129%
District's proportionate share of the net pension liability (asset)	\$ 152,808,000	\$ 150,851,000	\$ 131,159,000	\$ 123,848,000
District's covered employee payroll	40,808,182	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	374.45%	378.90%	333.30%	318.02%
Plan fiduciary net position as a percentage of the total pension liability	51.84%	50.14%	54.36%	57.24%

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2017-18</u>	<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>
Contractually required contribution	\$ 12,952,517	\$ 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
Contributions in relation to the contractually required contribution	<u>12,952,517</u>	<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>
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	\$ 40,808,182	\$ 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
Contributions as a percentage of covered employee payroll	31.74%	29.20%	25.00%	20.50%	16.00%	11.50%	8.00%	5.00%	4.00%	4.00%

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
MULTIPLE EMPLOYER TEACHERS OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2017-18</u>	<u>2016-17</u>
District's proportion of the net OPEB liability	0.3094%	0.3044%
District's proportionate share of the net OPEB liability (asset)	\$ 6,304,000	\$ 6,557,000
District's covered-employee payroll	40,808,182	39,813,278
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	15.45%	16.47%
Plan fiduciary net position as a percentage of the total OPEB liability	5.73%	5.47%

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
MULTIPLE EMPLOYER TEACHERS OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2017-18</u>	<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>
Contractually required contribution	\$ 338,708	\$ 330,450	\$ 330,554	\$ 350,488	\$ 333,927	\$ 310,742	\$ 232,644	\$ 247,277	\$ 259,425	\$ 359,498
Contributions in relation to the contractually required contribution	<u>338,708</u>	<u>330,450</u>	<u>330,554</u>	<u>350,488</u>	<u>333,927</u>	<u>310,742</u>	<u>232,644</u>	<u>247,277</u>	<u>259,425</u>	<u>359,498</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	\$ 40,808,182	\$ 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
Contributions as a percentage of covered employee payroll	0.83%	0.83%	0.84%	0.90%	0.93%	0.86%	0.65%	0.64%	0.78%	0.76%

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
SINGLE EMPLOYER HEALTH INSURANCE PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2018

		<u>2017-18</u>
Total OPEB Liability		
Service Cost	\$	995,141
Interest		462,423
Changes in Benefit Terms		(62,238)
Difference between expected and actual experience		821,942
Changes in assumptions		264,306
Benefit payments		<u>(820,379)</u>
Net change in total OPEB Liability		1,661,195
Total OPEB Liability - beginning		<u>18,020,462</u>
Total OPEB Liability - ending	\$	<u>19,681,657</u>
Covered employee payroll	\$	<u>37,098,830</u>
Total OPEB Liability as a percentage of covered employee payroll		53.05%

Pleasant Valley School District
Notes to Required Supplementary Information
Fiscal Year Ended June 30, 2018

Public School Employees' Retirement System

Changes of benefit terms

None

Changes in assumptions

- During this fiscal year, there were no changes in assumptions used in the prior reporting period.

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 or separately financed liabilities. 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 and the adjustment for the difference between proportionate share vs actual paid separately financed liabilities.

Other Post-Employment Benefits – Teachers Health Insurance Assistance

Changes of benefit terms

None

Changes in assumptions

- The discount rate used to measure the Total OPEB liability increased from 2.71% as of June 30, 2016 to 3.13% as of June 30, 2017.

Pleasant Valley School District
Notes to Required Supplementary Information
Fiscal Year Ended June 30, 2018

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 or separately financed liabilities. The following methods and assumptions were used to determine contribution rates reported:

- Investment return – 3.13% - S&P 20 Year Municipal Bond Rate.
- 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.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2015 determined the employer contribution rate for fiscal year 2017.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

Proportionate Share of the Net OPEB Liability

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

Pleasant Valley School District
Notes to Required Supplementary Information
Fiscal Year Ended June 30, 2018

Other Post-Employment Benefits – Single Employer Healthcare Plan

Changes of benefit terms

Changes were made to the current Executive Director's eligibility and dependent coverage, but had no effect on liability. Written notification of retirement language was added to the Administrators, Administrative Support, and Teacher groups, but had no effect on liability do to current assumptions.

Changes in assumptions

The discount rate changed from 2.49% to 3.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

Methods and assumptions used in calculations of actuarially determined contributions

- Actuarial Cost Method – Entry Age Normal
- Salary Increases – 3.50% to 5.25%
- Healthcare cost trend rate – 6.0% in 2017, and 5.5% in 2018 to 2023. Rates gradually decrease from 5.4% in 2024 to 3.9% in 2075 based on the Society of Actuaries Long-Run Medical Cost Trend Model
- Asset Valuation Method – Pay as you go basis
- Discount Rate – The rate of 3.13% is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2017.

