

**REPORT ON  
PLEASANT VALLEY SCHOOL DISTRICT  
SINGLE AUDIT REPORT  
FISCAL YEAR ENDED JUNE 30, 2022**

PLEASANT VALLEY SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2022

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## INTRODUCTORY SECTION



# GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have performed the Single Audit of the Pleasant Valley School District for the fiscal year ended June 30, 2022, 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.*

January 19, 2023



# 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  
Brodheads ville, PA 18322

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Pleasant Valley School District for the year ended June 30, 2022, and have issued our report thereon dated December 8, 2022.

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

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matter on July 5, 2022.

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 by the District that lacked authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 8, 2022. We advise the governing body to request this letter from management for their review. In conjunction with their representation, we wish to inform you we did not encounter any significant difficulties in dealing with management and had no disagreements with your management. To our knowledge, management did not find a need to converse with any other independent accountant on any related accounting or auditing issue.

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

In accordance with auditing standards, generally accepted in the United States of America, we have acquired a sufficient understanding of the District and its environment, including its internal control, to assess the risk of material misstatements of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures that were necessary to express an opinion on the 2021-22 basic financial statements.

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

**A control deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.**

**A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.**

**A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.**

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

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

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



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

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

***CONTROL DEFICIENCIES***

*FNB Payroll Bank Reconciliation*

While auditing cash we discovered the reconciled book balance within CSIU, for the FNB Payroll account, did not match the book balance shown on the general ledger as of June 30, 2022. The discrepancy was due to an incorrect posting on December 31, 2021. After further review, we determined the bank reconciliation for this account has not tied to the general ledger since December 2021. While the bank reconciliation is completed within the accounting software itself, it is a separate module within the software and does not reconcile directly to the general ledger balance. Therefore, we recommend the District manually compare the reconciled book balance to the balance reported in the general ledger and to reconcile any discrepancies between the two.

*General Fund Opening Fund Balance and Food Service Fund Opening Net Position*

While reviewing the opening balances for the 2021-22 fiscal year, we discovered the opening fund balance in the General Fund and the opening net position in the Food Service Fund did not tie to the financial statements for the fiscal year ended June 30, 2021. After investigating the discrepancies, it was discovered there were adjusting entries from the prior year's audit which were posted incorrectly in the District's system. The District has since corrected the mistakes. The District should review all audit adjustments when they are posted and verify the adjustments were posted correctly by comparing the audited trial balance to the District's adjusted trial balance.

*Grant Reporting*

While auditing state subsidies, we discovered the final expenditure reports were being submitted late for the Safe Schools Targeted Equipment grants and the Safe Schools Targeted School Police Officer grants. Due to an oversight, the final expenditure report was not submitted by the time of the audit for the second year of the 2-year 20-21 Safe School Targeted Equipment grant. The District was not aware of the grant allocation in the 2<sup>nd</sup> year and failed to identify the expenditures for this grant before the start of the audit. While these grants are relatively small, failing to submit reports in a timely manner can cause delays or losses in funding. The District should be tracking the status and progress of every grant awarded for the fiscal year, how much has been spent, is remaining to be spent, reporting requirements, and reporting deadlines. Management should be reviewing this information to make sure grants are being spent down in a timely manner and reports are being filed correctly and on time.

***OTHER INFORMATION***

*SBITAs (Subscription-Based Information Technology Arrangements)*

IT software subscriptions allow governments to benefit from the use of IT software without maintaining a perpetual license or title to the software. Therefore, these arrangements are mutually beneficial for both the vendor and the government. Because of the increased popularity of subscription-based information technology arrangements, GASB issued Statement No. 96 to address the accounting treatment and financial reporting for these agreements.

Currently these types of arrangements are simply expensed when paid however under the new standard a subscription liability is measured as the present value of the total subscription expected to be made to

**BOARD OF SCHOOL DIRECTORS – DR. JAMES KONRAD, SUPERINTENDENT**

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the vendor during the subscription term. The total future payments are discounted using the interest rate the vendor charges the government, which may be the interest rate implicit in the SBITA, or if such a rate is not stated an estimated incremental borrow rate of the government can be used for the present value calculation. In addition to the subscription liability, the government recognized a subscription asset. Subsequently, the government will amortize the subscription asset in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset. Amortization of the subscription asset begins at the commencement of the subscription term and is reported as an outflow of resources by the governmental entity.

