

**REPORT ON
PLEASANT VALLEY SCHOOL DISTRICT
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2021**

PLEASANT VALLEY SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS

| | <u>Page (s)</u> |
|--|-----------------|
| Introductory Section | |
| Transmittal Letter | 1 |
| Letter to Governance/Management..... | 2 - 4 |
| Report Distribution List..... | 5 |
| Financial Section | |
| Independent Auditor's Report | 6 - 8 |
| Management's Discussion and Analysis | 9 - 17 |
| Basic Financial Statements | |
| District-wide Financial Statements: | |
| Statement of Net Position..... | 18 |
| Statement of Activities | 19 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 20 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position..... | 21 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds..... | 22 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities..... | 23 - 24 |
| Statement of Fund Net Position - Proprietary Funds..... | 25 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds | 26 |
| Statement of Cash Flows - Proprietary Funds..... | 27 - 28 |
| Statement of Fiduciary Net Position - Fiduciary Funds | 29 |
| Statement of Changes in Fiduciary Net Position - Fiduciary Funds | 30 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund..... | 31 |

PLEASANT VALLEY SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS (Continued)

| | <u>Page (s)</u> |
|---|-----------------|
| Notes to Basic Financial Statements..... | 32 - 74 |
| Required Supplemental Information | |
| Schedule of the District's Proportionate Share of Net Pension Liability..... | 75 |
| Schedule of District's Contributions - Pension Plan..... | 76 |
| Schedule of the District's Proportionate Share of Net OPEB Liability - Multiple Employer OPEB Plan..... | 77 |
| Schedule of District's Contributions - Multiple Employer OPEB Plan..... | 78 |
| Schedule of the District's Proportionate Share of Net OPEB Liability - Single Employer OPEB Plan..... | 79 |
| Notes on Required Supplemental Information..... | 80 - 81 |
| Supplemental Information | |
| Combining Balance Sheet - All Capital Project Funds..... | 82 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Capital Project Funds..... | 83 |
| General Fund - Schedule on Tax Collectors' Receipts..... | 84 |
| General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual..... | 85 - 88 |
| Food Service Fund - Statement of Revenues, Expenses, and Changes in Fund Net Position..... | 89 |
| Construction Fund - Statement of Revenues and Expenditures..... | 90 |
| Capital Reserve Fund - Statement of Revenues and Expenditures..... | 91 |
| Western Pocono Library Fund - Statement of Revenues and Expenditures..... | 91 |
| Private - Purpose Trust Fund - Statement of Changes in Fiduciary Net Position..... | 92 |
| Private - Purpose Trust Fund - Statement of Fiduciary Net Position..... | 92 |
| Student Activity Fund - Statement of Changes in Fiduciary Net Position..... | 93 |
| Student Activity Fund - Statement of Fiduciary Net Position..... | 93 |
| General Long - Term Debt: | |
| Schedule on General Obligation Bonds - Series of 2012..... | 94 |

PLEASANT VALLEY SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS (Continued)

| | <u>Page (s)</u> |
|--|-----------------|
| Schedule on General Obligation Bonds - Series of 2018 | 94 |
| Single Audit Section | |
| Schedule of Expenditures of Federal Awards | 95 - 96 |
| Notes to the Schedule of Expenditures of Federal Awards..... | 97 - 98 |
| Independent Auditor's Report Under Government Auditing Standards | 99 - 100 |
| Independent Auditor's Report Under Uniform Guidance..... | 101 - 102 |
| Schedule of Findings and Questioned Costs | 103 - 104 |

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
Brodheads ville, PA 18322

We have performed the Single Audit of the Pleasant Valley School District for the fiscal year ended June 30, 2021, and have enclosed the Single Audit reporting package.

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

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

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

Respectfully submitted,

Gorman & Associates, P.C.

December 1, 2021



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
Dr. James R. Konrad, Superintendent
Pleasant Valley School District
2233 Route 115
Brodheadsville, 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, 2021, and have issued our report thereon dated December 1, 2021.

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 June 22, 2021.

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. Accounting policies adopted during this past year and the existing policies were properly applied. We did not discover any transactions entered into by the District that lacked authoritative guidance or consensus. In addition, there are no significant transactions affecting the financial statements that have been recognized incorrectly in the wrong year.

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

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

We have requested certain representations from management that are included in the management representation letter provided to us on December 1, 2021. 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.

BOARD OF SCHOOL DIRECTORS – DR. JAMES KONRAD, SUPERINTENDENT

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 2020-21 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:

OTHER INFORMATION

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 was also extended with GASB Statement No. 95 pushing the date of implementation to the 2021-22 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,



December 1, 2021

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

ONE COPY TO: MONROE COUNTY BOARD OF COMMISSIONERS
1 QUAKER PLAZA, SUITE 201
STROUDSBURG, PA 18360

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Pleasant Valley School District
2233 Route 115
Brodheadsville, 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, 2021, 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.

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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2-G to the financial statements, the District adopted the provisions of GASB No. 84, *Fiduciary Activities*, GASB Statements No. 90, *Accounting and Financial Reporting for Majority Equity Interest* – an amendment of GASB Statements No. 14 and No. 61 and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32, and GASB Statement No. 98, *The Annual Comprehensive Financial Report*. Our opinion is not modified with respect to these matters.

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 9-17, 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 75-81, 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.

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


PLEASANT VALLEY SCHOOL DISTRICT

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, *the combining and individual fund financial statements, schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards*, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021, on our consideration of the Pleasant Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pleasant Valley School District's internal control over financial reporting and compliance.

Respectfully submitted,



December 1, 2021

**PLEASANT VALLEY SCHOOL DISTRICT
BRODHEADSVILLE, PENNSYLVANIA**

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

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, 2021. 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 (\$60,774,572), decreasing by \$8,477,074 over the prior fiscal period. In the General Fund, the revenues in the amount of \$104,106,822 were not sufficient to cover the governmental expenses of \$107,625,747. The total net position of the District for business-type activities was (\$1,953,383) decreasing by \$348,703 over the prior fiscal period. Total revenues in the amount of \$1,031,374 were not sufficient to cover the business-type expenses of \$1,380,077. As of June 30, 2021, the school district had a negative total net position of (\$60,774,572) 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 \$128,089,733 for governmental activities and \$2,170,295 for business type activities.

During the year, the District revenues were \$6,217,994 more than budgeted revenues, due to revenues from local, state, and federal sources. Expenditures were \$2,816,536 more than the budget.

The Pleasant Valley School District Board of Education is assessing its 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
BRODHEADSVILLE, PENNSYLVANIA**

Table 1 reflects the condensed Statement of Net Position for the years ended 2021 and 2020.

**Table 1
Condensed Statement of Net Position
Fiscal Years Ended June 30, 2020 and June 30, 2021**

| | 2021 | | | 2020 | | | |
|---|-------------------------|--------------------------|-----------------------|-------------------------|--------------------------|-----------------------|-----|
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total | |
| Current and other assets | \$ 43,087,093 | \$ 350,096 | \$ 43,242,008 | \$ 45,594,869 | \$ 550,460 | \$ 45,960,845 | (1) |
| Non-current assets | 80,902,306 | 146,900 | 81,049,206 | 85,630,424 | 162,579 | 85,793,003 | |
| Deferred Outflow of Resources | 22,990,068 | 287,380 | 23,277,448 | 16,578,693 | 264,308 | 16,843,001 | |
| Total Assets & Deferred Outflow of Resources | \$ 146,979,467 | \$ 784,376 | \$ 147,568,662 | \$ 147,803,986 | \$ 977,347 | \$ 148,596,849 | |
| Current and other liabilities | \$ 16,805,920 | \$ 122,661 | \$ 16,733,400 | \$ 16,145,814 | \$ 47,381 | \$ 16,008,711 | (1) |
| Non-current liabilities | 183,692,740 | 2,511,752 | 186,204,492 | 176,921,210 | 2,447,873 | 179,369,083 | |
| Deferred Inflow of Resources | 7,255,379 | 103,346 | 7,358,725 | 7,034,460 | 86,773 | 7,121,233 | |
| Total Liabilities & Deferred Inflow of Resources | 207,754,039 | 2,737,759 | 210,296,617 | 200,101,484 | 2,582,027 | 202,499,027 | |
| Net Position | | | | | | | |
| Net Investment in Capital Assets | 70,393,581 | 146,900 | 70,540,481 | 72,223,751 | 162,579 | 72,386,330 | |
| Restricted For: | | | | | | | |
| Retirement of Long-term debt | - | - | - | - | - | - | |
| Capital Projects | 3,200,141 | - | 3,200,141 | 2,444,667 | - | 2,444,667 | |
| Other Restrictions | - | - | - | - | - | - | |
| Unrestricted | (134,368,294) | (2,100,283) | (136,468,577) | (126,965,916) | (1,767,259) | (128,733,175) | |
| Total Net Position | (60,774,572) | (1,953,383) | (62,727,955) | (52,297,498) | (1,604,680) | (53,902,178) | |
| Total Liabilities, Deferred Inflow of Resources & Net Position | \$ 146,979,467 | \$ 784,376 | \$ 147,568,662 | \$ 147,803,986 | \$ 977,347 | \$ 148,596,849 | |

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

**PLEASANT VALLEY SCHOOL DISTRICT
BRODHEADSVILLE, PENNSYLVANIA**

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).

**Table 2
Changes in Net Position
For the Years Ended June 30, 2020 and June 30, 2021**

| | 2021 | | | 2020 | | |
|--|---------------------------------|---------------------------------|------------------------|---------------------------------|---------------------------------|------------------------|
| | Govern- mental Activities | Business- Type Activities | Total | Govern- mental Activities | Business- Type Activities | Total |
| REVENUES | | | | | | |
| <i>Program Revenues:</i> | | | | | | |
| Charges for services | \$ 99,999 | \$ 46,399 | \$ 146,398 | \$ 207,772 | \$ 480,657 | \$ 688,429 |
| Operating Grants | 22,704,314 | 949,894 | 23,654,208 | 21,268,322 | 994,257 | 22,262,579 |
| Capital Grants | 94,323 | - | 94,323 | - | - | - |
| <i>General Revenues:</i> | | | | | | |
| Property taxes levied for general purposes | 48,640,180 | - | 48,640,180 | 47,342,919 | - | 47,342,919 |
| Taxes levied for specific purposes | 4,678,216 | - | 4,678,216 | 3,959,632 | - | 3,959,632 |
| Grants, subsidies and contributions not restricted | 26,728,388 | - | 26,728,388 | 26,730,079 | - | 26,730,079 |
| Investment earnings | 57,988 | 452 | 58,440 | 637,322 | 5,297 | 642,619 |
| Miscellaneous | 1,515,742 | 1,980 | 1,517,722 | 548,877 | 3,931 | 552,808 |
| Other | (32,649) | 32,649 | - | (45,663) | 45,663 | - |
| TOTAL REVENUES | 104,486,501 | 1,031,374 | 105,517,875 | 100,649,260 | 1,529,805 | 102,179,065 |
| PROGRAM EXPENSES | | | | | | |
| Instruction | 75,164,392 | - | 75,164,392 | 63,735,685 | - | 63,735,685 |
| Instruction Student Support | 9,014,211 | - | 9,014,211 | 7,755,327 | - | 7,755,327 |
| Administrative and Financial Support | 7,874,078 | - | 7,693,433 | 7,693,433 | - | 7,693,433 |
| Operation and Maintenance of Plant Services | 10,282,813 | - | 10,282,813 | 9,049,506 | - | 9,049,506 |
| Pupil Transportation | 5,386,404 | - | 5,386,404 | 5,768,680 | - | 5,768,680 |
| Student Activities | 1,494,167 | - | 1,494,167 | 1,701,924 | - | 1,701,924 |
| Community Services | 584,589 | - | 584,589 | 550,552 | - | 550,552 |
| Interest on Long-Term Debt | 347,126 | - | 347,126 | 367,265 | - | 367,265 |
| Unallocated Depreciation | 2,815,795 | - | 2,815,795 | 2,809,914 | - | 2,809,914 |
| Food Service | - | 1,380,077 | 1,380,077 | - | 1,723,594 | 1,723,594 |
| TOTAL EXPENSES | 112,963,575 | 1,380,077 | 114,163,007 | 99,432,286 | 1,723,594 | 101,155,880 |
| Increase (decrease) in Net Position | (8,477,074) | (348,703) | (8,825,777) | 1,216,974 | (193,789) | 1,023,185 |
| Prior Period Adjustment | - | - | - | - | - | - |
| Net Position - Beginning | (52,297,498) | (1,604,680) | (53,902,178) | (53,514,472) | (1,410,891) | (54,925,363) |
| Net Position - Ending | \$ (60,774,572) | \$ (1,953,383) | \$ (62,727,955) | \$ (52,297,498) | \$ (1,604,680) | \$ (53,902,178) |

**PLEASANT VALLEY SCHOOL DISTRICT
BRODHEADSVILLE, PENNSYLVANIA**

Governmental Activities

The increase of \$8,477,074 in net position of governmental activities was the result of an increase in total assets and deferred outflow of resources.

The District's food service program showed a decrease in net position of \$348,703 for year-end 2021. This decrease is a result of expenses exceeding revenues for the 2020-2021 year in the amount of \$348,703. Expenses decreased by \$376,517 from \$1,756,594 in 2020 to \$1,380,077 in 2021. Revenues fell by 99% while expenses decreased by 7.6%. The drop in revenues was due the emergency closure of schools beginning March 13, 2020 due to the COVID-19 global pandemic.

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
BRODHEADSVILLE, PENNSYLVANIA**

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 2020-2021:

| | Budget Amounts | | Actual (GAAP Basis) | Variance with Final Budget Positive (Neg.) |
|--------------------------------------|---------------------|---------------------|---------------------------|--|
| | Original | Final | | |
| Revenues | \$ 97,888,828 | \$ 97,888,828 | \$ 103,775,401 | \$ 5,886,573 |
| Expenditures | 100,187,179 | 104,026,562 | 106,843,098 | \$ (2,816,536) |
| Excess (Deficiency) of Revenues Over | | | | |
| Expenditures | (2,298,351) | (6,137,734) | (3,067,697) | 3,070,037 |
| Other Financing Sources/Uses | (3,839,383) | - | (451,228) | (451,228) |
| Special Items | - | - | - | - |
| Extraordinary | - | - | - | - |
| Net Change in Fund Balances | (6,137,734) | (6,137,734) | (3,518,925) | 2,618,809 |
| Fund Balance – Beginning | 14,319,259 | 14,319,259 | 18,459,030 | 4,139,771 |
| Fund Balance – Ending | \$ 8,181,525 | \$ 8,181,525 | \$ 14,940,105 | \$ 6,758,580 |

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
BRODHEADSVILLE, PENNSYLVANIA**

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 2021 included \$97,888,828 in revenues, \$104,026,562 in expenditures and a beginning unreserved fund balance available for appropriation in the amount of \$14,319,259.

The actual revenues received for 2021 were \$103,775,401 or approximately 10.6% higher. The final actual expenditures to the budget amounted to \$106,843,098, a variance from the budget of \$6,655,919 or an expenditure rate of 93.7%.

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

- Local revenues increased from the original budget due to collection of delinquent real estate, earned income, and real estate transfer taxes that all came in higher than expected.
- State revenues decreased slightly from the original budget. These subsidies are based on formulas as established by the Pennsylvania Department of Education that utilize demographical statistics and actual payments.
- Federal revenues increased from the original budget due to increased ACCESS reimbursement, and various Covid grants awarded from the Federal CARES Act.
- The 93.7% expenditure rate was due primarily to 1) increased expense for charter school tuition being above budget; 2) increased expense for cyber school enrollment above budget. These higher expenditures are attributed to the emergency COVID-19 closure of schools.

FINANCIAL ANALYSIS OF MAJOR FUNDS

GENERAL FUND

The following chart represents a summary of general fund revenue, by source, along with changes from 2020:

| | 2021 Amount | 2020 Amount | Increase (Decrease) | % Change |
|-----------------|------------------------|------------------------|--------------------------------|---------------------|
| Local Sources | \$ 55,714,013 | \$ 51,837,617 | \$ 3,876,396 | 7.5% |
| State Sources | 44,968,822 | 45,471,000 | \$ (502,178) | -1.1% |
| Federal Sources | 3,655,690 | 1,889,012 | \$ 1,766,678 | 93.5% |
| Other Sources | - | 9,539 | \$ (9,539) | -100.0% |
| TOTAL | \$ 104,338,525 | \$ 99,207,168 | \$ 5,131,357 | 5.2% |

**PLEASANT VALLEY SCHOOL DISTRICT
BRODHEADSVILLE, PENNSYLVANIA**

Local Sources

The increase in local sources was \$3,313,272 or 6.4%. This increase is due to a increase in delinquent real estate property tax collections.

State Sources

The decrease in state sources was \$502,178 or 1.1% this decrease was driven by slight decrease in several state subsidies.

Federal Sources

The increase in federal sources was \$1,766,678 or – 93.5%.