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, 2018**

	CAPITAL RESERVE FUND	CONSTRUCTION FUND	TOTAL CAPITAL PROJECT FUNDS
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,448,987	\$ 64,336	\$ 2,513,323
Investments	863,078	-	863,078
Taxes Receivable, net	-	-	-
Other Receivables	-	-	-
Due from other funds	-	-	-
Prepaid Expenditures	-	-	-
Inventories	-	-	-
TOTAL ASSETS	\$ 3,312,065	\$ 64,336	\$ 3,376,401
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charges on Refundings, net	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 3,312,065	\$ 64,336	\$ 3,376,401
 <u>LIABILITIES</u>			
Accounts Payable	\$ -	\$ 297,059	\$ 297,059
Due to other funds	-	-	-
Interest Payable	-	-	-
Payable to other governments	-	-	-
Escheat Property	-	-	-
TOTAL LIABILITIES	-	297,059	297,059
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unearned Revenue	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	297,059	297,059
 FUND BALANCES:			
Nonspendable Fund Balance	-	-	-
Restricted Fund Balance	3,312,065	-	3,312,065
Committed Fund Balance	-	-	-
Assigned Fund Balance	-	-	-
Unassigned Fund Balance	-	(232,723)	(232,723)
TOTAL FUND BALANCES	3,312,065	(232,723)	3,079,342
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,312,065	\$ 64,336	\$ 3,376,401

Pleasant Valley School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Capital Project Funds
For the Year Ended June 30, 2018

	CAPITAL RESERVE FUND	CONSTRUCTION FUND	TOTAL CAPITAL PROJECT FUNDS
REVENUES			
Local Sources	\$ 25,450	\$ 2,521	\$ 27,971
State Sources	-	-	-
Federal Sources	-	-	-
TOTAL REVENUES	<u>25,450</u>	<u>2,521</u>	<u>27,971</u>
EXPENDITURES			
Instruction	-	-	-
Support Services	-	-	-
Operation of Non-Instructional Services	-	-	-
Capital Outlay	-	730,084	730,084
Debt Service	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>730,084</u>	<u>730,084</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>25,450</u>	<u>(727,563)</u>	<u>(702,113)</u>
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	1,343,898	-	1,343,898
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES AND USES	<u>1,343,898</u>	<u>-</u>	<u>1,343,898</u>
NET CHANGE IN FUND BALANCES	1,369,348	(727,563)	641,785
FUND BALANCES - BEGINNING	<u>1,942,717</u>	<u>494,840</u>	<u>2,437,557</u>
FUND BALANCES - ENDING	<u>\$ 3,312,065</u>	<u>\$ (232,723)</u>	<u>\$ 3,079,342</u>

**Pleasant Valley School District
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
For the Year Ended June 30, 2018**

	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	\$ 851	\$ 438	\$ 172	\$ 606	\$ 1,657	\$ 5,333	\$ 6,801	\$ 2,022	\$ 238
Investments	-	-	-	-	-	-	9,600	-	-
Accrued Interest Receivable	-	-	-	-	-	-	30	-	-
Deferred Outflow of Resources	-	-	-	-	-	-	-	-	-
Total Assets & Deferred Outflows of Resources	\$ 851	\$ 438	\$ 172	\$ 606	\$ 1,657	\$ 5,333	\$ 16,431	\$ 2,022	\$ 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	\$ 851	\$ 438	\$ 172	\$ 606	\$ 1,657	\$ 5,333	\$ 16,431	\$ 2,022	\$ 238

**Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Year Ended June 30, 2018**

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Transfers In	-	-	-	-	-	-	-	-	-
INVESTMENT EARNINGS:									
Interest and dividends	-	-	-	-	-	3	223	1	-
TOTAL ADDITIONS	-	-	-	-	-	3	223	1	-
DEDUCTIONS:									
Administrative Charges	-	-	-	-	-	-	-	-	-
Interfund Transfers Out	-	-	-	-	-	-	-	-	-
Awards	600	-	-	500	250	-	1,600	-	-
TOTAL DEDUCTIONS	600	-	-	500	250	-	1,600	-	-
CHANGES IN NET POSITION	(600)	-	-	(500)	(250)	3	(1,377)	1	-
NET POSITION - BEG. OF THE YR	1,451	438	172	1,106	1,907	5,330	17,808	2,021	238
NET POSITION - END OF THE YR	\$ 851	\$ 438	\$ 172	\$ 606	\$ 1,657	\$ 5,333	\$ 16,431	\$ 2,022	\$ 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>
\$ 913	\$ 4,852	\$ 183	\$ 631	\$ 1,981	\$ 611	\$ 6,531	\$ -	\$ 13,794	\$ 183	\$ 47,797
-	-	-	-	-	1,583	-	-	-	-	11,183
-	-	-	-	-	2	-	-	-	-	32
-	-	-	-	-	-	-	-	-	-	-
\$ 913	\$ 4,852	\$ 183	\$ 631	\$ 1,981	\$ 2,196	\$ 6,531	\$ -	\$ 13,794	\$ 183	\$ 59,012
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 1,500	\$ -	\$ -	\$ -	\$ 2,000
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	500	1,500	-	-	-	2,000
\$ 913	\$ 4,852	\$ 183	\$ 631	\$ 1,981	\$ 1,696	\$ 5,031	\$ -	\$ 13,794	\$ 183	\$ 57,012