The new guidance is effective for the 22-23 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 School District.

Respectively submitted,

*Morman & Associates, P.C.*

December 8, 2022

***REPORT DISTRIBUTION LIST***

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

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

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

**ONE COPY TO:** COLONIAL INTERMEDIATE UNIT  
6 DANFORTH DRIVE  
EASTON, PA 18042

**FINANCIAL SECTION**



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Pennsylvania Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pleasant Valley School District, as of June 30, 2022, 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.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pleasant Valley School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Change in Accounting Principle*

As described in Note 2-G to the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

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

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

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

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10-18, the schedules associated with the District's Defined Benefit Pension Plan, and the Schedules of the District's OPEB Plans, on pages 80-87, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pleasant Valley School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and 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 presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pleasant Valley School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pleasant Valley School District's internal control over financial reporting and compliance.

Respectfully submitted,



Northampton, Pennsylvania  
December 8, 2022

**PLEASANT VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
(UNAUDITED)  
For the Year Ended June 30, 2022**

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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, 2022. 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 (\$51,665,768), increasing by \$9,108,804 over the prior fiscal period. In the Governmental Funds, the revenues in the amount of \$104,970,556 were sufficient to cover the governmental expenses of \$102,090,576. The total net position of the District for business-type activities was (\$1,407,955) increasing by \$545,428 over the prior fiscal period. Total revenues in the amount of \$2,499,389 were sufficient to cover the business-type expenses of \$1,953,961. As of June 30, 2022, the school district had a negative total net position of (\$53,073,723) 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 \$112,880,315 for governmental activities and \$2,003,051 for business type activities.

During the year, the District revenues were \$468,937 less than budgeted revenues, due to revenues from local, state, and federal sources. Expenditures were \$2,104,225 less 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  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

Table 1 reflects the condensed Statement of Net Position for the years ended 2022 and 2021.

**Table 1  
Condensed Statement of Net Position  
Fiscal Years Ended June 30, 2021 and June 30, 2022**

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 46,398,957	\$ 694,706	\$ 46,917,722	\$ 43,087,093	\$ 350,096	\$ 43,242,008
Non-current assets	79,376,655	122,913	79,499,568	80,902,306	146,900	81,049,206
Deferred Outflow of Resources	21,566,690	300,568	21,867,258	22,990,068	287,380	23,277,448
<b>Total Assets &amp; Deferred Outflow of Resources</b>	<b>\$ 147,342,302</b>	<b>\$ 1,118,187</b>	<b>\$ 148,284,548</b>	<b>\$ 146,979,467</b>	<b>\$ 784,376</b>	<b>\$ 147,568,662</b>
Current and other liabilities	\$ 17,922,637	\$ 51,528	\$ 17,798,224	\$ 16,805,920	\$ 122,661	\$ 16,733,400
Non-current liabilities	149,993,232	2,169,497	152,162,729	183,692,740	2,511,752	186,204,492
Deferred Inflow of Resources	31,092,201	305,117	31,397,318	7,255,379	103,346	7,358,725
<b>Total Liabilities &amp; Deferred Inflow of Resources</b>	<b>199,008,070</b>	<b>2,526,142</b>	<b>201,358,271</b>	<b>207,754,039</b>	<b>2,737,759</b>	<b>210,296,617</b>
<b>Net Position</b>						
Net Investment in Capital Assets	68,736,139	122,913	68,859,052	70,393,581	146,900	70,540,481
Restricted For:						
Retirement of Long-term debt	-	-	-	-	-	-
Capital Projects	3,941,312	-	3,941,312	3,200,141	-	3,200,141
Other Restrictions	-	-	-	-	-	-
Unrestricted	(124,343,219)	(1,530,868)	(125,874,087)	(134,368,294)	(2,100,283)	(136,468,577)
<b>Total Net Position</b>	<b>(51,665,768)</b>	<b>(1,407,955)</b>	<b>(53,073,723)</b>	<b>(60,774,572)</b>	<b>(1,953,383)</b>	<b>(62,727,955)</b>
<b>Total Liabilities, Deferred Inflow of Resources &amp; Net Position</b>	<b>\$ 147,342,302</b>	<b>\$ 1,118,187</b>	<b>\$ 148,284,548</b>	<b>\$ 146,979,467</b>	<b>\$ 784,376</b>	<b>\$ 147,568,662</b>