General fund expenditures totaled \$107,625,747, which represents a increase of \$10,008,946 or 10.3% from 2019-2020. The following represents a summary of general fund expenditures for the year ended June 30, 2021 by function, along with changes from 2019-2020.

| | 2021 Amount | 2020 Amount | Increase (Decrease) | % Change |
|------------------------|------------------------|------------------------|--------------------------------|---------------------|
| Instruction | \$ 72,674,787 | \$ 63,649,363 | \$ 9,025,424 | 14.2% |
| Support Services | 31,466,075 | 30,217,423 | \$ 1,248,652 | 4.1% |
| Noninstructional | 1,494,983 | 1,678,184 | \$ (183,201) | -10.9% |
| Facilities Acquisition | - | 23,918 | \$ (23,918) | -100.0% |
| Other Financing Uses | 1,989,902 | 2,047,913 | \$ (58,011) | -2.8% |
| TOTAL | \$ 107,625,747 | \$ 97,616,801 | \$ 10,008,946 | 10.3% |

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.

Support Services

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

Non-instructional Services

The decrease in non-instructional expenditures was due to the emergency closure of schools for COVID-19.

Facilities Acquisition, Construction and Improvement Services

Each year, this service area fluctuates depending upon the needs of the district.

Other Financing Uses

The decreased expenses are due to scheduled debt service payments.

**PLEASANT VALLEY SCHOOL DISTRICT
BRODHEADSVILLE, PENNSYLVANIA**

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 2021, expenditures of \$468 were made from this fund. The June 30, 2021 balance was \$3,200,140.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2021 is summarized in Table 3 below.

**Table 3
Capital Assets
For the Years Ended June 30, 2021 and June 30, 2020**

| | 2021 | | | Total % Change | 2020 | | |
|--|---------------------------------|---------------------------------|----------------------|-------------------|---------------------------------|---------------------------------|----------------------|
| | 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 | 1,594,243 | - | 1,594,243 | 0.00% | 1,594,243 | - | 1,594,243 |
| Building and Bldg. Improve- ments (net Acc. Dep.) | 71,827,438 | - | 71,827,438 | -3.07% | 74,102,521 | - | 74,102,521 |
| Furniture and Equipment (net Acc. Dep.) | 1,242,754 | 146,900 | 1,389,654 | 11.82% | 1,080,175 | 162,579 | 1,242,754 |
| Construction in Progress | - | - | - | 100.00% | 355,386 | - | 355,386 |
| TOTAL | \$ 76,389,096 | \$ 146,900 | \$ 76,535,996 | -3.14% | \$ 78,856,986 | \$ 162,579 | \$ 79,019,565 |

LONG TERM DEBT

At June 30, 2021, the District had \$10,512,885 in outstanding bonds and lease obligations. 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 \$2,210,143; liability for other post-employment benefits totaled \$1,165,792 and net pension liability totaled \$143,919,611, and net OPEB liability for single and multiple employer plans totaled \$29,875,940.

**PLEASANT VALLEY SCHOOL DISTRICT
BRODHEADSVILLE, PENNSYLVANIA**

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.

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

| Pupil Enrollment – Historical | | | |
|--------------------------------------|-------------------|------------------|--------------|
| School Year | Elementary | Secondary | Total |
| 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 |
| 2018-19 | 2,221 | 2,301 | 4,522 |
| 2019-20 | 2,194 | 2,199 | 4,393 |
| 2020-21 | 1,791 | 2,001 | 3,792 |

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 Michael Simonetta, 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, 2021

| | PRIMARY GOVERNMENT | | |
|---|------------------------------------|-------------------------------------|-----------------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 31,559,395 | \$ 64,364 | \$ 31,623,759 |
| Investments | 256,045 | - | 256,045 |
| Receivables, net | 5,312,301 | - | 5,312,301 |
| Internal Balances | 76,731 | 118,450 | - |
| Due From Other Governments | 5,752,887 | 147,792 | 5,900,679 |
| Other Receivables | - | - | - |
| Inventories | 21,470 | 19,490 | 40,960 |
| Prepaid Expenses | 108,264 | - | 108,264 |
| Total Current Assets | 43,087,093 | 350,096 | 43,242,008 |
| Non-Current Assets: | | | |
| Restricted Cash and Cash Equivalents | - | - | - |
| Land | 1,724,661 | - | 1,724,661 |
| Site Improvements (net of depreciation) | 1,519,895 | - | 1,519,895 |
| Building and Bldg. Improvements (net of depreciation) | 71,925,124 | - | 71,925,124 |
| Furniture and Equipment (net of depreciation) | 1,219,416 | 146,900 | 1,366,316 |
| Construction in Progress | - | - | - |
| Long-term Receivable | 4,513,210 | - | 4,513,210 |
| Total Non-Current Assets | 80,902,306 | 146,900 | 81,049,206 |
| TOTAL ASSETS | 123,989,399 | 496,996 | 124,291,214 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows of Resources - Related to Pension | 19,724,275 | 280,491 | 20,004,766 |
| Deferred Outflows of Resources - Related to OPEB | 3,265,793 | 6,889 | 3,272,682 |
| Deferred Charges on Bond Refundings, net | - | - | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 146,979,467 | \$ 784,376 | \$ 147,568,662 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Internal Balances | \$ 118,450 | \$ 76,731 | \$ - |
| Due to other governments | 466,334 | - | 466,334 |
| Accounts Payable | 1,631,966 | - | 1,631,966 |
| Current Portion of Long-Term Obligations | 1,479,879 | - | 1,479,879 |
| Accrued Salaries and Benefits | 8,784,266 | 835 | 8,785,101 |
| Payroll Withholdings | 4,226,299 | - | 4,226,299 |
| Prepayments | - | 45,095 | 45,095 |
| Other Current Liabilities | 98,726 | - | 98,726 |
| Total Current Liabilities | 16,805,920 | 122,661 | 16,733,400 |
| Non-Current Liabilities: | | | |
| Bonds and Notes Payable | 9,697,885 | - | 9,697,885 |
| Lease Purchase Obligations | - | - | - |
| Long-Term Portion of Compensated Absences | 1,480,941 | 64,323 | 1,545,264 |
| Other Retirement Benefits | 1,165,792 | - | 1,165,792 |
| Net Pension Liability | 141,569,774 | 2,349,837 | 143,919,611 |
| Net OPEB Liability - Single Employer Plan | 23,469,118 | - | 23,469,118 |
| Net OPEB Liability - Multiple Employer Plan | 6,309,230 | 97,592 | 6,406,822 |
| TOTAL LIABILITIES | 200,498,660 | 2,634,413 | 202,937,892 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows of Resources - Related to Pension | 6,244,234 | 100,949 | 6,345,183 |
| Deferred Inflows of Resources - Related to OPEB | 1,011,145 | 2,397 | 1,013,542 |
| Unearned Revenue | - | - | - |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 207,754,039 | 2,737,759 | 210,296,617 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 70,393,581 | 146,900 | 70,540,481 |
| Restricted For: | | | |
| Retirement of Long-Term Debt | - | - | - |
| Capital Projects | 3,200,141 | - | 3,200,141 |
| Other Restrictions | - | - | - |
| Unrestricted (deficit) | (134,368,294) | (2,100,283) | (136,468,577) |
| TOTAL NET POSITION | (60,774,572) | (1,953,383) | (62,727,955) |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | \$ 146,979,467 | \$ 784,376 | \$ 147,568,662 |

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, 2021**

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES | | | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION | | |
|--|-----------------------|-------------------------|-----------------------------|--|--|-----------------------------|------------------------|
| | | CHARGES FOR SERVICES | GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| GOVERNMENTAL ACTIVITIES: | | | | | | | |
| Instruction | \$ 75,164,392 | \$ 76,296 | \$ 15,310,262 | \$ - | \$ (59,777,834) | \$ - | \$ (59,777,834) |
| Instructional Student Support | 9,014,211 | - | 2,344,207 | - | (6,670,004) | - | (6,670,004) |
| Admin. & Fin'l Support Services | 7,874,078 | - | 781,153 | - | (7,092,925) | - | (7,092,925) |
| Oper. & Maint. of Plant Svcs. | 10,282,813 | - | 1,313,678 | 94,323 | (8,874,812) | - | (8,874,812) |
| Pupil Transportation | 5,386,404 | - | 2,734,108 | - | (2,652,296) | - | (2,652,296) |
| Student activities | 1,494,167 | 23,703 | 191,830 | - | (1,278,634) | - | (1,278,634) |
| Community Services | 584,589 | - | 29,076 | - | (555,513) | - | (555,513) |
| Interest on Long-Term Debt | 347,126 | - | - | - | (347,126) | - | (347,126) |
| Unallocated Depreciation Expense | <u>2,815,795</u> | - | - | - | <u>(2,815,795)</u> | - | <u>(2,815,795)</u> |
| TOTAL GOVERNMENTAL ACTIVITIES | 112,963,575 | 99,999 | 22,704,314 | 94,323 | (90,064,939) | - | (90,064,939) |
| BUSINESS-TYPE ACTIVITIES: | | | | | | | |
| Food Services | 1,380,077 | 46,399 | 949,894 | - | - | (383,784) | (383,784) |
| Other Enterprise Funds | - | - | - | - | - | - | - |
| TOTAL PRIMARY GOVERNMENT | \$ 114,343,652 | \$ 146,398 | \$ 23,654,208 | \$ 94,323 | \$ (90,064,939) | \$ (383,784) | \$ (90,448,723) |
| GENERAL REVENUES: | | | | | | | |
| Property taxes. Levied for general purposes, net | | | | | \$ 48,640,180 | \$ - | \$ 48,640,180 |
| Taxes levied for specific purposes | | | | | 4,678,216 | - | 4,678,216 |
| Grants, subsidies, & contributions not restricted | | | | | 26,728,388 | - | 26,728,388 |
| Investment Earnings | | | | | 57,988 | 452 | 58,440 |
| Miscellaneous Income | | | | | 1,184,321 | 1,980 | 1,186,301 |
| Special item - Gain (Loss) on sale of capital assets | | | | | 324,700 | - | 324,700 |
| Special item - Insurance Recoveries | | | | | 6,721 | - | 6,721 |
| Transfers | | | | | <u>(32,649)</u> | <u>32,649</u> | <u>-</u> |
| TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS | | | | | <u>81,587,865</u> | <u>35,081</u> | <u>81,622,946</u> |
| CHANGES IN NET POSITION | | | | | (8,477,074) | (348,703) | (8,825,777) |
| NET POSITION - BEGINNING | | | | | <u>(52,297,498)</u> | <u>(1,604,680)</u> | <u>(53,902,178)</u> |
| NET POSITION - ENDING | | | | | <u>\$ (60,774,572)</u> | <u>\$ (1,953,383)</u> | <u>\$ (62,727,955)</u> |

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

**Pleasant Valley School District
Balance Sheet
Governmental Funds
As of June 30, 2021**

| | <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 | \$ 23,841,882 | \$ 7,717,513 | \$ - | \$ 31,559,395 |
| Investments | 256,045 | - | - | 256,045 |
| Taxes Receivable, net | 5,256,377 | - | 55,924 | 5,312,301 |
| Due from other funds | 76,731 | - | 6,514 | 83,245 |
| Due from Other Governments | 5,752,887 | - | - | 5,752,887 |
| Other Receivables | - | - | - | - |
| Inventories | - | - | - | - |
| Prepaid Expenditures | 108,264 | - | - | 108,264 |
| Other Current Assets | - | - | - | - |
| TOTAL ASSETS | 35,292,186 | 7,717,513 | 62,438 | 43,072,137 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | | |
| Deferred Charges on Refundings, net | - | - | - | - |
| TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES | \$ 35,292,186 | \$ 7,717,513 | \$ 62,438 | \$ 43,072,137 |
| <u>LIABILITIES</u> | | | | |
| Due to Other Funds | \$ 124,964 | \$ - | \$ - | \$ 124,964 |
| Due to Other Governments | 466,334 | - | - | 466,334 |
| Accounts Payable | 1,624,932 | 520 | 6,514 | 1,631,966 |
| Current Portion of Long-Term Debt | 664,879 | - | - | 664,879 |
| Accrued Salaries and Benefits | 8,784,266 | - | - | 8,784,266 |
| Payroll Deductions and Withholdings | 4,226,299 | - | - | 4,226,299 |
| Prepayments | 35,102 | - | - | 35,102 |
| Other Current Liabilities | 619 | - | - | 619 |
| TOTAL LIABILITIES | 15,927,395 | 520 | 6,514 | 15,934,429 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Unearned/Unavailable Property Taxes | 4,424,686 | - | 55,924 | 4,480,610 |
| TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES | 20,352,081 | 520 | 62,438 | 20,415,039 |
| FUND BALANCES: | | | | |
| Nonspendable Fund Balance | 108,264 | - | - | 108,264 |
| Restricted Fund Balance | - | 7,716,993 | - | 7,716,993 |
| Committed Fund Balance | 9,321,296 | - | - | 9,321,296 |
| Assigned Fund Balance | 901,211 | - | - | 901,211 |
| Unassigned Fund Balance | 4,609,334 | - | - | 4,609,334 |
| TOTAL FUND BALANCES | 14,940,105 | 7,716,993 | - | 22,657,098 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 35,292,186 | \$ 7,717,513 | \$ 62,438 | \$ 43,072,137 |

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, 2021**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 22,657,098

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 \$140,184,880 and the accumulated depreciation is \$63,795,784. 76,389,096

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. 4,513,210

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 4,480,610

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

This represents deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension/OPEB Liability. 15,734,689

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. 21,470

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 | \$ (10,512,885) | |
| Accrued interest on the bonds | (63,005) | |
| Compensated absences | (1,480,941) | |
| Net Pension Liability | (141,569,774) | |
| Net OPEB Liability - Single Employer Plan | (23,469,118) | |
| Net OPEB Liability - Multiple Employer Plan | (6,309,230) | |
| Other Retirement Benefits | (1,165,792) | |
| Authority Lease Obligations | - | (184,570,745) |

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ (60,774,572)**

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, 2021

| | <u>GENERAL</u> | <u>CAPITAL PROJECTS</u> | <u>NON-MAJOR GOVERNMENTAL FUNDS</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|--|----------------------|-----------------------------|---|---|
| REVENUES | | | | |
| Local Sources | \$ 55,150,889 | \$ 8,406 | \$ 554,718 | \$ 55,714,013 |
| State Sources | 44,968,822 | - | - | 44,968,822 |
| Federal Sources | <u>3,655,690</u> | <u>-</u> | <u>-</u> | <u>3,655,690</u> |
| TOTAL REVENUES | <u>103,775,401</u> | <u>8,406</u> | <u>554,718</u> | <u>104,338,525</u> |
| EXPENDITURES | | | | |
| Instruction | 72,674,787 | - | - | 72,674,787 |
| Support Services | 31,466,075 | 520 | - | 31,466,595 |
| Operation of Non-Instructional Services | 1,494,983 | - | 554,718 | 2,049,701 |
| Capital Outlay | - | 220,276 | - | 220,276 |
| Debt Service | <u>1,207,253</u> | <u>-</u> | <u>-</u> | <u>1,207,253</u> |
| TOTAL EXPENDITURES | <u>106,843,098</u> | <u>220,796</u> | <u>554,718</u> | <u>107,618,612</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(3,067,697)</u> | <u>(212,390)</u> | <u>-</u> | <u>(3,280,087)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from Bond Issues | - | - | - | - |
| Bond Premium | - | - | - | - |
| Proceeds from Extended Term Financing | - | - | - | - |
| Interfund Transfers In | - | 750,000 | - | 750,000 |
| Sale/Compensation for Fixed Assets | 324,700 | - | - | 324,700 |
| Insurance Recoveries | 6,721 | - | - | 6,721 |
| Payment to bond refunding escrow agent | - | - | - | - |
| Bond Discount | - | - | - | - |
| Operating Transfers Out | <u>(782,649)</u> | <u>-</u> | <u>-</u> | <u>(782,649)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(451,228)</u> | <u>750,000</u> | <u>-</u> | <u>298,772</u> |
| SPECIAL/EXTRAORDINARY ITEMS | | | | |
| Special Items | - | - | - | - |
| Extraordinary Items | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | (3,518,925) | 537,610 | - | (2,981,315) |
| FUND BALANCES - BEGINNING | <u>18,459,030</u> | <u>7,179,383</u> | <u>-</u> | <u>25,638,413</u> |
| FUND BALANCES - ENDING | <u>\$ 14,940,105</u> | <u>\$ 7,716,993</u> | <u>\$ -</u> | <u>\$ 22,657,098</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, 2021**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (2,981,315)

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 | \$ 2,961,273 | |
| less - capital outlays | <u>493,383</u> | (2,467,890) |

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

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

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources increased by this amount this year. (125,888)

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. 780,000

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. (321,105)

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING **\$ (5,116,198)**

**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, 2021**

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING (CONT'D) \$ (5,116,198)

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. 80,127

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. (2,285,137)

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. (5,833)

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. (1,150,033)