<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,373	\$ -	\$ 4,373
-	-	-	-	-	-	-	-	-	-	-
1	3	1	1	1	10	4	-	7	-	255
1	3	1	1	1	10	4	-	4,380	-	4,628
-	-	-	-	-	-	-	-	-	-	-
-	500	1,000	-	-	1,000	2,500	-	500	-	8,450
-	500	1,000	-	-	1,000	2,500	-	500	-	8,450
1	(497)	(999)	1	1	(990)	(2,496)	-	3,880	-	(3,822)
912	5,349	1,182	630	1,980	2,686	7,527	-	9,914	183	60,834
\$ 913	\$ 4,852	\$ 183	\$ 631	\$ 1,981	\$ 1,696	\$ 5,031	\$ -	\$ 13,794	\$ 183	\$ 57,012

**Pleasant Valley School District
Combining Balance Sheet
All Agency Funds
As of June 30, 2018**

	<u>ACTIVITY FUND</u>	<u>PAYROLL FUND</u>	<u>TOTAL</u>
ASSETS			
Cash	\$ 168,381	\$ 551,006	\$ 719,387
Investments	102,241	-	102,241
Due from Other Funds	-	-	-
Other Receivables	1,695	-	1,695
Prepaid Expenses	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 272,317</u>	<u>\$ 551,006</u>	<u>\$ 823,323</u>
 LIABILITIES			
Due to Student Organizations	\$ 248,404	\$ -	\$ 248,404
Due to Other Funds	198	9,459	9,657
Accounts Payable	23,715	-	23,715
Payroll Deductions	-	541,547	541,547
Accrued Salaries & Benefits	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 272,317</u>	<u>\$ 551,006</u>	<u>\$ 823,323</u>

**Pleasant Valley School District
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
As of June 30, 2018**

<u>ACTIVITY FUND</u>	<u>BALANCE 7/1/17</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE 6/30/18</u>
ASSETS				
Cash	\$ 140,150	\$ 313,976	\$ 285,745	\$ 168,381
Investments	102,241	102,241	102,241	102,241
Other Receivables	2,387	1,695	2,387	1,695
Prepaid Expenses	-	-	-	-
TOTAL ASSETS	<u>\$ 244,778</u>	<u>\$ 417,912</u>	<u>\$ 390,373</u>	<u>\$ 272,317</u>
LIABILITIES				
Accounts Payable	\$ 2,861	\$ 23,715	\$ 2,861	\$ 23,715
Due to Other Funds	1,613	198	1,613	198
Due to Student Organizations	240,304	393,999	385,899	248,404
TOTAL LIABILITIES	<u>\$ 244,778</u>	<u>\$ 417,912</u>	<u>\$ 390,373</u>	<u>\$ 272,317</u>
<u>PAYROLL FUND</u>				
ASSETS				
Cash	\$ 670,375	\$ 551,006	\$ 670,375	\$ 551,006
Investments	-	-	-	-
Due from Other Funds	-	-	-	-
Other Receivables	-	-	-	-
TOTAL ASSETS	<u>\$ 670,375</u>	<u>\$ 551,006</u>	<u>\$ 670,375</u>	<u>\$ 551,006</u>
LIABILITIES				
Due to Other Funds	\$ 75,574	\$ 9,459	\$ 75,574	\$ 9,459
Accrued Salaries and Benefits	-	-	-	-
Payroll Deductions	594,801	541,547	594,801	541,547
TOTAL LIABILITIES	<u>\$ 670,375</u>	<u>\$ 551,006</u>	<u>\$ 670,375</u>	<u>\$ 551,006</u>
<u>ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 810,525	\$ 864,982	\$ 956,120	\$ 719,387
Investments	102,241	102,241	102,241	102,241
Due to Other Funds	-	-	-	-
Other Receivables	2,387	1,695	2,387	1,695
Prepaid Expenses	-	-	-	-
TOTAL ASSETS	<u>\$ 915,153</u>	<u>\$ 968,918</u>	<u>\$ 1,060,748</u>	<u>\$ 823,323</u>
LIABILITIES				
Due to Student Organizations	\$ 240,304	\$ 393,999	\$ 385,899	\$ 248,404
Due to Other Funds	77,187	9,657	77,187	9,657
Accounts Payable	2,861	23,715	2,861	23,715
Accrued Salaries and Benefits	-	-	-	-
Payroll Deductions	594,801	541,547	594,801	541,547
TOTAL LIABILITIES	<u>\$ 915,153</u>	<u>\$ 968,918</u>	<u>\$ 1,060,748</u>	<u>\$ 823,323</u>