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

**PLEASANT VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

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, 2022 and June 30, 2021**

	2022			2021		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
<b>REVENUES</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 158,337	\$ 154,373	\$ 312,710	\$ 99,999	\$ 46,399	\$ 146,398
Operating Grants	21,344,697	2,297,864	23,642,561	22,704,314	949,894	23,654,208
Capital Grants	-	-	-	94,323	-	94,323
<i>General Revenues:</i>						
Property taxes levied for general purposes	49,588,356	-	49,588,356	48,640,180	-	48,640,180
Taxes levied for specific purposes	5,005,690	-	5,005,690	4,678,216	-	4,678,216
Grants, subsidies and contributions not restricted	27,128,269	-	27,128,269	26,728,388	-	26,728,388
Investment earnings	110,342	1,320	111,662	57,988	452	58,440
Miscellaneous	785,285	9,845	795,130	1,515,742	1,980	1,517,722
Other	(35,987)	35,987	-	(32,649)	32,649	-
<b>TOTAL REVENUES</b>	<b>104,084,989</b>	<b>2,499,389</b>	<b>106,584,378</b>	<b>104,486,501</b>	<b>1,031,374</b>	<b>105,517,875</b>
<b>PROGRAM EXPENSES</b>						
Instruction	59,222,202	-	59,222,202	75,164,392	-	75,164,392
Instruction Student Support	7,023,024	-	7,023,024	9,014,211	-	9,014,211
Administrative and Financial Support	-	-	-	7,874,078	-	7,874,078
Operation and Maintenance of Plant Services	8,547,245	-	8,547,245	10,282,813	-	10,282,813
Pupil Transportation	7,497,842	-	7,497,842	5,386,404	-	5,386,404
Student Activities	1,342,104	-	1,342,104	1,494,167	-	1,494,167
Community Services	613,909	-	613,909	584,589	-	584,589
Interest on Long-Term Debt	308,451	-	308,451	347,126	-	347,126
Unallocated Depreciation	2,824,033	-	2,824,033	2,815,795	-	2,815,795
Food Service	-	1,953,961	1,953,961	-	1,380,077	1,380,077
<b>TOTAL EXPENSES</b>	<b>94,976,185</b>	<b>1,953,961</b>	<b>97,026,204</b>	<b>112,963,575</b>	<b>1,380,077</b>	<b>114,163,007</b>
Increase (decrease) in Net Position	9,108,804	545,428	9,654,232	(8,477,074)	(348,703)	(8,825,777)
Prior Period Adjustment	-	-	-	-	-	-
Net Position - Beginning	(60,774,572)	(1,953,383)	(62,727,955)	(52,297,498)	(1,604,680)	(53,902,178)
Net Position - Ending	<b>\$ (51,665,768)</b>	<b>\$ (1,407,955)</b>	<b>\$ (53,073,723)</b>	<b>\$ (60,774,572)</b>	<b>\$ (1,953,383)</b>	<b>\$ (62,727,955)</b>

**PLEASANT VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

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*Governmental Activities*

The increase of \$9,108,804 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 an increase in net position of \$545,428 for year-end 2022. This increase is a result of revenues exceeding expenses for the 2021-2022 year in the amount of \$545,428. Expenses increased by \$573,884 from \$1,380,077 in 2021 to \$1,953,961 in 2022. Revenues increased by 41% while expenses increased by 70%. The increase in revenues was due the emergency closure of schools beginning March 13, 2020 due to the COVID-19 global pandemic and the implementation of SSO during the 2021-2022 school year.