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (8,477,074)**

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, 2021**

| | FOOD SERVICE | NON-MAJOR FUNDS | TOTAL |
|--|-------------------------|----------------------------|--------------------|
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | \$ 64,364 | \$ - | \$ 64,364 |
| Investments | - | - | - |
| Due from other funds | 118,450 | - | 118,450 |
| Due From Other Governments | 147,792 | - | 147,792 |
| Other Receivables | - | - | - |
| Inventories | 19,490 | - | 19,490 |
| Prepaid expenses | - | - | - |
| Other Current Assets | - | - | - |
| TOTAL CURRENT ASSETS | <u>350,096</u> | <u>-</u> | <u>350,096</u> |
| NON-CURRENT ASSETS: | | | |
| Building & Bldg. Improvements (net) | - | - | - |
| Machinery & Equipment (net) | 146,900 | - | 146,900 |
| Other Long-Term Receivables | - | - | - |
| TOTAL NON-CURRENT ASSETS | <u>146,900</u> | <u>-</u> | <u>146,900</u> |
| TOTAL ASSETS | 496,996 | - | 496,996 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows of Resources - Related to Pension | 280,491 | - | 280,491 |
| Deferred Outflows of Resources - Related to OPEB | 6,889 | - | 6,889 |
| TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 784,376</u> | <u>\$ -</u> | <u>\$ 784,376</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES: | | | |
| Due to Other Funds | \$ 76,731 | \$ - | \$ 76,731 |
| Due to Other Governments | - | - | - |
| Accounts Payable | - | - | - |
| Current Portion of Long-Term Debt | - | - | - |
| Accrued Salaries and Benefits | 835 | - | 835 |
| Payroll Deductions and Withholdings | - | - | - |
| Other Current Liabilities | - | - | - |
| Prepayments | 45,095 | - | 45,095 |
| TOTAL CURRENT LIABILITIES | <u>122,661</u> | <u>-</u> | <u>122,661</u> |
| NON-CURRENT LIABILITIES: | | | |
| Long-Term Portion of Compensated Absences | 64,323 | - | 64,323 |
| Net OPEB Liability - Multiple Employer Plan | 97,592 | - | 97,592 |
| Net Pension Liability | 2,349,837 | - | 2,349,837 |
| TOTAL NON-CURRENT LIABILITIES | <u>2,511,752</u> | <u>-</u> | <u>2,511,752</u> |
| TOTAL LIABILITIES | 2,634,413 | - | 2,634,413 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows of Resources - Related to Pension | 100,949 | - | 100,949 |
| Deferred Inflows of Resources - OPEB | 2,397 | - | 2,397 |
| Unearned Revenue | - | - | - |
| TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES | <u>2,737,759</u> | <u>-</u> | <u>2,737,759</u> |
| FUND NET POSITION | | | |
| Net Investment in Capital Assets | 146,899 | - | 146,899 |
| Restricted for Legal Purposes | - | - | - |
| Unrestricted | <u>(2,100,282)</u> | <u>-</u> | <u>(2,100,282)</u> |
| TOTAL FUND NET POSITION | <u>(1,953,383)</u> | <u>-</u> | <u>(1,953,383)</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION | <u>\$ 784,376</u> | <u>\$ -</u> | <u>\$ 784,376</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, 2021

| | FOOD SERVICE | NON-MAJOR FUNDS | TOTAL |
|--|-------------------------|----------------------------|-----------------------|
| OPERATING REVENUES: | | | |
| Food Service Revenue | \$ 46,399 | \$ - | \$ 46,399 |
| Charges for Services | - | - | - |
| Other Operating Revenues | 1,980 | - | 1,980 |
| TOTAL OPERATING REVENUES | <u>48,379</u> | <u>-</u> | <u>48,379</u> |
| OPERATING EXPENSES: | | | |
| Salaries | 488,779 | - | 488,779 |
| Employee benefits | 478,649 | - | 478,649 |
| Purchased Professional and Technical Services | 10,029 | - | 10,029 |
| Purchased Property Service | 4,597 | - | 4,597 |
| Other Purchased Services | 462 | - | 462 |
| Supplies | 363,301 | - | 363,301 |
| Depreciation | 23,745 | - | 23,745 |
| Dues and Fees | 10,515 | - | 10,515 |
| Claims and Judgments | - | - | - |
| Other Operating Expenses | - | - | - |
| TOTAL OPERATING EXPENSES | <u>1,380,077</u> | <u>-</u> | <u>1,380,077</u> |
| OPERATING INCOME (LOSS) | <u>(1,331,698)</u> | <u>-</u> | <u>(1,331,698)</u> |
| NON-OPERATING REVENUES (EXPENSES): | | | |
| Earnings on investments | 452 | - | 452 |
| Contributions and Donations | - | - | - |
| Gain/Loss on Sale of Fixed Assets | - | - | - |
| State Sources | 145,538 | - | 145,538 |
| Federal Sources | 804,356 | - | 804,356 |
| Interest Expenses | - | - | - |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | <u>950,346</u> | <u>-</u> | <u>950,346</u> |
| INCOME (LOSS) BEFORE CONTRIBUTIONS | <u>\$ (381,352)</u> | <u>\$ -</u> | <u>\$ (381,352)</u> |
| Capital contributions | - | - | - |
| Transfers in (out) | 32,649 | - | 32,649 |
| CHANGES IN FUND NET POSITION | <u>(348,703)</u> | <u>-</u> | <u>(348,703)</u> |
| FUND NET POSITION - BEGINNING | <u>(1,604,680)</u> | <u>-</u> | <u>(1,604,680)</u> |
| FUND NET POSITION - ENDING | <u>\$ (1,953,383)</u> | <u>\$ -</u> | <u>\$ (1,953,383)</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, 2021**

| | FOOD SERVICE | NON-MAJOR FUNDS | TOTAL |
|---|-------------------------|----------------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash Received from Users | \$ 112,069 | \$ - | \$ 112,069 |
| Cash Received from Assessments made to Other Funds | - | - | - |
| Cash Received from Earnings on Investments | - | - | - |
| Cash Received from Other Operating Revenue | 2,696 | - | 2,696 |
| Cash Payments to Employees for Services | (909,213) | - | (909,213) |
| Cash Payments for Insurance Claims | - | - | - |
| Cash Payments to Suppliers for Goods and Services | (216,592) | - | (216,592) |
| Cash Payments to Other Operating Expenses | (10,515) | - | (10,515) |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | (1,021,555) | - | (1,021,555) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | |
| Local Sources | - | - | - |
| State Sources | 140,596 | - | 140,596 |
| Federal Sources | 593,258 | - | 593,258 |
| Notes and Loans Received | - | - | - |
| Interest Paid on Notes/Loans | - | - | - |
| Operating Transfers In (Out) | 32,649 | - | 32,649 |
| NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES | 766,503 | - | 766,503 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Facilities Acquisition/Const./Improvement Svcs. | (8,066) | - | (8,066) |
| Capital Contributions | - | - | - |
| Gain/Loss on Sale of Fixed Assets (Proceeds) | - | - | - |
| NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES | (8,066) | - | (8,066) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Earnings on Investments | 452 | - | 452 |
| 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 | 452 | - | 452 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (262,666) | - | (262,666) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 327,030 | - | 327,030 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 64,364 | \$ - | \$ 64,364 |

**Pleasant Valley School District
Statement of Cash Flows
Proprietary Funds
As of June 30, 2021**

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

| | FOOD SERVICE | NON-MAJOR FUNDS | TOTAL |
|---|-------------------------|----------------------------|-----------------------|
| OPERATING INCOME (LOSS) | \$ (1,331,698) | \$ - | \$ (1,331,698) |
| | ----- | ----- | ----- |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | | |
| Depreciation and Net Amortization | 23,745 | - | 23,745 |
| Provision for Uncollectible Accounts | - | - | - |
| Donated Commodities Used | 76,270 | - | 76,270 |
| CHANGES IN ASSETS AND LIABILITIES: | | | |
| (Increase) Decrease in Accounts Receivable | 352 | - | 352 |
| (Increase) Decrease in Advances to Other Funds | 66,034 | - | 66,034 |
| (Increase) Decrease in Inventories | 11,082 | - | 11,082 |
| (Increase) Decrease in Prepaid Expenses | - | - | - |
| (Increase) Decrease in Other Current Assets | - | - | - |
| (Increase) Decrease in Deferred Outflows of Resources - Change in Proportion of NPL | - | - | - |
| (Increase) Decrease in Deferred Outflows of Resources - Current Year Contributions | 64,513 | - | 64,513 |
| (Increase) Decrease in Deferred Outflows of Resources - Change in Assumptions | 19,598 | - | 19,598 |
| (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 | (106,922) | - | (106,922) |
| (Increase) Decrease in Deferred Outflows of Resources - Diff. between Expected vs Actual Experience | - | - | - |
| Increase (Decrease) in Accounts Payable | - | - | - |
| Increase (Decrease) in Accrued Salaries and Benefits | 4,243 | - | 4,243 |
| Increase (Decrease) in Advances from Other Funds | 76,731 | - | 76,731 |
| Increase (Decrease) in Other Current Liabilities | (2,286) | - | (2,286) |
| Increase (Decrease) in Net OPEB Liability - Multiple Employer Plan | (174) | - | (174) |
| Increase (Decrease) in Net Pension Liability | 60,645 | - | 60,645 |
| 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 | 6,008 | - | 6,008 |
| Increase (Decrease) in Deferred Inflows of Resources - Change in Assumptions | - | - | - |
| Increase (Decrease) in Deferred Inflows of Resources - Change in Proportion of NPL | 22,938 | - | 22,938 |
| Increase (Decrease) in Deferred Inflows of Resources - Diff. in Expected vs Actual Experience | (12,634) | - | (12,634) |
| TOTAL ADJUSTMENTS | 310,143 | - | 310,143 |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | \$ (1,021,555) | \$ - | \$ (1,021,555) |

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

**Pleasant Valley School District
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2021**

| | PRIVATE- PURPOSE TRUST | CUSTODIAL FUNDS |
|--|---------------------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 51,757 | \$ 99,361 |
| Investments | 9,600 | 102,241 |
| Due from Other Funds | - | - |
| Other Receivables | 16 | 264 |
| Prepaid Expenses | - | - |
| Other Current Assets | - | - |
| TOTAL ASSETS | 61,373 | 201,866 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred Charges on Refundings | - | - |
| TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES | \$ 61,373 | \$ 201,866 |
| LIABILITIES | | |
| Accounts Payable | \$ - | \$ 2,278 |
| Due to Other Funds | - | - |
| Other Current Liabilities | - | 881 |
| TOTAL LIABILITIES | - | 3,159 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unearned Revenue | - | - |
| TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES | - | 3,159 |
| NET POSITION | | |
| Restricted for | - | - |
| Individuals, organizations, and other governments | 61,373 | 198,707 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION | \$ 61,373 | \$ 201,866 |

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

Pleasant Valley School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

| | PRIVATE- PURPOSE TRUST | CUSTODIAL FUNDS |
|--|---------------------------------------|----------------------------|
| ADDITIONS | | |
| Contributions - members | \$ - | \$ 3,272 |
| Contributions - Gifts and bequests | 2,580 | - |
| Special Events | - | 28,430 |
| Other Income | - | 24,231 |
| INVESTMENT EARNINGS: | | |
| Interest and Dividends | 109 | 294 |
| Net increase (decrease) in fair value of investments | - | - |
| Less investment expense | - | - |
| TOTAL ADDITIONS | 2,689 | 56,227 |
| DEDUCTIONS | | |
| Administrative expense | - | 2,630 |
| Benefits paid to participants or beneficiaries | 4,150 | 14,596 |
| Payments for student club activities | - | 76,218 |
| Other | - | - |
| TOTAL DEDUCTIONS | 4,150 | 93,444 |
| CHANGES IN NET POSITION | (1,461) | (37,217) |
| NET POSITION - BEGINNING OF YEAR | 62,834 | 235,924 |
| NET POSITION - END OF YEAR | \$ 61,373 | \$ 198,707 |

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, 2021

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH</u> | <u>BUDGET TO</u> | <u>ACTUAL</u> |
|---|-------------------------|----------------------|------------------------------------|---|----------------------------------|-------------------------------------|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>(BUDGETARY</u> <u>BASIS)</u> | <u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u> | <u>GAAP</u> <u>DIFFERENCE</u> | <u>AMOUNTS</u> <u>GAAP BASIS</u> |
| REVENUES | | | | | | |
| Local Sources | \$ 49,774,779 | \$ 49,774,779 | \$ 55,150,889 | \$ 5,376,110 | \$ - | \$ 55,150,889 |
| State Sources | 45,753,186 | 45,753,186 | 44,968,822 | (784,364) | - | 44,968,822 |
| Federal Sources | <u>2,360,863</u> | <u>2,360,863</u> | <u>3,655,690</u> | <u>1,294,827</u> | - | <u>3,655,690</u> |
| TOTAL REVENUES | <u>97,888,828</u> | <u>97,888,828</u> | <u>103,775,401</u> | <u>5,886,573</u> | - | <u>103,775,401</u> |
| EXPENDITURES | | | | | | |
| Regular Instruction | 42,636,471 | 46,414,923 | 49,219,031 | (2,804,108) | - | 49,219,031 |
| Special Programs | 15,510,853 | 19,873,625 | 19,873,625 | - | - | 19,873,625 |
| Vocational Programs | 3,726,278 | 3,360,823 | 3,360,823 | - | - | 3,360,823 |
| Other Instructional Programs | 569,755 | 203,927 | 203,927 | - | - | 203,927 |
| Nonpublic Schools | 26,930 | 17,381 | 17,381 | - | - | 17,381 |
| Pre-Kindergarten | - | - | - | - | - | - |
| Pupil Personnel Services | 4,404,515 | 4,398,849 | 4,398,849 | - | - | 4,398,849 |
| Instructional Staff Services | 3,607,447 | 3,550,706 | 3,550,706 | - | - | 3,550,706 |
| Administrative Services | 4,510,713 | 4,234,970 | 4,234,970 | - | - | 4,234,970 |
| Pupil Health | 863,303 | 719,002 | 719,002 | - | - | 719,002 |
| Business Services | 1,633,683 | 1,497,412 | 1,497,412 | - | - | 1,497,412 |
| Operation & Maintenance of Plant Services | 10,386,681 | 9,791,277 | 9,791,277 | - | - | 9,791,277 |
| Student Transportation Services | 6,863,779 | 5,381,797 | 5,381,797 | - | - | 5,381,797 |
| Central Support Services | 2,148,781 | 1,864,962 | 1,864,962 | - | - | 1,864,962 |
| Other Support Services | 30,000 | 27,100 | 27,100 | - | - | 27,100 |
| Student Activities | 2,055,648 | 1,465,112 | 1,465,112 | - | - | 1,465,112 |
| Community Services | 16,517 | 29,871 | 29,871 | - | - | 29,871 |
| Facilities, Acquisition and Construction | - | - | - | - | - | - |
| Debt Service | <u>1,195,825</u> | <u>1,194,825</u> | <u>1,207,253</u> | <u>(12,428)</u> | - | <u>1,207,253</u> |
| TOTAL EXPENDITURES | <u>100,187,179</u> | <u>104,026,562</u> | <u>106,843,098</u> | <u>(2,816,536)</u> | - | <u>106,843,098</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,298,351)</u> | <u>(6,137,734)</u> | <u>(3,067,697)</u> | <u>3,070,037</u> | - | <u>(3,067,697)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Proceeds From Extended Term Financing | - | - | - | - | - | - |
| Interfund Transfers In | - | - | - | - | - | - |
| Sale/Compensation for Fixed Assets | - | - | 324,700 | 324,700 | - | 324,700 |
| Insurance Recoveries | - | - | 6,721 | 6,721 | - | 6,721 |
| Fund Transfers Out | (809,383) | - | (782,649) | (782,649) | - | (782,649) |
| Budgetary Reserve | <u>(3,030,000)</u> | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(3,839,383)</u> | - | <u>(451,228)</u> | <u>(451,228)</u> | - | <u>(451,228)</u> |
| Special Items | - | - | - | - | - | - |
| Extraordinary Items | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCES | <u>(6,137,734)</u> | <u>(6,137,734)</u> | <u>(3,518,925)</u> | <u>2,618,809</u> | - | <u>(3,518,925)</u> |
| FUND BALANCE - JULY 1, 2020 | <u>\$ 14,319,259</u> | <u>\$ 14,319,259</u> | <u>\$ 18,459,030</u> | <u>\$ 4,139,771</u> | <u>\$ -</u> | <u>\$ 18,459,030</u> |
| FUND BALANCE - JUNE 30, 2021 | <u>\$ 8,181,525</u> | <u>\$ 8,181,525</u> | <u>\$ 14,940,105</u> | <u>\$ 6,758,580</u> | <u>\$ -</u> | <u>\$ 14,940,105</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, 2021**

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 ensure 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, 2021**

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure 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 2020-21 was \$1,879,139.

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, 2021

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, 2021**

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 2018-19 fiscal year, this fund received \$9,325,000 from the General Obligation Bonds - Series 2018 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. The Proprietary Funds of the School District have operating and nonoperating revenues and/or expenses. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are reported as nonoperating revenues and/or expenses, including subsidies received from the state and federal government for school lunches, donated commodities, and amounts received for fica and retirement subsidies. Operating revenues reported are consistent with the fees or charges incurred based on the intent of the individual proprietary fund.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021

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.

Fiduciary Funds Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: Pension (and other employee benefit) trust funds, investment trust funds, Private-purpose trust funds and Custodial funds. The School District has two Fiduciary Funds

Scholarship Trust Funds – These funds are considered private purpose trust funds and are reported as such in the Statement of Net Position Fiduciary Funds and the Statement of Changes in Fiduciary Net Position. 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.