**Pleasant Valley School District
General Fund
Schedule on Tax Collectors' Receipts
For the Year Ended June 30, 2018**

	CHESTNUTHILL TOWNSHIP	ELDRED TOWNSHIP	POLK TOWNSHIP	ROSS TOWNSHIP	TOTAL
<u>CURRENT REAL ESTATE TAXES</u>					
Assessed Value	\$ 182,090,870	\$ 27,963,850	\$ 74,825,300	\$ 55,655,220	\$ 340,535,240
Millage Rate	0.147766	0.147766	0.147766	0.147766	0.147766
Total Tax to be Collected	26,906,860	4,132,110	11,056,646	8,223,956	50,319,572
Less: Act 1 Deduction	2,019,076	358,302	958,628	747,511	4,083,517
Total Taxable Duplicate	24,887,784	3,773,808	10,098,018	7,476,445	46,236,055
PLUS - Additions	3,003	8,352	-	-	11,355
Penalties	52,800	6,383	29,913	9,775	98,871
TOTAL TAXES TO BE COLLECTED	<u>24,943,587</u>	<u>3,788,543</u>	<u>10,127,931</u>	<u>7,486,220</u>	<u>46,346,281</u>
LESS: Discounts	403,907	58,098	156,228	119,942	738,175
Reductions	14,305	4,417	2,539	8,085	29,346
Refunds	118	-	-	-	118
1.75 Mill Library Tax	273,901	41,726	110,410	82,686	508,723
Returned to County	1,397,780	202,798	646,429	376,352	2,623,359
Outstanding	-	-	-	-	-
NET CURRENT REAL ESTATE TAXES COLLECTED	<u>\$ 22,853,576</u>	<u>\$ 3,481,504</u>	<u>\$ 9,212,325</u>	<u>\$ 6,899,155</u>	<u>\$ 42,446,560</u>
CURRENT INTERIM REAL ESTATE TAXES COLLECTED	<u>\$ 25,249</u>	<u>\$ 8,930</u>	<u>\$ 17,398</u>	<u>\$ 1,120</u>	<u>\$ 52,697</u>

Pleasant Valley School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2018

<u>6000 - Revenue from Local Sources</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
6111 Current Real Estate Taxes	\$ 42,172,489	\$ 42,446,560	\$ 274,071
6112 Interim Real Estate Taxes	60,000	52,697	(7,303)
6113 Public Utility	60,000	50,563	(9,437)
6114 Payment in Lieu of Taxes	6,500	6,754	254
6151 Earned Income Tax	3,000,000	3,078,104	78,104
6153 Real Estate Transfer Tax	400,000	510,435	110,435
6411 Delinquent Real Estate Taxes	3,200,000	3,110,574	(89,426)
6451 Delinquent Earned Income Taxes	100,000	158,463	58,463
6510 Interest	60,000	438,684	378,684
6710 Admissions	-	25,301	25,301
6740 Fees	10,000	4,936	(5,064)
6790 Other Student Activity Income	30,000	25,158	(4,842)
6820 State Revenue Received From an Entity Acting as an Agent	-	-	-
6832 I/U Services - Federal	627,000	636,011	9,011
6836 Federal ARRA Race to the Top Revenue	-	-	-
6910 Rentals	100,000	132,445	32,445
6920 Contributions	18,000	21,337	3,337
6940 Tuition from Patrons	-	-	-
6942 Summer School	20,000	25,425	5,425
6943 Adult School	-	-	-
6944 Receipts from Other LEA's - Education	150,000	216,795	66,795
6949 Other Tuition from Patrons	-	7,970	7,970
6961 Transportation Services Provided Other Pennsylvania Schools	-	23,661	23,661
6970 Services provided other funds	470,000	433,600	(36,400)
6990 Miscellaneous	20,000	37,366	17,366
6991 Refunds of Prior Yr. Expenditures	-	120,154	120,154
TOTAL REVENUE FROM LOCAL SOURCES	\$ 50,503,989	\$ 51,562,993	\$ 1,059,004
<u>7000 - Revenue from State Sources</u>			
7110 Basic Subsidy - ESBE	22,484,047	22,357,740	(126,307)
7160 Orphan Tuition	300,000	279,867	(20,133)
7271 Special Education	3,487,925	3,574,829	86,904
7299 Program revenues not listed previously in the 7200	-	1,008	1,008
7311 Transportation (Regular and Additional)	2,700,000	2,751,011	51,011
7312 Transportation (NonPublic and Charter School)	-	43,120	43,120
7320 Rentals	1,978,282	1,681,075	(297,207)
7330 Health Services	85,000	84,137	(863)
7340 State Property Tax Allocation Reduction	4,072,141	4,072,141	-
7505 Ready to Learn Grant	1,021,000	1,021,256	256
7810 FICA Revenue	1,942,700	1,779,593	(163,107)
7820 Retirement Revenue	8,398,000	7,884,164	(513,836)
TOTAL REVENUE FROM STATE SOURCES	46,469,095	45,529,941	(939,154)
<u>8000 - Revenue from Federal Source</u>			
8514 Title I	740,000	686,570	(53,430)
8515 Title II	180,000	206,888	26,888
8516 Title III	-	21,141	21,141
8517 Title IV	-	14,244	14,244
8810 Medical Assistance Reimbursements (Access)	350,000	559,706	209,706
8820 Medical Assistance Reimbursement for Health-Related	50,000	51,588	1,588
TOTAL REVENUE FROM FEDERAL SOURCES	1,320,000	1,540,137	220,137
<u>9000 - Other Financing Sources</u>			
9300 Proceeds From Extended Term Financing	-	-	-
9400 Sale of or Compensation For Loss of Fixed Assets	-	451,050	451,050
9990 Insurance Recoveries	-	1,386	1,386
TOTAL OTHER FINANCING SOURCES	-	452,436	452,436
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 98,293,084	\$ 99,085,507	\$ 792,423