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

*Fund Financial Statements*

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

*Governmental Funds*

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

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

**PLEASANT VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

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 2021-2022:

	Budget Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Neg.)
	Original	Final		
Revenues	\$ 104,330,212	\$ 104,330,212	\$ 103,861,275	\$ (468,937)
Expenditures	102,027,502	101,985,152	99,880,927	\$ 2,104,225
Excess (Deficiency) of Revenues Over				
Expenditures	2,302,710	2,345,060	3,980,348	1,635,288
Other Financing Sources/Uses	(3,203,921)	(3,246,271)	(299,507)	2,946,764
Special Items	-	-	-	-
Extraordinary	-	-	-	-
Net Change in Fund Balances	(901,211)	(901,211)	3,680,841	4,582,052
Fund Balance – Beginning	5,828,161	5,828,161	14,940,105	9,111,944
Fund Balance – Ending	<b>\$ 4,926,950</b>	<b>\$ 4,926,950</b>	<b>\$ 18,620,946</b>	<b>\$ 13,693,996</b>

*Proprietary Funds*

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

*Fiduciary Funds*

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

**Notes to the Financial Statements**

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

**PLEASANT VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

The General fund's originally approved budget for 2022 included \$104,330,212 in revenues, \$102,027,502 in expenditures and a beginning unreserved fund balance available for appropriation in the amount of \$14,631,870.

The actual revenues received for 2022 were \$103,861,275 or approximately 1.0% lower. The final actual expenditures to the budget amounted to \$99,880,927, a variance from the budget of \$2,104,225 or an expenditure rate of 3.0%.

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

- Local revenues decreased from the original budget due to actual collection of delinquent real estate taxes.
- 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 decreased from the original budget due to reduced ACCESS reimbursement.
- The 3.0% expenditure rate was due primarily to 1) increased expense for charter school tuition being 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 2021:

	<b>2022 Amount</b>	<b>2021 Amount</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
Local Sources	\$ 56,079,663	\$ 55,150,889	\$ 928,774	1.7%
State Sources	44,562,424	44,968,822	\$ (406,398)	-0.9%
Federal Sources	3,219,188	3,655,690	\$ (436,502)	-11.9%
Other Sources	486,480	331,421	\$ 155,059	46.8%
<b>TOTAL</b>	<b><u>\$ 104,347,755</u></b>	<b><u>\$ 104,106,822</u></b>	<b><u>\$ 240,933</u></b>	<b><u>0.2%</u></b>

**PLEASANT VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

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*Local Sources*

The increase in local sources was \$928,774 or 1.7%. This increase is due to a increase in delinquent real estate property tax collections.

*State Sources*

The decrease in state sources was \$406,398 or 0.9% this decrease was driven by slight decrease in several state subsidies.

*Federal Sources*

The decrease in federal sources was \$436,502 or – 11.9%.

General fund expenditures totaled \$100,666,914, which represents a decrease of \$6,958,833 or 6.5% from 2020-2021. The following represents a summary of general fund expenditures for the year ended June 30, 2022 by function, along with changes from 2020-2021.

	<b>2022 Amount</b>	<b>2021 Amount</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
Instruction	\$ 64,041,586	\$ 72,674,787	\$ (8,633,201)	-11.9%
Support Services	33,007,988	31,466,075	\$ 1,541,913	4.9%
Noninstructional	1,462,171	1,494,983	\$ (32,812)	-2.2%
Facilities Acquisition	7,100	-	\$ 7,100	100.0%
Other Financing Uses	2,148,069	1,989,902	\$ 158,167	7.9%
<b>TOTAL</b>	<b>\$ 100,666,914</b>	<b>\$ 107,625,747</b>	<b>\$ (6,958,833)</b>	<b>-6.5%</b>

*Instruction*

Decreases 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. There were \$7,100 of improvement services that occurred during the 2021-2022 year.

*Other Financing Uses*

The increased expenses are due to scheduled debt service payments.

**PLEASANT VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**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 2022, expenditures of \$1,672,835 were made from this fund. The June 30, 2022 balance was \$3,941,312.

**CAPITAL ASSETS**

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2022 is summarized in Table 3 below.