Student Activity Fund – This fund is considered a custodial fund and is reported as such in the Statement of Net Position Fiduciary Funds and the Statement of Changes in Fiduciary Net Position. Custodial funds are used to report fiduciary activities that are not required to be reported in one of the other three Fiduciary fund types.

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.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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.

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.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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.

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 2020-21 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 2020-21 fiscal year the School District implemented the following new generally accepted accounting principles:

GASB 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.

GASB Statement No. 90 (Accounting and Financial Reporting for Majority Equity Interests). This Statement is designed to improve consistency and comparability when a government has a majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

GASB Statement No. 97 (Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans). This Statement is designed to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for the IRC Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021

H. Pensions

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

I. 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.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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.

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, 2021, 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, 2021, shows \$21,470 as an asset in the governmental activities column of the government-wide statement of net position; a physical inventory taken at June 30, 2021, shows \$19,490 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, 2021, consist of:

| | | |
|---------------------|-----------|----------------------|
| Supplies | \$ | 3,882 |
| Purchased Food | | 5,408 |
| Donated Commodities | | <u>10,200</u> |
| TOTAL | \$ | <u>19,490</u> |

Prepaid Expenses

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

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Capital Assets

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

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

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

Compensated Absences

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

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

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

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.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021

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

Reclassification

Certain amounts have been reclassified to conform to the June 30, 2021, 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.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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

Assigned Fund Balance

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

Unassigned Fund Balance

This category of fund balance represents the residual classification for the general fund after segregating resources used in the other categories listed above.

Unassigned fund balance will only be shown in other governmental funds if those governmental funds have a negative net fund balance.

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

Contributions of Capital

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

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 the \$184,570,745 difference are:

| | |
|--|------------------------------|
| Bonds payable | \$ 10,045,000 |
| Less: Issuance discount (to be amortized as interest expense) | (2,237) |
| Add: Issuance premium (to be amortized as a contra to interest expense) | 470,122 |
| Accrued interest payable | 63,005 |
| Net Pension Liability | 141,569,774 |
| Compensated absences | 1,480,941 |
| Net OPEB Liability - Single Employer Plan | 23,469,118 |
| Net OPEB Liability - Multiple Employer Plan | 6,309,230 |
| Other Retirement Benefits | <u>1,165,792</u> |
| Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities" | <u>\$ 184,570,745</u> |

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021

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, 2021**

Explanation of Differences between Governmental Fund Statements and District-Wide Statements

| | 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 | \$ 48,766,067 | \$ (125,887) | \$ - | \$ - | \$ 48,640,180 |
| Taxes levied for specific purposes | 4,678,216 | - | - | - | 4,678,216 |
| Interest and investment earnings | 82,897 | (24,909) | - | - | 57,988 |
| Miscellaneous | 1,167,591 | - | - | - | 1,167,591 |
| Contributions and Donations | 16,730 | - | - | - | 16,730 |
| Charges for Services | 99,999 | - | - | - | 99,999 |
| Grants, subsidies & contributions not restricted | 26,728,388 | - | - | - | 26,728,388 |
| Transfers in | - | - | - | - | - |
| INTERMEDIATE SOURCES: | | | | | |
| Charges for Services | - | - | - | - | - |
| Operating grants and contributions | - | - | - | - | - |
| STATE SOURCES: | | | | | |
| Operating and Capital grants and contributions | 18,243,688 | - | - | - | 18,243,688 |
| FEDERAL SOURCES: | | | | | |
| Operating and Capital grants and contributions | 4,554,949 | - | - | - | 4,554,949 |
| SPECIAL AND EXTRAORDINARY ITEMS: | | | | | |
| Proceeds from Extended Term Financing | - | - | - | - | - |
| Bond Premium | - | - | - | - | - |
| Proceeds from Bond Issues | - | - | - | - | - |
| Insurance Recoveries | 6,721 | - | - | - | 6,721 |
| Gain or (Loss) on disposal of assets | 324,700 | - | - | - | 324,700 |
| TOTAL REVENUES | <u>104,669,946</u> | <u>(150,796)</u> | <u>-</u> | <u>-</u> | <u>104,519,150</u> |
| EXPENDITURES/EXPENSES | | | | | |
| Instruction | 72,674,787 | 2,484,346 | 5,259 | - | 75,164,392 |
| Instructional Student Support | 8,668,557 | 345,654 | - | - | 9,014,211 |
| Admin. & Fin'l Support Services | 7,624,964 | 337,119 | (88,005) | - | 7,874,078 |
| Oper. & Maint. Of Plant Svcs. | 9,791,277 | 539,619 | (48,083) | - | 10,282,813 |
| Pupil Transportation | 5,381,797 | 4,607 | - | - | 5,386,404 |
| Student activities | 1,465,112 | 25,855 | 3,200 | - | 1,494,167 |
| Community Services | 584,589 | - | - | - | 584,589 |
| Capital Outlay | 220,276 | - | (220,276) | - | - |
| Debt Service | 1,207,253 | - | - | (860,127) | 347,126 |
| Special Item - Loss on Abandonment | - | - | - | - | - |
| Transfers Out | 32,649 | - | - | - | 32,649 |
| Depreciation - unallocated | - | - | 2,815,795 | - | 2,815,795 |
| TOTAL EXPENDITURES/EXPENSES | <u>107,651,261</u> | <u>3,737,200</u> | <u>2,467,890</u> | <u>(860,127)</u> | <u>112,996,224</u> |
| NET CHANGE FOR THE YEAR | <u>\$ (2,981,315)</u> | <u>\$ (3,887,996)</u> | <u>\$ (2,467,890)</u> | <u>\$ 860,127</u> | <u>\$ (8,477,074)</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, 2021, except the governmental activities and business-type activities (Food Service Fund) has deficits of \$60,774,572, and \$1,953,383, respectively.

C. Excess of expenditures over appropriations in individual funds

The General Fund, which has a legally adopted budget, had excess expenditures over appropriations of \$2,816,536. The district received additional Federal and State funds due to various COVID-19 related grants that were not budgeted and since these specific grants were not in existence at the time the original

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

budget was adopted. Section 609 of the PA School Code allows for the over expending of appropriations when additional Federal and State funds are made available when not originally budgeted for.

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, 2021. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

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, 2021, \$4,838,728 of the District's bank balance of \$5,339,584 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 | | 4,838,728 |
| TOTAL | \$ | <u>4,838,728</u> |

Reconciliation to Financial Statements

| | | |
|--|-----------|--------------------------|
| Uncollateralized Amount Above | \$ | 4,838,728 |
| Plus: Insured Amount | | 500,856 |
| Less: Outstanding Checks | | (1,347,762) |
| Carrying Amount - Bank balances | | 3,991,822 |
| Plus: Petty Cash | | 17,571 |
| Deposits in Pooled Investments Considered Cash Equivalents | | 28,133,370 |
| Deposits in Money Market Mutual Funds Considered Cash Equivalents | | - |
| Less: Certificates of Deposit considered Investment by School Code | | (367,886) |
| Total Cash Per Financial Statements | \$ | <u>31,774,877</u> |

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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, 2021, the District had the following investments:

| <i>Investment</i> | Maturities | Fair Value |
|--------------------------------------|-------------------|----------------------|
| Certificates of Deposit - ESSA | | \$ 358,286 |
| Certificates of Deposit - FNBT | | 9,600 |
| PSDLAF CD Program | | - |
| PA School District Liquid Asset Fund | | 22,262,451 |
| PA Local Government Investment Trust | | 5,870,920 |
| TOTAL | | \$ 28,501,257 |

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, 2021, the District's investments were rated as follows:

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

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. Of the Fiduciary Funds' investments, 48.01% are in certificates of deposit at ESSA Bank & Trust.

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.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Reconciliation to Financial Statements

| | | |
|---|-----------|----------------|
| Total Investments Above | \$ | 28,501,257 |
| Less: Deposits in Investment Pool Considered Cash Equivalents | | (28,133,371) |
| Deposits in Money Market Mutual Funds Considered Cash Equivalents | | - |
| Total Investments Per Financial Statements | \$ | 367,886 |

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, 2021. 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 \$2,252,201,773. In accordance with Act 1 of 2006, the District received \$4,071,893 in property tax reduction funds for the 2020-21 fiscal year. The tax rate for the year was \$2.3182 per \$100 of assessed valuation or 23.182 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. |

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.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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 | \$ - | \$ - | \$ - | \$ - | \$ 28 | \$ 28 |
| Taxes | 5,256,377 | - | - | 55,924 | - | 5,312,301 |
| Accounts | - | - | - | - | 252 | 252 |
| Intergovernmental | 5,752,887 | - | 147,792 | - | - | 5,900,679 |
| GROSS RECEIVABLES | 11,009,264 | - | 147,792 | 55,924 | 280 | 11,213,260 |
| Less: Allowance for Uncollectibles | - | - | - | - | - | - |
| NET RECEIVABLES | \$ 11,009,264 | \$ - | \$ 147,792 | \$ 55,924 | \$ 280 | \$ 11,213,260 |

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

| | UNAVAILABLE | UNEARNED |
|--|---------------------|-----------------|
| Delinquent Property taxes - General Fund | \$ 4,424,686 | \$ - |
| Delinquent Property taxes - Library Fund | 55,924 | - |
| Grant drawdowns prior to meeting eligibility requirements | - | - |
| TOTAL | \$ 4,480,610 | \$ - |

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Capital Assets

Capital asset balances and activity for the year ending June 30, 2021, were:

| | BEGINNING BALANCE | INCREASES | DECREASES | ENDING BALANCE |
|---|----------------------|-----------------------|---------------------|----------------------|
| GOVERNMENTAL ACTIVITIES: | | | | |
| Capital Assets not being depreciated: | | | | |
| Land | \$ 1,724,661 | \$ - | \$ - | \$ 1,724,661 |
| Construction in Progress | 355,386 | 220,796 | (576,182) | - |
| Total Capital Assets not being depreciated | <u>2,080,047</u> | <u>220,796</u> | <u>(576,182)</u> | <u>1,724,661</u> |
| Capital Assets being depreciated: | | | | |
| Site Improvements | 4,641,899 | 34,543 | - | 4,676,442 |
| Buildings and Bldg. Improvements | 124,586,065 | 541,639 | - | 125,127,704 |
| Furniture and Equipment | 8,383,486 | 272,587 | - | 8,656,073 |
| TOTAL CAPITAL ASSETS BEING DEPRECIATED | <u>137,611,450</u> | <u>848,769</u> | <u>-</u> | <u>138,460,219</u> |
| Less accumulated depreciation for: | | | | |
| Site Improvements | (3,047,656) | (108,891) | - | (3,156,547) |
| Buildings and Bldg. Improvements | (50,483,544) | (2,719,035) | - | (53,202,579) |
| Furniture and Equipment | (7,303,311) | (133,347) | - | (7,436,658) |
| TOTAL ACCUMULATED DEPRECIATION | <u>(60,834,511)</u> | <u>(2,961,273)</u> | <u>-</u> | <u>(63,795,784)</u> |
| TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION | <u>77,836,640</u> | <u>(2,112,504)</u> | <u>-</u> | <u>74,664,435</u> |
| GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION | <u>\$ 79,916,687</u> | <u>\$ (1,891,708)</u> | <u>\$ (576,182)</u> | <u>\$ 76,389,096</u> |
| BUSINESS-TYPE ACTIVITIES: | | | | |
| Capital Assets being depreciated: | | | | |
| Furniture and Equipment | \$ 1,585,250 | \$ 8,066 | \$ - | \$ 1,593,316 |
| Less accumulated depreciation | (1,422,671) | (23,745) | - | (1,446,416) |
| BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION | <u>\$ 162,579</u> | <u>\$ (15,679)</u> | <u>\$ -</u> | <u>\$ 146,900</u> |

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

| | |
|---|---------------------|
| Regular Instruction | \$ 4,944 |
| Special Instruction | 336 |
| Vocational Instruction | 756 |
| Other Instruction | 4,500 |
| Adult Instruction | - |
| Community College Instruction | - |
| Pupil Services | - |
| Instructional Staff Svcs. | - |
| Administrative Services | 3,087 |
| Health Services | - |
| Business Services | 2,176 |
| Operation & Maintenance of Plant Svcs. | 86,698 |
| Pupil Transportation | - |
| Central Services | 13,518 |
| Other Support Services | 577 |
| Student Activities | 28,886 |
| Community Services | - |
| Depreciation - unallocated | 2,815,795 |
| TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES | <u>\$ 2,961,273</u> |

The governmental activities sold land and easements to the Commonwealth of PA, that resulted in a gain of \$324,700. The business-type activities did not dispose of any equipment this year.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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 as of June 30, 2021.

Short-term debt

Interfund receivables and payables

The following interfund receivables and payables were in existence on June 30, 2021:

| | INTERFUND RECEIVABLES | INTERFUND PAYABLES |
|--|----------------------------------|-------------------------------|
| General Fund | \$ 76,731 | \$ 124,964 |
| Special Revenue (Western Pocono) Fund | 6,514 | - |
| Capital Project (Capital Reserve) Fund | - | - |
| Enterprise (Food Service) Fund | 118,450 | 76,731 |
| Agency (Activity) Fund | - | - |
| TOTAL | \$ 201,695 | \$ 201,695 |

Interfund Transfers

The District also made the following interfund transfers during the fiscal year ended June 30, 2021:

| | TRANSFER IN | TRANSFER OUT |
|--|--------------------|---------------------|
| General Fund | \$ - | \$ 782,649 |
| Capital Project (Capital Reserve) Fund | 750,000 | - |
| Private-Purpose Trust Funds | - | - |
| Enterprise (Food Service) Fund | 32,649 | - |
| TOTAL | \$ 782,649 | \$ 782,649 |

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Long-term liabilities

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

CHANGES IN LONG-TERM LIABILITIES

| | <u>BEGINNING BALANCE</u> | <u>ADDITIONS</u> | <u>REDUCTIONS</u> | <u>ENDING BALANCE</u> | <u>AMOUNTS DUE WITHIN ONE YEAR</u> |
|---|------------------------------|---------------------|-------------------|---------------------------|--|
| <u>GOVERNMENTAL ACTIVITIES:</u> | | | | | |
| General Obligation Debt: | | | | | |
| <i>Bonds and notes payable:</i> | | | | | |
| Capital Projects | \$ 11,367,950 | \$ 740 | \$ 855,805 | \$ 10,512,885 | \$ 815,000 |
| Lease Rental Obligations | - | - | - | - | - |
| Total general obligation debt | 11,367,950 | 740 | 855,805 | 10,512,885 | 815,000 |
| <i>Other liabilities:</i> | | | | | |
| Vested employee benefits: | | | | | |
| Vacation pay | 458,792 | - | 14,912 | 443,880 | 17,114 |
| Sick pay | 1,617,289 | 84,651 | - | 1,701,940 | 647,765 |
| Other Retirement Benefits | 1,067,828 | 97,964 | - | 1,165,792 | - |
| Net Pension Liability | 137,769,083 | 3,800,691 | - | 141,569,774 | - |
| Net OPEB Liability - Single Employer Plan | 19,918,984 | 3,550,134 | - | 23,469,118 | - |
| Net OPEB Liability - Multiple Employer Plan | 6,319,564 | - | 10,334 | 6,309,230 | - |
| Total other liabilities | 167,151,540 | 7,533,440 | 25,246 | 174,659,734 | 664,879 |
| TOTAL GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES | \$ 178,519,490 | \$ 7,534,180 | \$ 881,051 | \$ 185,172,619 | \$ 1,479,879 |
| <u>BUSINESS-TYPE ACTIVITIES:</u> | | | | | |
| <i>Other liabilities:</i> | | | | | |
| Net Pension Liability | \$ 2,289,192 | \$ 60,645 | \$ - | \$ 2,349,837 | \$ - |
| Net OPEB Liability - Multiple Employer Plan | 97,766 | - | 174 | 97,592 | - |
| Vested employee benefits | | | | | |
| Vacation pay | 7,699 | - | 96 | 7,603 | - |
| Sick pay | 53,216 | 3,504 | - | 56,720 | - |
| TOTAL BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES | \$ 2,447,873 | \$ 64,149 | \$ 270 | \$ 2,511,752 | \$ - |

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:

| | <u>EXPENSE</u> | <u>PAID</u> |
|---|-------------------|-------------------|
| GOVERNMENTAL ACTIVITIES | | |
| General obligation debt | \$ 334,698 | \$ 414,825 |
| Refunds of Prior Year Receipts | 12,428 | 12,428 |
| Capital Leases | - | - |
| TOTAL INTEREST FOR GOVERNMENTAL ACTIVITIES | \$ 347,126 | \$ 427,253 |

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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, 2021, are:

| FISCAL YEAR | PRINCIPAL | INTEREST |
|--------------------------|---------------------|-------------------|
| 2021-22 | \$ 270,000 | \$ 39,806 |
| 2022-23 | 280,000 | 33,788 |
| 2023-24 | 285,000 | 27,075 |
| 2024-25 | 290,000 | 19,887 |
| 2025-26 | 300,000 | 12,325 |
| 2026-27 | 305,000 | 4,194 |
| SUB-TOTAL | 1,730,000 | \$ 137,075 |
| Unamortized Discount | (2,237) | |
| Unamortized Premium | 8,405 | |
| TOTAL OUTSTANDING | \$ 1,736,168 | |