**Pleasant Valley School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2018**

<u>1000 - Instruction</u>		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
1110	Regular Programs - Elem./Secondary	\$ 38,338,510	\$ 38,337,377	\$ 1,133
1190	Federally Funded Regular Programs	649,253	647,201	2,052
1211	Life Skills Support - Public	1,083,558	1,078,326	5,232
1241	Learning Support - Public	15,247,574	15,246,768	806
1243	Gifted Support	824,518	823,151	1,367
1290	Other Support	3,000	2,483	517
1341	Agricultural Education	490,395	487,102	3,293
1350	Industrial Arts Education	488,397	487,810	587
1360	Business Education	295,189	273,655	21,534
1390	Other Vocational Education Programs	2,075,741	2,070,927	4,814
1410	Drivers' Education	152,882	150,722	2,160
1420	Summer School	23,915	23,655	260
1430	Homebound Instruction	59,953	31,153	28,800
1441	Adjudicated / Court Placed Programs	7,000	-	7,000
1442	Alternative Education Programs	233,000	228,051	4,949
1450	Instructional Programs Outside the Established Schools	599,833	539,606	60,227
1500	Nonpublic School Programs	10,000	8,499	1,501
1801	Pre-Kindergarten	-	-	-
1802	Pre-K Admin. Support	-	-	-
1806	Pre-K Professional Development	-	-	-
	Total Instruction	60,582,718	60,436,486	146,232
<u>2000 - Support Services</u>				
2120	Guidance Services	1,814,323	1,770,798	43,525
2130	Attendance Services	340,352	334,856	5,496
2142	Psychological Services	505,261	475,227	30,034
2151	Supervision of Speech Pathology and Audiology	823,701	756,670	67,031
2170	Student Accounting Services	219,275	178,019	41,256
2190	Other Pupil Personnel Services	92,000	-	92,000
2220	Technology Support Services	19,983	9,514	10,469
2240	Computer Assisted Instruction Services	1,500	374	1,126
2250	School Library Services	1,119,416	1,049,157	70,259
2260	Instructional & Curriculum Dev. Service	1,162,494	1,160,223	2,271
2270	Instructional Staff Development Services	11,044	2,422	8,622
2271	Instructional Staff Development Services (Certified)	121,000	115,723	5,277
2272	Instructional Staff Development Services (Non-Certified)	3,000	2,344	656
2290	Other Instructional Staff Services	295,363	226,294	69,069
2310	Board Services	136,100	115,854	20,246
2320	Board Treasurer Services	1,077	-	1,077
2330	Tax Assessment & Collection Service	207,300	152,893	54,407
2350	Legal Services	249,000	247,608	1,392
2360	Office of the Superintendent Services	545,270	470,106	75,164
2380	Office of the Principal Services	2,584,146	2,582,792	1,354
2390	Other Administration Services	-	-	-
2411	Supervision of Health Services - Head	24,311	23,857	454
2420	Medical Services	9,500	8,195	1,305
2430	Dental Services	1,900	1,240	660
2440	Nursing Services	772,584	761,537	11,047
2511	Supervision of Fiscal Services	79,976	78,659	1,317
2512	Budgeting Services	135,091	134,305	786
2513	Receiving and Disbursing Funds Services	181,753	174,273	7,480
2514	Payroll Services	155,350	98,451	56,899
2515	Financial Accounting Services	242,172	232,625	9,547
2519	Other Fiscal Services	350,441	307,226	43,215
2530	Warehousing and Distributing Services	-	-	-
	SUB-TOTAL SUPPORT SERVICES	12,204,683	11,471,242	733,441