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 (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, additions, 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, 2021 are:

| FISCAL YEAR | PRINCIPAL | INTEREST |
|--------------------------|---------------------|--------------|
| 2021-22 | \$ 545,000 | \$ 343,750 |
| 2022-23 | 570,000 | 316,500 |
| 2023-24 | 600,000 | 288,000 |
| 2024-25 | 625,000 | 264,000 |
| 2025-26 | 650,000 | 239,000 |
| 2026-31 | 3,655,000 | 784,200 |
| 2031-33 | 1,670,000 | 100,800 |
| SUB-TOTAL | \$ 8,315,000 | \$ 2,336,250 |
| Unamortized Premium | 461,717 | |
| TOTAL OUTSTANDING | \$ 8,776,717 | |

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Combined Long-Term Debt

The combined long-term debt obligations for subsequent years, excluding compensated absences, are:

| FISCAL YEAR | PRINCIPAL REQUIREMENTS | | |
|------------------------------------|--------------------------------------|--------------------------------------|---|
| | G.O.B. SERIES OF 2012 | G.O.B. SERIES OF 2018 | TOTAL PRINCIPAL PAYMENTS |
| 2021-22 | \$ 270,000 | \$ 545,000 | \$ 815,000 |
| 2022-23 | 280,000 | 570,000 | 850,000 |
| 2023-24 | 285,000 | 600,000 | 885,000 |
| 2024-25 | 290,000 | 625,000 | 915,000 |
| 2025-26 | 300,000 | 650,000 | 950,000 |
| 2026-31 | 305,000 | 3,655,000 | 3,960,000 |
| 2031-33 | - | 1,670,000 | 1,670,000 |
| TOTAL | 1,730,000 | 8,315,000 | 10,045,000 |
| LESS: PAYABLE WITHIN ONE YR | 270,000 | 545,000 | 815,000 |
| LONG-TERM PRINCIPAL DUE | | | |
| AFTER ONE YEAR | \$ 1,460,000 | \$ 7,770,000 | \$ 9,230,000 |

| FISCAL YEAR | PRINCIPAL & INTEREST REQUIREMENTS | | |
|--------------------|--|--------------------------------------|--|
| | G.O.B. SERIES OF 2012 | G.O.B. SERIES OF 2018 | TOTAL DEBT SERVICE PAYMENTS |
| 2021-22 | \$ 309,806 | \$ 888,750 | \$ 1,198,556 |
| 2022-23 | 313,788 | 886,500 | 1,200,288 |
| 2023-24 | 312,075 | 888,000 | 1,200,075 |
| 2024-25 | 309,887 | 889,000 | 1,198,887 |
| 2025-26 | 312,325 | 889,000 | 1,201,325 |
| 2026-31 | 309,194 | 4,439,200 | 4,748,394 |
| 2031-33 | - | 1,770,800 | 1,770,800 |
| TOTAL | \$ 1,867,075 | \$ 10,651,250 | \$ 12,518,325 |

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Compensated Absences

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, 2021, in the General Fund, that will use currently available financial resources is \$647,765 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 \$56,720, including FICA tax (net of reimbursement). The remaining balance of termination benefits of \$1,054,175, 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 \$7,603, including FICA tax and retirement contributions (net of reimbursement). The vacation leave earned as of June 30, 2021, in the General Fund that will use currently available financial resources is \$17,114, 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, 2021, of \$426,766, 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.

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.pa.gov.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

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

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011 who elect Class T-F membership 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%.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Employer Contributions

The school districts' contractually required contribution rate for fiscal year ended June 30, 2021 was 33.69% 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 \$13,580,699 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$143,919,611 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2021, the District's proportion was 0.2951 percent, which was a decrease of 0.0052 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$13,681,798. At June 30, 2021, 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 | \$ 33,356 | \$ - |
| Changes in Assumptions | - | - |
| Net difference between projected and actual contributions made | - | 419,472 |
| Net difference between projected and actual earnings on pension plan investments | 6,385,000 | - |
| Difference between expected and actual experience | - | 3,103,000 |
| Changes in proportion of the Net Pension Liability | - | 2,817,000 |
| District contributions subsequent to the measurement date | 13,580,699 | - |
| Total | <u>\$ 19,999,055</u> | <u>\$ 6,339,472</u> |

\$13,580,699 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ended June 30:</u> | <u>Amount</u> |
|----------------------------|------------------|
| 2021 | \$ (1,995,000) |
| 2022 | (776,777) |
| 2023 | 1,152,271 |
| 2024 | 1,794,658 |
| Thereafter | (96,268) |
| Total | <u>\$ 78,884</u> |

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 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.

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

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

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|--------------------------|---|
| Global public equity | 15.0% | 5.2% |
| Private Equity | 15.0% | 7.2% |
| Fixed Income | 36.0% | 1.1% |
| Commodities | 8.0% | 1.8% |
| Absolute return | 10.0% | 2.5% |
| Infrastructure/MLPs | 6.0% | 5.7% |
| Real estate | 10.0% | 5.5% |
| Risk parity | 8.0% | 3.3% |
| Cash | 6.0% | -1.0% |
| Financing (LIBOR) | -14.0% | -0.7% |
| | <u>100%</u> | |

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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 | \$ 179,772,000 | \$ 145,304,000 | \$ 116,105,000 |

Pension Plan Fiduciary Net Position

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

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 \$1,165,792, shown under the governmental activities column on the government-wide Statement of Net Position as of June 30, 2021.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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, 2020, 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:

- 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, 2020, 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, 2021 was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$330,548 for the year ended June 30, 2021.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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

At June 30, 2021, the District reported a liability of \$6,406,822 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was 0.2960 percent, which was a decrease of 0.0043 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized OPEB expense of \$302,630. At June 30, 2021, 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 | \$ 1,796 | \$ - |
| Changes in Assumptions | 121,000 | - |
| Net difference between projected and actual contributions made | - | 3,833 |
| Net difference between projected and actual investment earnings | 11,000 | - |
| Difference between expected and actual experience | 59,000 | - |
| Changes in proportion of the Net OPEB Liability | - | 151,000 |
| District contributions subsequent to the measurement date | <u>330,548</u> | <u>-</u> |
| Total | <u>\$ 523,344</u> | <u>\$ 154,833</u> |

\$330,548 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year ended June 30:</u> | <u>Amount</u> |
|----------------------------|------------------|
| 2021 | \$ (3,000) |
| 2022 | (3,370) |
| 2023 | (5,370) |
| 2024 | 25,633 |
| 2025 | 18,818 |
| Thereafter | <u>5,252</u> |
| Total | <u>\$ 37,963</u> |

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Actuarial Assumptions

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

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

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates 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 | 50.3% | -1.0% |
| US Core Fixed Income | 46.5% | -0.1% |
| Non-US Developed Fixed | 3.2% | -0.1% |
| | <u>100%</u> | |

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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, 2020.

Discount Rate

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

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

The following presents the System net OPEB liability for June 30, 2020, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

| | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
|---------------------------|--------------------|-------------------------------|--------------------|
| System net OPEB liability | \$ 6,395,000 | \$ 6,396,000 | \$ 6,396,000 |

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

The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

| | <u>1% Decrease 1.66%</u> | <u>Current Discount Rate 2.66%</u> | <u>1% Increase 3.66%</u> |
|--|------------------------------|--|------------------------------|
| District's proportionate share of the net OPEB liability | \$ 7,292,000 | \$ 6,396,000 | \$ 5,653,000 |

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.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Single Employer OPEB Plan

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

| SUMMARY OF PLAN PROVISIONS | | | |
|---|---|--|--|
| <i>Group</i> | <i>Eligibility</i> | <i>Coverage and Premium Sharing</i> | <i>Duration</i> |
| <u>I. ADMINISTRATORS</u> | | | |
| A) Retired prior to July 1, 2013 | N/A – Already retired. | <ul style="list-style-type: none"> • Coverage: Medical, Dental, Prescription Drug, and Vision. • Premium Sharing: If member has 25 years of service with the District and retires through PSERS, the district will contribute 100% of the premium rate for the member less the active co-pay at the time of retirement. Based on the contract, the annual active co-pay is \$780 for 2009-2011, \$910 for 2011-2012, 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 purpose of COBRA. <p>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> |
| B) Retired on or after July 1, 2013 | 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 \$780. Dependents must pay the full premium to continue coverage. If Act 110/43, member must pay premium determined for the purpose of COBRA. <p>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 |
| <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. | <ul style="list-style-type: none"> • Coverage: Medical, Dental, and Prescription Drug • Premium Sharing: If member has 25 years of service with the District and retires through PSERS, the district will contribute 100% of the premium rate for the member less the active co-pay at the time of retirement. Based on the current contract, the annual active co-pay is \$585 for 2015-2016, \$260 for 2017-2018. Dependents must pay the full premium to continue coverage. If Act 110/43, member must pay premium determined for the purpose of COBRA. <p>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, 2021**

| <i>SUMMARY OF PLAN PROVISIONS (continued)</i> | | | |
|--|---------------------------|--|------------------------|
| <i>Group</i> | <i>Eligibility</i> | <i>Coverage and Premium Sharing</i> | <i>Duration</i> |
| <u>III. TEACHERS</u> | | | |
| A) Retired prior to July 1, 2013 | N/A – Already retired | <ul style="list-style-type: none"> • Coverage: Medical, Dental, and Prescription Drug • Premium Sharing: If member has 25 years of service with the District and retires through PSERS, the District will contribute 100% of the premium rate for the member less the active co-pay at the time of retirement. Based on the contract, the annual active co-pay is \$780 for 2009-2011, \$910 for 2011-2012, 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>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. |
| B) Retired on or after July 1, 2013 | Same as II | <ul style="list-style-type: none"> • Coverage: Medical, Dental, and Prescription Drug • Premium Sharing: If member has 25 years of service with the District and retires through PSERS, the District will contribute 100% of the premium rate for the member less the active co-pay at the time of retirement. Based on the contract, the annual active co-pay is \$780 for 2009-2011, \$910 for 2011-2012, 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>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. |
| <u>IV. SUPPORT STAFF</u> | | | |
| A) Retired prior to July 1, 2019 | Same as II | Act 110/43 | Same as IA. |
| B) Retired on or after July 1 2019 | Same as II | <ul style="list-style-type: none"> • Coverage: Medical, Dental, and Prescription Drug • Premium Sharing: If member has 25 years of service with the District and retires through PSERS, the District will contribute 100% of the premium rate for the member less the active co-pay at the time of retirement. Based on the contract, the annual active co-pay is \$585 for 2015-2016, \$260 for 2016-2017, through 2017-2018. Dependents must pay the full premium to continue coverage. If Act 110/43, member must pay premium determined for the purposes of COBRA. <p>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, 2021

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 AFTER 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 upon reaching age 55 with 25 years of PSERS service.

Benefits Not Reflected in Valuation: Unused sick leave and sabbatical conversions are not covered under GASB No. 75. They should be accounted for GASB No. 16

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Employees covered by benefit terms

At June 30, 2021, the following employees were covered by the benefit terms:

| | |
|----------------------------|-----------|
| Active Participants | 623 |
| Vested Former Participants | 0 |
| Retired Participants | <u>58</u> |
| Total | 681 |

Total OPEB Liability

The School's total OPEB liability under this single employer plan of \$23,469,118, was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

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 | 7/1/2019 |
| Actuarial Cost Method | Entry Age Normal |
| Interest Rate | 1.86% |
| Projected salary increases | 3.50% to 6.25% |
| Healthcare inflation rate | 5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model. |
| 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, 2020. | |

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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.

Changes in the Total OPEB Liability

| | <u>2020-21</u> |
|--|----------------------|
| Total OPEB Liability | |
| Service Cost | \$ 1,037,279 |
| Interest | 690,599 |
| Changes in Benefit Terms | - |
| Difference between expected and actual experience | - |
| Changes in assumptions | 2,565,698 |
| Benefit payments | <u>(743,442)</u> |
| Net change in total OPEB Liability | 3,550,134 |
| Total OPEB Liability - beginning | <u>19,918,984</u> |
| Total OPEB Liability - ending | <u>\$ 23,469,118</u> |
| | |
| Covered employee payroll | <u>\$ 39,326,245</u> |
| | |
| Total OPEB Liability as a percentage of covered employee payroll | 59.68% |

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

For the year ended June 30, 2021, the School recognized OPEB expense of \$1,853,726. At June 30, 2021, the School reported deferred outflows of resource and deferred inflows of resources related to this single employer OPEB plan from the following sources:

| Sources | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Changes in Assumptions | \$ 2,026,438 | \$ - |
| Net difference between projected and actual investment earnings | - | - |
| Difference between expected and actual experience | - | 858,709 |
| Changes in proportion of the Net OPEB Liability | - | - |
| District contributions subsequent to the measurement date | <u>722,900</u> | <u>-</u> |
| Total | <u>\$ 2,749,338</u> | <u>\$ 858,709</u> |

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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:

| Year ended June 30: | <u>Amount</u> |
|----------------------------|----------------------|
| 2022 | \$ 125,848 |
| 2023 | 125,848 |
| 2024 | 125,848 |
| 2025 | 125,848 |
| 2026 | 125,848 |
| Thereafter | <u>538,489</u> |
| Total | <u>\$ 1,167,729</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 (0.86%) or 1-percentage point higher (2.86%) than the current discount rate:

| | 1% Decrease 0.86% | Current Discount Rate 1.86% | 1% Increase 2.86% |
|--|------------------------------|--|------------------------------|
| District's proportionate share of the net OPEB liability | \$ 25,182,818 | \$ 23,469,118 | \$ 21,816,144 |

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 or 1-percentage point higher than the current healthcare cost trend rates:

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---------------------------|--------------------|-------------------------------|--------------------|
| System net OPEB liability | \$ 20,380,875 | \$ 23,469,118 | \$ 27,139,290 |

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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> |
| | <u>DR OR (CR)</u> | <u>DR OR (CR)</u> | <u>DR OR (CR)</u> | <u>DR OR (CR)</u> | | | <u>DR OR (CR)</u> |
| | CURRENT YR BALANCE | CURRENT YR BALANCE | CURRENT YR BALANCE | CURRENT YR BALANCE | | | CURRENT YR BALANCE |
| Change in Proportion | \$ (2,770,424) | \$ - | \$ (148,670) | \$ (2,919,094) | Change in Proportion | | \$ (2,968,000) |
| Current Year Contributions | 13,418,600 | 722,900 | 326,603 | 14,468,103 | Current Year Contributions | | 14,634,147 |
| Change in Assumption | (5,711) | 2,026,438 | 119,138 | 2,139,865 | Change in Assumption | | 2,147,438 |
| Diff in Projected Vs Actual Contributions | (412,883) | - | (3,766) | (416,649) | Diff in Projected Vs Actual Contributions | | (423,305) |
| Difference in Investment Earnings | 6,272,319 | - | 10,832 | 6,283,151 | Difference in Investment Earnings | | 6,396,000 |
| Diff. between Expected vs Actual Experience | (3,055,216) | (858,709) | 58,086 | (3,855,839) | Diff. between Expected vs Actual Experience | | (3,902,709) |
| Diff. between Prop. Share vs Actual POS | 33,356 | - | 1,796 | 35,152 | Diff. between Prop. Share vs Actual POS | | 35,152 |
| Net Pension Liability | \$ 141,569,774 | \$ - | \$ - | \$ 141,569,774 | Net Pension Liability | | \$ 143,919,611 |
| Net OPEB Liability | \$ - | \$ 23,469,118 | \$ 6,309,230 | \$ 29,778,348 | Net OPEB Liability | | \$ 29,875,940 |

| BUSINESS-TYPE ACTIVITIES | | | | | RECONCILIATION TO FINANCIAL STATEMENTS | | |
|--|--------------------------|---|---|-------------------------------------|--|-----------------------|----------------------|
| 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</i> | | <i>Business-Type</i> |
| | <u>DR OR (CR)</u> | <u>DR OR (CR)</u> | <u>DR OR (CR)</u> | <u>DR OR (CR)</u> | | | <u>Activities</u> |
| | CURRENT YR BALANCE | CURRENT YR BALANCE | CURRENT YR BALANCE | CURRENT YR BALANCE | | | <u>Activities</u> |
| Change in Proportion | \$ (46,576) | \$ - | \$ (2,330) | \$ (48,906) | <i>Pension Plan</i> | | |
| Current Year Contributions | 162,099 | - | 3,945 | 166,044 | Net Pension Liability | \$ 141,569,774 | \$ 2,349,837 |
| Change in Assumption | 5,711 | - | 1,862 | 7,573 | Deferred Outflow Related to Pension | (19,724,275) | (280,491) |
| Diff in Projected Vs Actual Contributions | (6,589) | - | (67) | (6,656) | Deferred Inflows Related to Pension | 6,244,234 | 100,949 |
| Difference in Investment Earnings | 112,681 | - | 168 | 112,849 | Total liab. Net deferred inflows/outflows | \$ 128,089,733 | \$ 2,170,295 |
| Diff. between Expected vs Actual Experience | (47,784) | - | 914 | (46,870) | OPEB - Single & Multiple Employer Plans | | |
| Diff. between Prop. Share vs Actual POS | - | - | - | - | Net OPEB Liability | \$ 29,778,348 | \$ 97,592 |
| Net Pension Liability | \$ 2,349,837 | \$ - | \$ - | \$ 2,349,837 | Deferred Outflows Related to OPEB | (3,265,793) | (6,889) |
| Net OPEB Liability | \$ - | \$ - | \$ 97,592 | \$ 97,592 | Deferred Inflows Related to OPEB | 1,011,145 | 2,397 |
| | | | | | Total liab. Net deferred inflows/outflows | \$ 27,523,700 | \$ 93,100 |

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021

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 \$4,513,210, to the District as of June 30, 2021, for excess premiums paid.

Note 6 - Risk Management

The District is subject to risk of loss from employee acts, property damage, personal injury, auto accidents, theft, etc. The District covers those risks through the purchase of commercial insurance. The premiums for the District's worker's compensation policy is a retrospectively rated policy, the final total premium is based on the actual payroll for the policy year and is determined by the insurance company. Any settlements received or paid by the District are recorded as revenue or expenditures (expenses) in the subsequent year.

Note 7 - Fund Balance Allocations

Restricted Fund Balance

The two Capital Project Funds have restrictions on the use of the resources at year end. The Capital Reserve Fund's \$3,200,141 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 of \$4,516,852 at year end within this fund is considered restricted.

Nonspendable Fund Balance

The General Fund Balance had \$108,264 in nonspendable fund balance at June 30, 2021, comprised of \$108,264 in prepaid expenditures.

Committed Fund Balance

The governing body (Board of School Directors) has committed \$4,321,296 for future capital needs, and \$5,000,000 for tax rate stabilization.

Assigned Fund Balance

The General Fund has \$901,211, assigned for balancing the 2021-22 general fund budget.

Note 8 - Restricted Net Position

Net Investment in Capital Assets

The components of this restriction are total capital assets of \$76,389,096, unspent proceeds of \$4,516,852, with related debt of \$10,512,887, which includes unamortized bonds discounts, premiums, and deferred refunding charges. The business-type activities column reflects \$146,900 invested in capital assets with no related debt. The governmental activities also restricted \$3,200,141 for capital projects.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021

Note 9 - Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2021.

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 10 – New Accounting Pronouncements

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

- 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 June 15, 2021.
- 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. Effective date: Periods beginning after December 15, 2020.
- Statement No. 91, *Conduit Debt Obligations* – The primary objective is to provide a single method of reporting conduit debt obligations by issuers associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Effective date: Periods beginning after December 15, 2021.
- Statement No. 92, *Omnibus 2020* – The primary objective is to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including (1) effective date of Statement No 87, Leases for interim financial reports (2) Reporting of intra-entity transfers between primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan (3) Applicability of certain requirements of Statement No 84 (4) Measurement of liabilities related to AROs (5) Reporting risk pools for amounts that are recoverable from reinsurers or excess insurers (6) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (7) Terminology used to refer to derivative instruments. Effective date: Periods beginning after June 15, 2021.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2021

- Statement No. 93, *Replacement of Interbank Offered Rates* – The primary objective of this Statement is to address the issue the London Interbank Offered Rate (LIBOR) is being replaced with an interbank offered rate (IBOR). Effective date: Periods beginning after June 15, 2021.
- Statement No. 94, *PPP's* – The primary objective of this Statement is to improve financial reporting related to public-private and public-public partnership arrangements (PPPs). A PPP is defined in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Effective date: Periods beginning after June 15, 2022.
- Statement No. 96, *Subscription-Based Information Technology Arrangements* – This statement provided guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to use subscription asset – and intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Effective date: Periods beginning after June 15, 2022

**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, 2021

| | <u>2020-21</u> | <u>2019-20</u> | <u>2018-19</u> | <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) | 0.2951% | 0.3003% | 0.3032% | 0.3094% | 0.3044% | 0.3028% | 0.3129% |
| District's proportionate share of the net pension liability (asset) | \$ 145,304,000 | \$ 140,488,000 | \$ 145,551,000 | \$ 152,808,000 | \$ 150,851,000 | \$ 131,159,000 | \$ 123,848,000 |
| District's covered employee payroll | 40,310,773 | 42,679,617 | 41,435,834 | 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 | 360.46% | 329.17% | 351.27% | 374.45% | 378.90% | 333.30% | 318.02% |
| Plan fiduciary net position as a percentage of the total pension liability | 54.32% | 55.66% | 54.00% | 51.84% | 50.14% | 54.36% | 57.24% |

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, 2021

| | <u>2020-21</u> | <u>2019-20</u> | <u>2018-19</u> | <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> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 13,580,699 | \$ 14,276,332 | \$ 13,508,082 | \$ 12,952,517 | \$ 11,625,477 | \$ 9,837,925 | \$ 7,983,318 | \$ 5,744,937 | \$ 4,155,305 | \$ 2,863,358 |
| Contributions in relation to the contractually required contribution | <u>13,580,699</u> | <u>14,276,332</u> | <u>13,508,082</u> | <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> |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered employee payroll | \$ 40,310,773 | \$ 42,679,617 | \$ 41,435,834 | \$ 40,808,182 | \$ 39,813,278 | \$ 39,351,697 | \$ 38,943,017 | \$ 35,905,855 | \$ 36,133,089 | \$ 35,791,969 |
| Contributions as a percentage of covered employee payroll | 33.69% | 33.45% | 32.60% | 31.74% | 29.20% | 25.00% | 20.50% | 16.00% | 11.50% | 8.00% |

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2021

| | <u>2020-21</u> | <u>2019-20</u> | <u>2018-19</u> | <u>2017-18</u> | <u>2016-17</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| District's proportion of the net OPEB liability | 0.2960% | 0.3003% | 0.3032% | 0.3094% | 0.3044% |
| District's proportionate share of the net OPEB liability (asset) | \$ 6,396,000 | \$ 6,387,000 | \$ 6,322,000 | \$ 6,304,000 | \$ 6,557,000 |
| District's covered-employee payroll | 40,310,773 | 42,679,617 | 41,435,834 | 40,808,182 | 39,813,278 |
| District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll | 15.87% | 14.96% | 15.26% | 15.45% | 16.47% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 5.69% | 5.56% | 5.56% | 5.73% | 5.47% |

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2021

| | <u>2020-21</u> | <u>2019-20</u> | <u>2018-19</u> | <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> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 330,548 | \$ 358,509 | \$ 343,917 | \$ 338,708 | \$ 330,450 | \$ 330,554 | \$ 350,488 | \$ 333,927 | \$ 310,742 | \$ 232,644 |
| Contributions in relation to the contractually required contribution | <u>330,548</u> | <u>358,509</u> | <u>343,917</u> | <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> |
| 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 | \$ 40,310,773 | \$ 42,679,617 | \$ 41,435,834 | \$ 40,808,182 | \$ 39,813,278 | \$ 39,351,697 | \$ 38,943,017 | \$ 35,905,855 | \$ 36,133,089 | \$ 35,791,969 |
| Contributions as a percentage of covered employee payroll | 0.82% | 0.84% | 0.83% | 0.83% | 0.83% | 0.84% | 0.90% | 0.93% | 0.86% | 0.65% |

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, 2021

| | <u>2020-21</u> | <u>2019-20</u> | <u>2018-19</u> | <u>2017-18</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | |
| Service Cost | \$ 1,037,279 | \$ 1,083,811 | \$ 1,019,133 | \$ 995,141 |
| Interest | 690,599 | 629,634 | 633,409 | 462,423 |
| Changes in Benefit Terms | - | 807,536 | - | (62,238) |
| Difference between expected and actual experience | - | (1,688,821) | - | 821,942 |
| Changes in assumptions | 2,565,698 | (585,927) | 7,130 | 264,306 |
| Benefit payments | <u>(743,442)</u> | <u>(811,872)</u> | <u>(856,706)</u> | <u>(820,379)</u> |
| Net change in total OPEB Liability | 3,550,134 | (565,639) | 802,966 | 1,661,195 |
| Total OPEB Liability - beginning | <u>19,918,984</u> | <u>20,484,623</u> | <u>19,681,657</u> | <u>18,020,462</u> |
| Total OPEB Liability - ending | <u>\$ 23,469,118</u> | <u>\$ 19,918,984</u> | <u>\$ 20,484,623</u> | <u>\$ 19,681,657</u> |
| | | | | |
| Covered employee payroll | <u>\$ 39,326,245</u> | <u>\$ 39,326,245</u> | <u>\$ 37,098,830</u> | <u>\$ 37,098,830</u> |
| | | | | |
| Total OPEB Liability as a percentage of covered employee payroll | 59.68% | 50.65% | 55.22% | 53.05% |

Pleasant Valley School District
Notes to Required Supplemental Information
Fiscal Year Ended June 30, 2021

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 decreased from 2.79% as of June 30, 2020 to 2.66% as of June 30, 2021.

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 – 2.66% - 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.

**Pleasant Valley School District
Notes to Required Supplemental Information
Fiscal Year Ended June 30, 2021**

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

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.

Other Post-Employment Benefits – Single Employer Healthcare Plan

Changes of benefit terms

None

Changes in assumptions

The discount rate changed from 3.36% to 1.86%. 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 – 5.5% in 2020 to 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% 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 1.86% is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2020.

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, 2021

| | <u>CAPITAL RESERVE FUND</u> | <u>CONSTRUCTION FUND</u> | <u>TOTAL CAPITAL PROJECT FUNDS</u> |
|--|-------------------------------------|------------------------------|--|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 3,200,141 | \$ 4,517,372 | \$ 7,717,513 |
| Investments | - | - | - |
| Taxes Receivable, net | - | - | - |
| Other Receivables | - | - | - |
| Due from other funds | - | - | - |
| Prepaid Expenditures | - | - | - |
| Inventories | - | - | - |
| TOTAL ASSETS | \$ 3,200,141 | \$ 4,517,372 | \$ 7,717,513 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Deferred Charges on Refundings, net | - | - | - |
| TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES | \$ 3,200,141 | \$ 4,517,372 | \$ 7,717,513 |
| | | | |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | \$ - | \$ 520 | \$ 520 |
| Due to other funds | - | - | - |
| Interest Payable | - | - | - |
| Payable to other governments | - | - | - |
| Escheat Property | - | - | - |
| TOTAL LIABILITIES | - | 520 | 520 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Unearned Revenue | - | - | - |
| TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES | - | 520 | 520 |
| | | | |
| FUND BALANCES: | | | |
| Nonspendable Fund Balance | - | - | - |
| Restricted Fund Balance | 3,200,141 | 4,516,852 | 7,716,993 |
| Committed Fund Balance | - | - | - |
| Assigned Fund Balance | - | - | - |
| Unassigned Fund Balance | - | - | - |
| TOTAL FUND BALANCES | 3,200,141 | 4,516,852 | 7,716,993 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 3,200,141 | \$ 4,517,372 | \$ 7,717,513 |

Pleasant Valley School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Capital Project Funds
For the Year Ended June 30, 2021

| | CAPITAL RESERVE FUND | CONSTRUCTION FUND | TOTAL CAPITAL PROJECT FUNDS |
|--|-------------------------------------|------------------------------|--|
| REVENUES | | | |
| Local Sources | \$ 5,942 | \$ 2,464 | \$ 8,406 |
| State Sources | - | - | - |
| Federal Sources | - | - | - |
| TOTAL REVENUES | 5,942 | 2,464 | 8,406 |
| EXPENDITURES | | | |
| Instruction | - | - | - |
| Support Services | - | 520 | 520 |
| Operation of Non-Instructional Services | - | - | - |
| Capital Outlay | 468 | 219,808 | 220,276 |
| Debt Service | - | - | - |
| TOTAL EXPENDITURES | 468 | 220,328 | 220,796 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 5,474 | (217,864) | (212,390) |
| 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 | 750,000 | - | 750,000 |
| Transfers out | - | - | - |
| TOTAL OTHER FINANCING SOURCES AND USES | 750,000 | - | 750,000 |
| NET CHANGE IN FUND BALANCES | 755,474 | (217,864) | 537,610 |
| FUND BALANCES - BEGINNING | 2,444,667 | 4,734,716 | 7,179,383 |
| FUND BALANCES - ENDING | \$ 3,200,141 | \$ 4,516,852 | \$ 7,716,993 |

**Pleasant Valley School District
General Fund
Schedule on Tax Collectors' Receipts
For the Year Ended June 30, 2021**

| | <u>CHESTNUTHILL TOWNSHIP</u> | <u>ELDRED TOWNSHIP</u> | <u>POLK TOWNSHIP</u> | <u>ROSS TOWNSHIP</u> | <u>TOTAL</u> |
|--|----------------------------------|----------------------------|--------------------------|--------------------------|----------------------|
| <u>CURRENT REAL ESTATE TAXES</u> | | | | | |
| Assessed Value | \$ 1,149,133,820 | \$ 211,462,983 | \$ 519,002,480 | \$ 372,602,490 | \$ 2,252,201,773 |
| Millage Rate | <u>0.0231815</u> | <u>0.0231815</u> | <u>0.0231815</u> | <u>0.0231815</u> | <u>0.023182</u> |
| Total Tax to be Collected | 26,638,573 | 4,902,046 | 12,035,570 | 8,637,510 | 52,213,699 |
| Less: Act 1 Deduction | <u>2,004,975</u> | <u>359,373</u> | <u>959,756</u> | <u>747,789</u> | <u>4,071,893</u> |
| Total Taxable Duplicate | 24,633,598 | 4,542,673 | 11,075,814 | 7,889,721 | 48,141,806 |
| PLUS - Additions | 2,083 | 11,149 | 3,282 | 10,593 | 27,107 |
| Penalties | <u>52,514</u> | <u>11,298</u> | <u>31,574</u> | <u>15,668</u> | <u>111,054</u> |
| TOTAL TAXES TO BE COLLECTED | <u>24,688,195</u> | <u>4,565,120</u> | <u>11,110,670</u> | <u>7,915,982</u> | <u>48,279,967</u> |
| LESS: Discounts | 413,394 | 74,126 | 179,892 | 134,096 | 801,508 |
| Reductions | - | - | - | - | - |
| Refunds | 13,721 | 612 | 2,580 | - | 16,913 |
| 1.75 Mill Library Tax | 261,682 | 48,464 | 115,528 | 85,033 | 510,707 |
| Returned to County | 1,223,620 | 225,416 | 727,040 | 298,616 | 2,474,692 |
| Upset Sales | - | - | - | - | - |
| Exonerations | <u>38,395</u> | <u>3,589</u> | <u>43,971</u> | <u>5,263</u> | <u>91,218</u> |
| NET CURRENT REAL ESTATE TAXES COLLECTED | <u>\$ 22,737,383</u> | <u>\$ 4,212,913</u> | <u>\$ 10,041,659</u> | <u>\$ 7,392,974</u> | <u>\$ 44,384,929</u> |
| CURRENT INTERIM REAL ESTATE TAXES COLLECTED | <u>\$ 13,694</u> | <u>\$ 31,172</u> | <u>\$ 28,778</u> | <u>\$ 10,157</u> | <u>\$ 83,801</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, 2021

| 6000 - Revenue from Local Sources | Budget | Actual | Variance |
|--|---------------------------|---------------------------|---------------------------|
| 6111 Current Real Estate Taxes | \$ 43,048,349 | \$ 44,384,929 | \$ 1,336,580 |
| 6112 Interim Real Estate Taxes | 35,000 | 83,801 | 48,801 |
| 6113 Public Utility | 50,000 | 49,206 | (794) |
| 6114 Payment in Lieu of Taxes | 6,500 | 6,838 | 338 |
| 6151 Earned Income Tax | 2,722,500 | 3,553,756 | 831,256 |
| 6153 Real Estate Transfer Tax | 336,000 | 959,315 | 623,315 |
| 6411 Delinquent Real Estate Taxes | 1,836,000 | 3,742,620 | 1,906,620 |
| 6451 Delinquent Earned Income Taxes | 140,000 | 109,101 | (30,899) |
| 6510 Interest | 30,000 | 74,490 | 44,490 |
| 6710 Admissions | 24,000 | - | (24,000) |
| 6740 Fees | 30,600 | 3,447 | (27,153) |
| 6790 Other Student Activity Income | 22,000 | 20,256 | (1,744) |
| 6820 State Revenue Received From an Entity Acting as an Agent | - | - | - |
| 6832 I/U Services - Federal | 633,000 | 608,924 | (24,076) |
| 6837 Federal CARES Revenue received as Pass-Through | - | 290,335 | 290,335 |
| 6910 Rentals | 128,000 | 140,205 | 12,205 |
| 6920 Contributions | 57,500 | 16,730 | (40,770) |
| 6930 Gains or Losses on Sale of Fixed Assets | - | - | - |
| 6942 Summer School | 25,000 | 830 | (24,170) |
| 6944 Receipts from Other LEA's - Education | 100,000 | 66,716 | (33,284) |
| 6949 Other Tuition from Patrons | 9,000 | 8,750 | (250) |
| 6961 Transportation Services Provided Other Pennsylvania Schools | 13,000 | - | (13,000) |
| 6970 Services provided other funds | 400,000 | 368,593 | (31,407) |
| 6990 Miscellaneous | 128,330 | 67,009 | (61,321) |
| 6991 Refunds of Prior Yr. Expenditures | - | 372,656 | 372,656 |
| 6992 Energy Efficiency Revenues | - | 3,254 | 3,254 |
| 6999 Other Revenues Not Specified Above | - | 219,128 | 219,128 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL REVENUE FROM LOCAL SOURCES | \$ 49,774,779 | \$ 55,150,889 | \$ 5,376,110 |
| | | | |
| 7000 - Revenue from State Sources | | | |
| 7111 Basic Education Funding - Formula | 22,657,635 | 22,657,577 | (58) |
| 7112 Basic Education Funding - Social Security | 1,957,033 | 1,804,187 | (152,846) |
| 7160 Orphan Tuition | 350,000 | 426,276 | 76,276 |
| 7271 Special Education | 3,601,111 | 3,719,913 | 118,802 |
| 7311 Transportation (Regular and Additional) | 2,670,000 | 2,688,249 | 18,249 |
| 7312 Transportation (NonPublic and Charter School) | 30,000 | 31,185 | 1,185 |
| 7320 Rentals | - | - | - |
| 7330 Health Services | 78,000 | 79,534 | 1,534 |
| 7340 State Property Tax Allocation Reduction | 4,070,811 | 4,070,811 | - |
| 7361 School Safety and Security Grants | 433,744 | 45,000 | (388,744) |
| 7505 Ready to Learn Grant | 1,021,000 | 1,021,256 | 256 |
| 7599 Other State revenue not listed elsewhere in the 7000 | - | - | - |
| 7810 FICA Revenue | - | - | - |
| 7820 Retirement Revenue | 8,883,852 | 8,424,834 | (459,018) |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL REVENUE FROM STATE SOURCES | 45,753,186 | 44,968,822 | (784,364) |
| | | | |
| 8000 - Revenue from Federal Source | | | |
| 8512 IDEA, Part B | - | 24,212 | 24,212 |
| 8514 Title I | 780,000 | 782,268 | 2,268 |
| 8515 Title II | 206,000 | 138,383 | (67,617) |
| 8516 Title III | - | 11,632 | 11,632 |
| 8517 Title IV | - | 66,673 | 66,673 |
| 8741 ESSER I | 642,863 | 732,657 | 89,794 |
| 8743 ESSER II | - | 363,486 | 363,486 |
| 8749 Other CARES Act Funding | - | 258,221 | 258,221 |
| 8810 Medical Assistance Reimbursements (Access) | 700,000 | 1,239,797 | 539,797 |
| 8820 Medical Assistance Reimbursement for Health-Related | 32,000 | 38,361 | 6,361 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL REVENUE FROM FEDERAL SOURCES | 2,360,863 | 3,655,690 | 1,294,827 |