**Pleasant Valley School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
SUB-TOTAL SUPPORT SERVICES (CARRIED FORWARD)	\$ 12,204,683	\$ 11,471,242	\$ 733,441
2540 Printing, Publishing and Duplicating Services	459,000	457,759	1,241
2611 Supervision of Operation and Maintenance of Plant Services - Hea	345,062	344,455	607
2619 Supervision of Operation and Maintenance of Plant Services	252,738	246,708	6,030
2620 Operation of Building Services	6,910,049	6,899,477	10,572
2660 Security Services	1,503,068	1,419,611	83,457
2690 Other Operation and Maintenance of Plant Services	3,000	2,560	440
2711 Supervision of Student Transportation Services - Head	71,992	71,348	644
2720 Vehicle Operation Services	6,095,150	5,627,526	467,624
2750 Non-Public Transportation	424,000	422,075	1,925
2818 System-Wide Technology Services	1,247,908	1,107,244	140,664
2831 Supervision of Staff Services	346,199	344,504	1,695
2832 Recruitment and Placement Services	-	-	-
2833 Staff Accounting Services	27,000	26,291	709
2834 Staff Development Services - Non-Instructional, Certified	55,200	22,119	33,081
2836 Staff Development Services - Non-Instructional, Non-Certified	3,000	-	3,000
2900 Other Support Services	34,000	33,747	253
	<hr/>	<hr/>	<hr/>
Total Support Services	29,982,049	28,496,666	1,485,383
<u>3000 - Operation of Non-Instructional Services</u>			
3210 School Sponsored Student Activities	416,412	305,352	111,060
3250 School Sponsored Athletics	1,081,008	1,077,579	3,429
3300 Community Services	33,000	31,762	1,238
	<hr/>	<hr/>	<hr/>
Total Non-Instructional Services	1,530,420	1,414,693	115,727
<u>4000 - Facilities Acquisition, Construction, and Improvement Svcs.</u>			
4500 Building Acquisition and Construction Services	-	-	-
4600 Existing Building Improvement Services	40,000	39,877	123
	<hr/>	<hr/>	<hr/>
Total Facilities Acquisition, Construction, and Improvement Services	40,000	39,877	123
<u>5000 - Other Expenditures and Financing Uses</u>			
5110 Debt Service	8,961,175	8,956,425	4,750
5130 Refund of Prior Year Receipts	560,000	559,088	912
5230 Capital Projects Funds Transfers Out	1,351,348	1,343,898	7,450
5251 Food Service Fund Transfers Out	66,641	45,707	20,934
5900 Budgetary Reserve	800,000	-	800,000
	<hr/>	<hr/>	<hr/>
Total Other Expenditures and Financing Uses	11,739,164	10,905,118	834,046
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 103,874,351	\$ 101,292,840	\$ 2,581,511

Pleasant Valley School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 98,293,084	\$ 99,085,507	\$ 792,423
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>103,874,351</u>	<u>101,292,840</u>	<u>2,581,511</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(5,581,267)	(2,207,333)	3,373,934
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	(5,581,267)	(2,207,333)	3,373,934
FUND BALANCE - JULY 1, 2017	<u>13,117,024</u>	<u>19,033,463</u>	<u>5,916,439</u>
FUND BALANCE - JUNE 30, 2018	<u>\$ 7,535,757</u>	<u>\$ 16,826,130</u>	<u>\$ 9,290,373</u>

**Pleasant Valley School District
Food Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2018**

REVENUES		
School Lunches	\$ 585,507	
Special Functions	30,188	
State Subsidy Revenue	46,259	
Donated Commodities	83,632	
Federal Subsidies	815,321	
Capital Contributions	-	
Interest	4,903	
FICA Revenue	27,805	
Retirement Revenue	116,919	
Miscellaneous	727	
Transfer from General Fund	45,707	
Rebates	<u>2,217</u>	
TOTAL REVENUES		1,759,185
 COST OF FOOD AND COMMODITIES		
		<u>619,829</u>
 GROSS PROFIT		
		1,139,356
 OPERATING EXPENSES		
Salaries	631,801	
Social Security	48,234	
Retirement	239,737	
Medical Insurance	150,936	
Dental Insurance	10,264	
Prescription Benefits	38,740	
Life Insurance	947	
Other Benefits	18,058	
Professional Fees	4,969	
Support Services - Technology	7,654	
Travel	2,388	
Communications	1,679	
Printing and Binding	-	
Supplies	39,219	
Rentals	2,939	
Fees	2,684	
Uniforms	-	
Repairs and Maintenance	11,388	
Equipment	-	
Depreciation	<u>22,605</u>	
TOTAL EXPENSES		<u>1,234,242</u>
 CHANGES IN FUND NET POSITION		
		(94,886)
 FUND NET POSITION - JULY 1, 2017		
		(1,207,015)
 Prior Period Adjustment		
		<u>(94,931)</u>
 FUND NET POSITION - JUNE 30, 2018		
		<u>\$ (1,396,832)</u>