**Pleasant Valley School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2021**

| 9000 - Other Financing Sources | Budget | Actual | Variance |
|--|----------------------|-----------------------|---------------------|
| 9300 Proceeds From Extended Term Financing | - | - | - |
| 9400 Sale of or Compensation For Loss of Fixed Assets | - | 324,700 | 324,700 |
| 9990 Insurance Recoveries | - | 6,721 | 6,721 |
| TOTAL OTHER FINANCING SOURCES | - | 331,421 | 331,421 |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | \$ 97,888,828 | \$ 104,106,822 | \$ 6,217,994 |
| | | | |
| 1000 - Instruction | | | |
| 1110 Regular Programs - Elem./Secondary | \$ 45,507,127 | \$ 48,311,235 | \$ (2,804,108) |
| 1190 Federally Funded Regular Programs | 907,796 | 907,796 | - |
| 1211 Life Skills Support - Public | 1,049,501 | 1,049,501 | - |
| 1241 Learning Support - Public | 18,080,847 | 18,080,847 | - |
| 1243 Gifted Support | 742,838 | 742,838 | - |
| 1281 Developmental Delay Support | - | - | - |
| 1290 Other Support | 439 | 439 | - |
| 1341 Agricultural Education | 563,759 | 563,759 | - |
| 1350 Industrial Arts Education | 501,369 | 501,369 | - |
| 1360 Business Education | 416,556 | 416,556 | - |
| 1390 Other Vocational Education Programs | 1,879,139 | 1,879,139 | - |
| 1410 Drivers' Education | 51,775 | 51,775 | - |
| 1420 Summer School | 31,797 | 31,797 | - |
| 1430 Homebound Instruction | 23,024 | 23,024 | - |
| 1441 Adjudicated / Court Placed Programs | - | - | - |
| 1442 Alternative Education Programs | 68,891 | 68,891 | - |
| 1450 Instructional Programs Outside the Established Schools | 28,440 | 28,440 | - |
| 1500 Nonpublic School Programs | 17,381 | 17,381 | - |
| 1801 Pre-Kindergarten | - | - | - |
| 1802 Pre-K Admin. Support | - | - | - |
| 1806 Pre-K Professional Development | - | - | - |
| Total Instruction | 69,870,679 | 72,674,787 | (2,804,108) |
| | | | |
| 2000 - Support Services | | | |
| 2120 Guidance Services | 2,247,332 | 2,247,332 | - |
| 2130 Attendance Services | 290,868 | 290,868 | - |
| 2142 Psychological Services | 592,205 | 592,205 | - |
| 2151 Supervision of Speech Pathology and Audiology | 932,448 | 932,448 | - |
| 2160 Social Work Services | 89,913 | 89,913 | - |
| 2170 Student Accounting Services | 228,591 | 228,591 | - |
| 2190 Other Pupil Personnel Services | 17,492 | 17,492 | - |
| 2220 Technology Support Services | - | - | - |
| 2240 Computer Assisted Instruction Services | - | - | - |
| 2250 School Library Services | 872,185 | 872,185 | - |
| 2260 Instructional & Curriculum Dev. Service | 2,252,926 | 2,252,926 | - |
| 2270 Instructional Staff Development Services | 2,477 | 2,477 | - |
| 2271 Instructional Staff Development Services (Certified) | 224,620 | 224,620 | - |
| 2272 Instructional Staff Development Services (Non-Certified) | 16,301 | 16,301 | - |
| 2290 Other Instructional Staff Services | 182,197 | 182,197 | - |
| 2310 Board Services | 485,721 | 485,721 | - |
| 2320 Board Treasurer Services | - | - | - |
| 2330 Tax Assessment & Collection Service | 182,013 | 182,013 | - |
| 2350 Legal Services | 315,160 | 315,160 | - |
| 2360 Office of the Superintendent Services | 660,384 | 660,384 | - |
| 2380 Office of the Principal Services | 2,591,692 | 2,591,692 | - |
| 2390 Other Administration Services | - | - | - |
| 2411 Supervision of Health Services - Head | - | - | - |
| 2420 Medical Services | - | - | - |
| SUB-TOTAL SUPPORT SERVICES (Carried Over) | 12,184,525 | 12,184,525 | - |

**Pleasant Valley School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2021**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|-----------------------|-----------------------|-----------------------|
| SUB-TOTAL SUPPORT SERVICES (Carried Forward) | 12,184,525 | 12,184,525 | - |
| 2430 Dental Services | - | - | - |
| 2440 Nursing Services | 719,002 | 719,002 | - |
| 2511 Supervision of Fiscal Services | 61,359 | 61,359 | - |
| 2512 Budgeting Services | 107,028 | 107,028 | - |
| 2513 Receiving and Disbursing Funds Services | 175,369 | 175,369 | - |
| 2514 Payroll Services | 153,160 | 153,160 | - |
| 2515 Financial Accounting Services | 217,167 | 217,167 | - |
| 2519 Other Fiscal Services | 296,700 | 296,700 | - |
| 2530 Warehousing and Distributing Services | - | - | - |
| 2540 Printing, Publishing and Duplicating Services | 486,629 | 486,629 | - |
| 2611 Supervision of Operation and Maintenance of Plant Services - Hea | 240,715 | 240,715 | - |
| 2619 Supervision of Operation and Maintenance of Plant Services | 127,294 | 127,294 | - |
| 2620 Operation of Building Services | 7,862,216 | 7,862,216 | - |
| 2660 Security Services | 1,561,052 | 1,561,052 | - |
| 2690 Other Operation and Maintenance of Plant Services | - | - | - |
| 2711 Supervision of Student Transportation Services - Head | 98,169 | 98,169 | - |
| 2720 Vehicle Operation Services | 4,877,960 | 4,877,960 | - |
| 2750 Non-Public Transportation | 405,668 | 405,668 | - |
| 2818 System-Wide Technology Services | 1,434,839 | 1,434,839 | - |
| 2831 Supervision of Staff Services | 268,164 | 268,164 | - |
| 2832 Recruitment and Placement Services | - | - | - |
| 2833 Staff Accounting Services | 159,828 | 159,828 | - |
| 2834 Staff Development Services - Non-Instructional, Certified | 1,116 | 1,116 | - |
| 2836 Staff Development Services - Non-Instructional, Non-Certified | 1,015 | 1,015 | - |
| 2900 Other Support Services | 27,100 | 27,100 | - |
| | <hr/> | <hr/> | <hr/> |
| Total Support Services | 31,466,075 | 31,466,075 | - |
| <u>3000 - Operation of Non-Instructional Services</u> | | | |
| 3210 School Sponsored Student Activities | 333,395 | 333,395 | - |
| 3250 School Sponsored Athletics | 1,131,717 | 1,131,717 | - |
| 3300 Community Services | 29,871 | 29,871 | - |
| | <hr/> | <hr/> | <hr/> |
| Total Non-Instructional Services | 1,494,983 | 1,494,983 | - |
| <u>4000 - Facilities Acquisition, Construction, and Improvement Svcs.</u> | | | |
| 4200 Existing Site Improvement Services | - | - | - |
| 4600 Existing Building Improvement Services | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total Facilities Acquisition, Construction, and Improvement Services | - | - | - |
| <u>5000 - Other Expenditures and Financing Uses</u> | | | |
| 5110 Debt Service | 1,194,825 | 1,194,825 | - |
| 5130 Refund of Prior Year Receipts | - | 12,428 | (12,428) |
| 5230 Capital Projects Funds Transfers Out | - | 750,000 | (750,000) |
| 5251 Food Service Fund Transfers Out | - | 32,649 | (32,649) |
| 5900 Budgetary Reserve | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total Other Expenditures and Financing Uses | 1,194,825 | 1,989,902 | (795,077) |
| | <hr/> | <hr/> | <hr/> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | \$ 104,026,562 | \$ 107,625,747 | \$ (3,599,185) |

Pleasant Valley School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2021

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|----------------------------|-----------------------------|----------------------------|
| TOTAL REVENUES AND OTHER FINANCING SOURCES | \$ 97,888,828 | \$ 104,106,822 | \$ 6,217,994 |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>104,026,562</u> | <u>107,625,747</u> | <u>(3,599,185)</u> |
| NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | (6,137,734) | (3,518,925) | 2,618,809 |
| Special Items | - | - | - |
| Extraordinary Items | <u>-</u> | <u>-</u> | <u>-</u> |
| NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AFTER SPECIAL ITEMS AND EXTRAORDINARY ITEMS | (6,137,734) | (3,518,925) | 2,618,809 |
| FUND BALANCE - JULY 1, 2020 | <u>14,319,259</u> | <u>18,459,030</u> | <u>4,139,771</u> |
| FUND BALANCE - JUNE 30, 2021 | <u>\$ 8,181,525</u> | <u>\$ 14,940,105</u> | <u>\$ 6,758,580</u> |

**Pleasant Valley School District
Food Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2021**

| | | |
|--|-------------------|------------------------------|
| REVENUES | | |
| School Lunches | \$ 45,683 | |
| Special Functions | 716 | |
| State Subsidy Revenue | 27,088 | |
| Donated Commodities | 72,013 | |
| Federal Subsidies | 732,343 | |
| Capital Contributions | - | |
| Interest | 452 | |
| FICA Revenue | 21,750 | |
| Retirement Revenue | 96,700 | |
| Miscellaneous | 33 | |
| Transfer from General Fund | 32,649 | |
| Rebates | 1,947 | |
| | <u> </u> | |
| TOTAL REVENUES | | 1,031,374 |
| COST OF FOOD AND COMMODITIES | | |
| | | <u>309,277</u> |
| GROSS PROFIT | | |
| | | 722,097 |
| OPERATING EXPENSES | | |
| Salaries | 488,779 | |
| Social Security | 37,123 | |
| Retirement | 218,337 | |
| Medical Insurance | 148,914 | |
| Dental Insurance | 8,571 | |
| Prescription Benefits | 26,345 | |
| Life Insurance | 1,140 | |
| Other Benefits | 38,219 | |
| Professional Fees | - | |
| Support Services - Technology | 10,029 | |
| Travel | 462 | |
| Communications | - | |
| Printing and Binding | - | |
| Supplies | 54,024 | |
| Rentals | 3,173 | |
| Fees | 10,515 | |
| Uniforms | - | |
| Repairs and Maintenance | 1,424 | |
| Equipment | - | |
| Depreciation | 23,745 | |
| | <u> </u> | |
| TOTAL EXPENSES | | <u>1,070,800</u> |
| CHANGES IN FUND NET POSITION | | |
| | | (348,703) |
| FUND NET POSITION - JULY 1, 2020 | | |
| | | <u>(1,604,680)</u> |
| FUND NET POSITION - JUNE 30, 2021 | | |
| | | <u>\$ (1,953,383)</u> |

**Pleasant Valley School District
Construction Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2021**

| | | |
|---|----------|----------------------------|
| FUND BALANCE - JULY 1, 2020 | | \$ 4,734,716 |
| <u>REVENUES AND OTHER FINANCING SOURCES:</u> | | |
| Earnings on Investments | \$ 2,464 | |
| Refund of Prior Year Expenditures | - | |
| Proceeds from Bond Issues | - | |
| Bond Premiums | - | |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | | 2,464 |
| TOTAL FUNDS AVAILABLE | | 4,737,180 |
| <u>EXPENDITURES AND OTHER FINANCING USES</u> | | |
| <u>INSTRUCTIONAL:</u> | | |
| Equipment | - | |
| SUPPORT SERVICES: | | |
| Professional Services | - | |
| Repairs and Maintenance | - | |
| Bond Insurance | - | |
| Printing | - | |
| Dues & Fees | 520 | |
| NON-INSTRUCTIONAL SERVICES: | | |
| Equipment | - | |
| CAPITAL OUTLAY: | | |
| Professional Services | 33,325 | |
| Advertising | - | |
| Insurance | - | |
| Supplies | - | |
| Land & Land Improvements | - | |
| Construction | 186,483 | |
| Equipment | - | |
| Fees | - | |
| DEBT SERVICE: | | |
| Principal | - | |
| Interest | - | |
| OTHER FINANCING USES: | | |
| Bond Discount | - | |
| | | 220,328 |
| FUND BALANCE - JUNE 30, 2021 | | <u>\$ 4,516,852</u> |

**Pleasant Valley School District
Capital Reserve Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2021**

| | | |
|---|----------|-------------------------|
| FUND BALANCE - JULY 1, 2020 | | \$ 2,444,667 |
| <u>REVENUES AND OTHER FINANCING SOURCES</u> | | |
| Earnings on Investments | \$ 5,942 | |
| Sale of or Compensation for Loss of Fixed Assets | - | |
| Transfer from General Fund | 750,000 | 755,942 |
| TOTAL FUNDS AVAILABLE | | 3,200,609 |
| <u>EXPENDITURES AND OTHER FINANCING USES</u> | | |
| SUPPORT SERVICES: | | |
| Equipment | - | |
| Professional Fees | - | |
| CAPITAL OUTLAY | | |
| Professional Fees | 468 | |
| Construction Services | - | |
| Equipment Rentals | - | 468 |
| | | 468 |
| FUND BALANCE - JUNE 30, 2021 | | \$ 3,200,141 |

**Western Pocono Library Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2021**

| | | |
|---|------------|-----------------|
| FUND BALANCE - JULY 1, 2020 | | \$ - |
| <u>REVENUES AND OTHER FINANCING SOURCES</u> | | |
| Current Real Estate Taxes | \$ 510,707 | |
| Interim Real Estate Taxes | 964 | |
| Delinquent Real Estate Taxes | 43,047 | 554,718 |
| TOTAL FUNDS AVAILABLE | | \$ 554,718 |
| <u>EXPENDITURES AND OTHER FINANCING USES</u> | | |
| Noninstructional Services: | | |
| Public Library Services | | 554,718 |
| FUND BALANCE - JUNE 30, 2021 | | \$ - |

**Pleasant Valley School District
Private-Purpose Trust Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021**

ADDITIONS

| | | | |
|---------------------------|----|-------|----------|
| Contributions | \$ | 2,580 | |
| Interest income | | 109 | |
| Dividends on Investments | | - | |
| Gain(Loss) on Investments | | - | |
| TOTAL ADDITIONS | | - | \$ 2,689 |

DEDUCTIONS

| | | | |
|-------------------------|--|-------|-------|
| Admin. Fees | | - | |
| Awards | | 4,150 | |
| TOTAL DEDUCTIONS | | 4,150 | 4,150 |

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION (1,461)

FUND NET POSITION - JULY 1, 2020 62,834

FUND NET POSITION - JUNE 30, 2021 \$ 61,373

**Private-Purpose Trust Fund
Statement of Fiduciary Net Position
As of June 30, 2021**

ASSETS

| | | | |
|---------------------------|----|--------|-----------|
| Cash and Cash Equivalents | \$ | 51,757 | |
| Investments | | 9,600 | |
| Due From Other Funds | | - | |
| Other Receivables | | 16 | |
| Prepaid Expenses | | - | |
| Other Current Assets | | - | |
| TOTAL ASSETS | | - | \$ 61,373 |