**Pleasant Valley School District
Construction Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2018**

FUND BALANCE - JULY 1, 2017		\$ 494,840
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Earnings on Investments	\$ 2,521	
Refund of Prior Year Expenditures	-	
Proceeds from Bond Issues	-	
Bond Premiums	-	
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	2,521
 TOTAL FUNDS AVAILABLE		 497,361
 <u>EXPENDITURES AND OTHER FINANCING USES</u>		
<u>INSTRUCTIONAL:</u>		
Equipment	-	
SUPPORT SERVICES:		
Professional Services	-	
Repairs and Maintenance	-	
Bond Insurance	-	
Equipment	-	
NON-INSTRUCTIONAL SERVICES:		
Equipment	-	
CAPITAL OUTLAY:		
Professional Services	-	
Advertising	-	
Insurance	-	
Supplies	-	
Land & Land Improvements	-	
Construction	730,084	
Equipment	-	
Fees	-	
DEBT SERVICE:		
Principal	-	
Interest	-	
OTHER FINANCING USES:		
Bond Discount	-	
	-	730,084
 FUND BALANCE - JUNE 30, 2018		 <u>\$ (232,723)</u>

**Pleasant Valley School District
Capital Reserve Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2018**

FUND BALANCE - JULY 1, 2017		\$ 1,942,717
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Earnings on Investments	\$ 25,450	
Sale of or Compensation for Loss of Fixed Assets	-	
Transfer from General Fund	1,343,898	1,369,348
TOTAL FUNDS AVAILABLE		<u>3,312,065</u>
 <u>EXPENDITURES AND OTHER FINANCING USES</u>		
SUPPORT SERVICES:		
Equipment	-	
Miscellaneous	-	
CAPITAL OUTLAY		
Land	-	
Equipment Rentals	-	-
FUND BALANCE - JUNE 30, 2018		<u>\$ 3,312,065</u>

**Western Pocono Library Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2018**

FUND BALANCE - JULY 1, 2017		\$ -
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Current Real Estate Taxes	\$ 508,723	
Interim Real Estate Taxes	632	
Delinquent Real Estate Taxes	39,873	549,228
TOTAL FUNDS AVAILABLE		<u>\$ 549,228</u>
 <u>EXPENDITURES AND OTHER FINANCING USES</u>		
Noninstructional Services:		
Public Library Services		<u>549,228</u>
FUND BALANCE - JUNE 30, 2018		<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, 2018

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
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	\$ 288,700	\$ 2,510,000

Schedule on General Obligation Bonds - Series of 2015
Dated as of August 19, 2015
For the Year Ended June 30, 2018

	<u>INTEREST</u>	<u>PRINCIPAL</u>
2018-19	\$ 224,250	\$ 4,485,000
TOTAL OUTSTANDING	\$ 224,250	\$ 4,485,000

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, 2018

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	CFDA NUMBER	GRANTOR PASS THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/1/17	REVENUE	EXPENDITURES	ACCRUED OR (DEFERRED) AT 6/30/18	FOOTNOTES
U.S. DEPARTMENT OF EDUCATION											
PASSED THROUGH THE PDE											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	013-17-0342 A	7/1/16-9/30/17	\$ 734,702	\$ 53,905	\$ 22,655	\$ 31,250	\$ 31,250	\$ -	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	013-18-0342 A	7/1/17-9/30/18	\$ 635,463	550,697	-	635,463	635,463	84,766	
TOTAL TITLE I PROGRAM						604,602	22,655	666,713	666,713	84,766	
PASSED THROUGH THE PDE											
STRIVING READERS LITERACY GRANT	I	84.371	143-160342	7/1/16-9/30/17	\$ 218,649	91,104	71,247	19,857	19,857	-	
PASSED THROUGH THE PDE											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	020-17-0342 A	7/1/16-9/30/17	\$ 179,346	54,760	(9,867)	64,627	64,627	-	2
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	020-18-0342 A	7/1/17-9/30/18	\$ 142,261	104,327	-	142,261	142,261	37,934	
TOTAL TITLE II PROGRAM						159,087	(9,867)	206,888	206,888	37,934	
PASSED THROUGH THE PDE											
TITLE III - LANGUAGE INSTRUCTION	I	84.365	010-17-0342 A	7/1/16-9/30/17	\$ 23,374	-	(5,248)	5,248	5,248	-	2
TITLE III - LANGUAGE INSTRUCTION	I	84.365	010-18-0342 A	7/1/17-9/30/18	\$ 17,547	17,547	-	15,893	15,893	(1,654)	
TOTAL TITLE III PROGRAM						-	(5,248)	21,141	21,141	(1,654)	
PASSED THROUGH THE PDE											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	144-18-0342 A	7/1/17-9/30/18	\$ 14,244	14,244	-	14,244	14,244	-	2
PASSED THROUGH THE COLONIAL I.U. #20											
IDEA	I	84.027	N/A	7/1/16-9/30/17	\$ 627,831	401,631	386,431	15,200	15,200	-	2
IDEA	I	84.027	N/A	7/1/17-9/30/18	\$ 617,511	211,470	-	617,511	617,511	406,041	1
IDEA - SECTION 619A	I	84.173	N/A	7/1/16-9/30/17	\$ 2,240	-	-	-	-	-	1
IDEA - SECTION 619A	I	84.173	N/A	7/1/17-9/30/18	\$ 3,300	3,300	-	3,300	3,300	-	1
TOTAL IDEA CLUSTER						616,401	386,431	636,011	636,011	406,041	
TOTAL U.S. DEPARTMENT OF EDUCATION						1,502,985	465,218	1,564,854	1,564,854	527,087	
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES											
PASSED THROUGH THE PA											
DEPARTMENT OF PUBLIC WELFARE											
TITLE 19 MEDICAL REIMBURSEMENT	I	93.778	N/A	10/1/17-9/30/18	N/A	39,383	10,755	51,589	51,589	22,961	2
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES						39,383	10,755	51,589	51,589	22,961	
U.S. DEPT. OF AGRICULTURE											
PASSED THROUGH PA DEPT. OF EDUCATION											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/16-6/30/17	N/A	106,485	106,485	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/17-6/30/18	N/A	582,536	-	705,125	705,125	122,588	
NATIONAL SCHOOL BREAKFAST - SEVERE NEED	I	10.553	N/A	7/1/16-6/30/17	N/A	21,004	21,004	-	-	-	
NATIONAL SCHOOL BREAKFAST - SEVERE NEED	I	10.553	N/A	7/1/17-6/30/18	N/A	89,121	-	110,196	110,196	21,075	
PASSED THROUGH THE											
DEPARTMENT OF AGRICULTURE											
NATIONAL SCHOOL LUNCH PROGRAM - USDA COMMODITIES	I	10.555	N/A	7/1/17-6/30/18	N/A	83,632	(32,766)	88,159	88,159	(28,239)	2
TOTAL CHILD NUTRITION CLUSTER						882,779	94,723	903,480	903,480	115,424	3,4
TOTAL U.S. DEPARTMENT OF AGRICULTURE						882,779	94,723	903,480	903,480	115,424	
TOTAL FEDERAL FINANCIAL AWARDS						\$ 2,425,147	\$ 570,696	\$ 2,519,923	\$ 2,519,923	\$ 665,472	

SOURCE: D -DIRECT; I -INDIRECT

Pleasant Valley School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

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 1.6% of its total general fund revenue in federal awards, and 51.4% 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 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	\$ 1,965,586	\$ 1,744,164
Colonial I.U.	1,250,882	636,011
PA Department of Public Welfare	N/A	51,589
PA Department of Agriculture	N/A	88,159
Totals	\$ 3,216,468	\$ 2,519,923

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$83,632, in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2017-18 fiscal year, the District used \$58,159 in commodities and established a year-end inventory of \$28,239 at June 30, 2018.

4. 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, 2018

5. 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	\$ 1,540,137
Federal Grants in Local Sources	636,011
Food Service Fund Federal Revenue	<u>898,953</u>
Total Federal Revenue, per financial statements	3,075,101
Less: Medical Access Reimbursement	(559,706)
Add: Change in Donated Commodities	<u>4,528</u>
Total Federal Revenue Reported on SEFA	<u>\$ 2,519,923</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, 2018, 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 November 27, 2018.

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,



November 27, 2018



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, 2018*. 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, 2018.

Report on Internal Control over Compliance

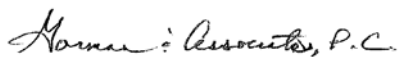
Management of Pleasant Valley School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pleasant Valley School District's internal 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,



November 27, 2018

**Pleasant Valley School District
 Schedule of Findings and Questioned Costs
 For the Year Ended on June 30, 2018**

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
84.010	Title I Program

Percentage of programs tested to total awards 26.5%

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, 2018**

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