LIABILITIES

| | | | |
|---------------------------|--|---|---|
| Accounts Payable | | - | |
| Due to Other Funds | | - | |
| Other Current Liabilities | | - | - |
| TOTAL LIABILITIES | | - | - |

NET POSITION

| | | | |
|---|--|--------|-----------|
| Restricted for | | | |
| Postemployment benefits other than pensions | | - | |
| Individuals, organizations, and other governments | | 61,373 | |
| TOTAL LIABILITIES AND FUND NET POSITION | | - | \$ 61,373 |

**Pleasant Valley School District
Student Activity Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021**

ADDITIONS

| | | | |
|---|----|---------------|------------------|
| Interest Income | \$ | 294 | |
| Admissions | | - | |
| Book Store Sales | | - | |
| Student Organization Membership Dues and Fees | | 1,833 | |
| Student Fees | | 1,439 | |
| Special Events | | 28,430 | |
| Other Activity Income | | <u>24,231</u> | |
| TOTAL ADDITIONS | | | \$ 56,227 |

DEDUCTIONS

| | | | |
|-------------------------------------|--|--------------|----------------------|
| Professional and Technical Services | | 6,536 | |
| Repairs & Maintenance | | - | |
| Rentals | | 21,822 | |
| Transportation Services | | - | |
| Communications | | - | |
| Travel | | 15,546 | |
| General Supplies | | 24,193 | |
| Food | | 960 | |
| Dues & Fees | | 2,630 | |
| Donations | | 14,596 | |
| Miscellaneous Expenses | | <u>7,161</u> | |
| TOTAL DEDUCTIONS | | | <u>93,444</u> |

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION **(37,217)**

FUND NET POSITION - JULY 1, 2020 **235,924**

FUND NET POSITION - JUNE 30, 2021 **\$ 198,707**

**Student Activity Fund
Statement of Fiduciary Net Position
As of June 30, 2021**

ASSETS

| | | | |
|---------------------------|----|----------|--------------------------|
| Cash and Cash Equivalents | \$ | 99,361 | |
| Investments | | 102,241 | |
| Due From Other Funds | | - | |
| Other Receivables | | 264 | |
| Prepaid Expenses | | - | |
| Other Current Assets | | <u>-</u> | |
| TOTAL ASSETS | | | <u>\$ 201,866</u> |

LIABILITIES

| | | | |
|---------------------------|----|------------|--------------|
| Accounts Payable | \$ | 2,278 | |
| Due to Other Funds | | - | |
| Other Current Liabilities | | <u>881</u> | |
| TOTAL LIABILITIES | | | 3,159 |

NET POSITION

| | | | |
|---|--|--|--------------------------|
| Restricted for | | | |
| Postemployment benefits other than pensions | | | - |
| Individuals, organizations, and other governments | | | <u>198,707</u> |
| TOTAL LIABILITIES AND FUND NET POSITION | | | <u>\$ 201,866</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, 2021

| <u>FISCAL YEAR</u> | <u>INTEREST</u> | <u>PRINCIPAL</u> |
|--------------------------|-------------------|---------------------|
| 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 | \$ 137,075 | \$ 1,730,000 |

Schedule on General Obligation Bonds - Series of 2018
Dated as of July 19, 2018
For the Year Ended June 30, 2021

| | <u>INTEREST</u> | <u>PRINCIPAL</u> |
|--------------------------|---------------------|---------------------|
| 2021-22 | \$ 343,750 | \$ 545,000 |
| 2022-23 | 316,500 | 570,000 |
| 2023-24 | 288,000 | 600,000 |
| 2024-25 | 264,000 | 625,000 |
| 2025-26 | 239,000 | 650,000 |
| 2026-27 | 213,000 | 675,000 |
| 2027-28 | 186,000 | 700,000 |
| 2028-29 | 158,000 | 730,000 |
| 2029-30 | 128,800 | 760,000 |
| 2030-31 | 98,400 | 790,000 |
| 2031-32 | 66,800 | 820,000 |
| 2032-33 | 34,000 | 850,000 |
| TOTAL OUTSTANDING | \$ 2,336,250 | \$ 8,315,000 |

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 Year Ended June 30, 2021**

| <u>FEDERAL GRANTOR PROJECT TITLE</u> | <u>SOURCE CODE</u> | <u>CFDA NUMBER</u> | <u>GRANTOR PASS THROUGH NUMBER</u> | <u>GRANT PERIOD</u> | <u>AWARD AMOUNT</u> | <u>TOTAL RECEIVED</u> | <u>ACCRUED OR (DEFERRED) AT 7/1/20</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>ACCRUED OR (DEFERRED) AT 6/30/21</u> | <u>FOOTNOTES</u> |
|--|--------------------|--------------------|------------------------------------|---------------------|---------------------|-----------------------|--|------------------|---------------------|---|------------------|
| U.S. DEPARTMENT OF TREASURY | | | | | | | | | | | |
| <u>PASSED THROUGH THE PA COMMISSION ON CRIME & DELINQUENCY (PCCD)</u> | | | | | | | | | | | |
| COVID-19 - CORONAVIRUS RELIEF FUND | I | 21.019 | 2020-CS-01-33623 | 3/1/20 - 10/30/20 | \$ 302,605 | \$ 302,605 | \$ 44,384 | \$ 258,221 | \$ 258,221 | \$ - | 2 |
| <u>PASSED THROUGH THE COUNTY OF MONROE</u> | | | | | | | | | | | |
| COVID-19 - CORONAVIRUS RELIEF FUND | I | 21.019 | N/A | 3/1/20 - 12/30/20 | \$ 290,335 | 290,335 | - | 290,335 | 290,335 | - | |
| TOTAL CORONAVIRUS RELIEF FUND | | | | | | <u>592,940</u> | <u>44,384</u> | <u>548,556</u> | <u>548,556</u> | <u>-</u> | |
| TOTAL U.S. DEPARTMENT OF TREASURY | | | | | | <u>592,940</u> | <u>44,384</u> | <u>548,556</u> | <u>548,556</u> | <u>-</u> | |
| U.S. DEPARTMENT OF EDUCATION | | | | | | | | | | | |
| <u>PASSED THROUGH THE PA DEPARTMENT OF EDUCATION(PDE)</u> | | | | | | | | | | | |
| TITLE IA - IMPROVING BASIC PROGRAMS | I | 84.010 | 013-20-0342 A | 7/1/19 - 9/30/20 | \$ 780,601 | 156,061 | 140,992 | 15,069 | 15,069 | - | 2 |
| TITLE IA - IMPROVING BASIC PROGRAMS | I | 84.010 | 013-21-0342 A | 7/1/20 - 9/30/21 | \$ 771,759 | 580,570 | - | 767,199 | 767,199 | 186,629 | |
| TOTAL TITLE I PROGRAM | | | | | | <u>736,631</u> | <u>140,992</u> | <u>782,268</u> | <u>782,268</u> | <u>186,629</u> | |
| <u>PASSED THROUGH THE PDE</u> | | | | | | | | | | | |
| TITLE IIIA - SUPPORTING EFFECTIVE INSTRUCTION | I | 84.371 | 020-20-0342 A | 7/1/19 - 9/30/20 | \$ 149,337 | 40,614 | 40,614 | - | - | - | 2 |
| TITLE IIIA - SUPPORTING EFFECTIVE INSTRUCTION | I | 84.371 | 020-21-0342 A | 7/1/20 - 9/30/21 | \$ 138,383 | 97,555 | - | 138,383 | 138,383 | 40,828 | |
| TOTAL TITLE II PROGRAM | | | | | | <u>138,169</u> | <u>40,614</u> | <u>138,383</u> | <u>138,383</u> | <u>40,828</u> | |
| <u>PASSED THROUGH THE PDE</u> | | | | | | | | | | | |
| TITLE III - LANGUAGE INSTRUCTION | I | 84.367 | 010-20-0342 A | 7/1/19 - 9/30/20 | \$ 16,921 | 1,128 | 1,128 | - | - | - | 2 |
| TITLE III - LANGUAGE INSTRUCTION | I | 84.367 | 010-21-0342 A | 7/1/20 - 9/30/21 | \$ 16,633 | 13,306 | - | 11,632 | 11,632 | (1,674) | |
| TOTAL TITLE III PROGRAM | | | | | | <u>14,434</u> | <u>1,128</u> | <u>11,632</u> | <u>11,632</u> | <u>(1,674)</u> | |
| <u>PASSED THROUGH THE PDE</u> | | | | | | | | | | | |
| TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT | I | 84.365 | 144-20-0342 A | 7/1/19 - 9/30/20 | \$ 58,713 | 15,657 | 7,570 | 8,087 | 8,087 | - | 2 |
| TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT | I | 84.365 | 144-21-0342 A | 7/1/20 - 9/30/21 | \$ 58,586 | 54,680 | - | 58,586 | 58,586 | 3,906 | |
| TOTAL TITLE IV PROGRAM | | | | | | <u>70,337</u> | <u>7,570</u> | <u>66,673</u> | <u>66,673</u> | <u>3,906</u> | |
| <u>PASSED THROUGH THE PDE</u> | | | | | | | | | | | |
| COVID-19 - ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND | I | 84.425D | 200-20-0342 | 3/13/20 - 9/30/21 | \$ 634,498 | 634,498 | - | 601,070 | 601,070 | (33,428) | 2 |
| COVID-19 - ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND | I | 84.425D | 200-21-0342 | 3/13/20 - 9/30/23 | \$ 2,819,991 | 348,009 | - | 363,486 | 363,486 | 15,477 | |
| <u>PASSED THROUGH THE PCCD</u> | | | | | | | | | | | |
| COVID-19 - ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND | I | 84.425D | 2020-ES-01-34934 | 3/13/20 - 9/30/22 | \$ 131,622 | 489 | - | 131,586 | 131,586 | 131,097 | 2 |
| TOTAL EDUCATION STABILIZATION FUND UNDER THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT | | | | | | <u>982,996</u> | <u>-</u> | <u>1,096,142</u> | <u>1,096,142</u> | <u>113,146</u> | |
| <u>PASSED THROUGH THE PDE</u> | | | | | | | | | | | |
| COVID-19 - SPECIAL EDUCATION IMPACT MITIGATION GRANT | I | 84.027 | 252-20-0342 | 07/01/20 - 09/30/21 | \$ 24,212 | 22,598 | - | 24,212 | 24,212 | 1,614 | 2 |
| <u>PASSED THROUGH THE COLONIAL I.U. #20</u> | | | | | | | | | | | |
| IDEA | I | 84.027 | N/A | 7/1/19 - 6/30/20 | \$ 633,059 | 216,322 | 216,322 | - | - | - | 2 |
| IDEA | I | 84.027 | N/A | 7/1/20 - 6/30/21 | \$ 685,681 | 204,850 | - | 600,339 | 600,339 | 395,489 | 1 |
| IDEA - SECTION 619A | I | 84.173 | N/A | 7/1/19 - 6/30/20 | \$ 5,225 | 5,225 | - | 5,225 | 5,225 | - | 1 |
| IDEA - SECTION 619A | I | 84.173 | N/A | 7/1/20 - 6/30/21 | \$ 3,360 | - | - | 3,360 | 3,360 | 3,360 | 1 |
| TOTAL IDEA CLUSTER | | | | | | <u>448,995</u> | <u>216,322</u> | <u>633,136</u> | <u>633,136</u> | <u>400,463</u> | |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | | | | <u>2,391,562</u> | <u>406,626</u> | <u>2,728,234</u> | <u>2,728,234</u> | <u>743,298</u> | |

**Pleasant Valley School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES

PASSED THROUGH THE PA

DEPARTMENT OF PUBLIC WELFARE

| | | | | | | | | | | | |
|--------------------------------|---|--------|-----|-------------------|-----|--------|--------|--------|--------|--------|---|
| TITLE 19 MEDICAL REIMBURSEMENT | I | 93,778 | N/A | 10/1/20 - 9/30/21 | N/A | 30,959 | 15,317 | 38,361 | 38,361 | 22,719 | 2 |
|--------------------------------|---|--------|-----|-------------------|-----|--------|--------|--------|--------|--------|---|

| | | | | | | | |
|---|--|--------|--------|--------|--------|--------|--|
| TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES | | 30,959 | 15,317 | 38,361 | 38,361 | 22,719 | |
|---|--|--------|--------|--------|--------|--------|--|

U.S. DEPARTMENT OF AGRICULTURE

PASSED THROUGH THE PDE

| | | | | | | | | | | | |
|---|---|--------|-----|------------------|-----|---------|-------|---------|---------|---------|---|
| NATIONAL SCHOOL LUNCH | I | 10,555 | N/A | 7/1/19 - 6/30/20 | N/A | 2,226 | 2,226 | - | - | - | 2 |
| NATIONAL SCHOOL LUNCH | I | 10,555 | N/A | 7/1/20 - 6/30/21 | N/A | 459,338 | - | 585,236 | 585,236 | 125,898 | |
| BREAKFAST PROGRAM | I | 10,553 | N/A | 7/1/20 - 6/30/21 | N/A | 26,175 | - | 39,819 | 39,819 | 13,644 | |
| NATIONAL SCHOOL BREAKFAST - SEVERE NEED | I | 10,553 | N/A | 7/1/19 - 6/30/20 | N/A | 1,400 | 1,400 | - | - | - | |
| NATIONAL SCHOOL BREAKFAST - SEVERE NEED | I | 10,553 | N/A | 7/1/20 - 6/30/21 | N/A | 104,120 | - | 107,289 | 107,289 | 3,169 | |

PASSED THROUGH THE PA

DEPARTMENT OF AGRICULTURE

| | | | | | | | | | | | |
|--|---|--------|-----|------------------|-----|--------|----------|--------|--------|----------|---|
| NATIONAL SCHOOL LUNCH PROGRAM - USDA COMMODITIES | I | 10,555 | N/A | 7/1/20 - 6/30/21 | N/A | 72,013 | (14,457) | 76,270 | 76,270 | (10,200) | 2 |
|--|---|--------|-----|------------------|-----|--------|----------|--------|--------|----------|---|

TOTAL CHILD NUTRITION CLUSTER

| | | | | | | |
|--|---------|----------|---------|---------|---------|-----|
| | 665,272 | (10,831) | 808,614 | 808,614 | 132,511 | 3,4 |
|--|---------|----------|---------|---------|---------|-----|

| | | | | | | | |
|---|--|---------|----------|---------|---------|---------|--|
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | 665,272 | (10,831) | 808,614 | 808,614 | 132,511 | |
|---|--|---------|----------|---------|---------|---------|--|

| | | | | | | | |
|---------------------------------------|--|--------------|------------|--------------|--------------|------------|--|
| TOTAL FEDERAL FINANCIAL AWARDS | | \$ 3,680,733 | \$ 455,496 | \$ 4,123,765 | \$ 4,123,765 | \$ 898,528 | |
|---------------------------------------|--|--------------|------------|--------------|--------------|------------|--|

SOURCE: D -DIRECT; I -INDIRECT

**Pleasant Valley School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Pleasant Valley School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Pleasant Valley School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Pleasant Valley School District.

Note 2 - 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 3 - Organization and Scope

The District recognized 3.2% of its total general fund revenue in federal awards, and 78.4% of its total enterprise fund revenue.

Note 4 - 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 5 - 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 Commission on Crime & Delinquency | \$ 434,227 | \$ 389,807 |
| PA Department of Education | 5,469,634 | 2,720,068 |
| County of Monroe | 290,335 | 290,335 |
| Colonial I.U. | 1,327,325 | 608,924 |
| PA Department of Public Welfare | N/A | 38,361 |
| PA Department of Agriculture | N/A | 76,270 |
| Totals | \$ 7,521,521 | \$ 4,123,765 |

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$72,013, in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2020-21 fiscal year, the District used \$76,270 in commodities and established a year-end inventory of \$10,200 at June 30, 2021.

**Pleasant Valley School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

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.

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.

FINANCIAL STATEMENT RECONCILIATION

| | |
|--|----------------------------|
| General Fund Federal Source Revenues | \$ 3,655,690 |
| Federal Grants in Local Sources | 899,259 |
| Food Service Fund Federal Revenue | <u>804,356</u> |
| Total Federal Revenue, per financial statements | 5,359,305 |
| Less: Medical Access Reimbursement | (1,239,797) |
| Add: Change in Donated Commodities | <u>4,257</u> |
| Total Federal Revenue Reported on SEFA | <u>\$ 4,123,765</u> |



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of 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, 2021, and the related notes to the financial statements, which collectively comprise Pleasant Valley School District's basic financial statements, and have issued our report thereon dated December 1, 2021.

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

Purpose of this Report

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

Respectfully submitted,



December 1, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE 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, 2021. 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, 2021.

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



December 1, 2021

**Pleasant Valley School District
Schedule of Findings and Questioned Costs
For the Year Ended on June 30, 2021**

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 |
| 21.019 | COVID-19 – Coronavirus Relief Fund |
| 84.425D | Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act |

Percentage of programs tested to total awards 58.9%

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, 2021**

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 from the previous year.