**Table 3  
Capital Assets  
For the Years Ended June 30, 2022 and June 30, 2021**

	2022			Total % Change	2021		
	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	1,464,546	-	1,464,546	-8.14%	1,594,243	-	1,594,243
Building and Bldg. Improve- ments (net Acc. Dep.)	70,851,432	-	70,851,432	-1.36%	71,827,438	-	71,827,438
Furniture and Equipment (net Acc. Dep.)	1,146,493	122,913	1,269,406	-8.65%	1,242,754	146,900	1,389,654
Intangible Right to Use Equipment	324,320	-	324,320	100.00%	-	-	-
Construction in Progress	-	-	-	100.00%	-	-	-
<b>TOTAL</b>	<b>\$ 75,511,452</b>	<b>\$ 122,913</b>	<b>\$ 75,634,365</b>	<b>-1.18%</b>	<b>\$ 76,389,096</b>	<b>\$ 146,900</b>	<b>\$ 76,535,996</b>

**LONG TERM DEBT**

At June 30, 2022, the District had \$9,628,158 in outstanding bonds. The District's bonds have an "A+" rating from the Standard and Poor's Rating Group.

In addition, the long term portion of compensated absences totaled \$1,746,746; liability for other post-employment benefits totaled \$1,210,781 and net pension liability totaled \$114,883,366, and net OPEB liability for single and multiple employer plans totaled \$26,205,157; and lease obligations of \$322,953.

**PLEASANT VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

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**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 small increase in student enrollment occurred during the 2021-2022 school year. 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 remain consistent 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.

<b>Pupil Enrollment – Historical</b>			
<b>School Year</b>	<b>Elementary</b>	<b>Secondary</b>	<b>Total</b>
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
2021-22	1,773	2,312	4,085

**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 the 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, 2022**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL</b>	<b>BUSINESS-TYPE</b>	<b>TOTAL</b>
	<b>ACTIVITIES</b>	<b>ACTIVITIES</b>	
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 35,836,661	\$ 202,150	\$ 36,038,811
Investments	256,173	-	256,173
Receivables, net	4,707,006	-	4,707,006
Internal Balances	1,536	174,405	-
Due From Other Governments	5,520,099	275,778	5,795,877
Other Receivables	65,305	2,592	67,897
Inventories	12,127	39,781	51,908
Prepaid Expenses	50	-	50
<b>Total Current Assets</b>	<b>46,398,957</b>	<b>694,706</b>	<b>46,917,722</b>
<b>Non-Current Assets:</b>			
Land	1,724,661	-	1,724,661
Site Improvements (net of depreciation)	1,464,546	-	1,464,546
Building and Bldg. Improvements (net of depreciation)	70,851,432	-	70,851,432
Furniture and Equipment (net of depreciation)	1,146,493	122,913	1,269,406
Intangible Right To Use Equipment (net of amortization)	324,320	-	324,320
Long-term Receivable	3,865,203	-	3,865,203
<b>Total Non-Current Assets</b>	<b>79,376,655</b>	<b>122,913</b>	<b>79,499,568</b>
<b>TOTAL ASSETS</b>	<b>125,775,612</b>	<b>817,619</b>	<b>126,417,290</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources - Related to Pension	18,622,640	286,524	18,909,164
Deferred Outflows of Resources - Related to OPEB	2,944,050	14,044	2,958,094
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 147,342,302</b>	<b>\$ 1,118,187</b>	<b>\$ 148,284,548</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Internal Balances	\$ 174,405	\$ 1,536	\$ -
Due to other governments	890,355	-	890,355
Accounts Payable	2,763,652	13,676	2,777,328
Current Portion of Long-Term Obligations	1,834,432	-	1,834,432
Accrued Salaries and Benefits	7,676,607	-	7,676,607
Payroll Withholdings	4,018,931	-	4,018,931
Prepayments	-	36,316	36,316
Other Current Liabilities	564,255	-	564,255
<b>Total Current Liabilities</b>	<b>17,922,637</b>	<b>51,528</b>	<b>17,798,224</b>
<b>Non-Current Liabilities:</b>			
Bonds and Notes Payable	8,778,158	-	8,778,158
Lease Obligations	162,156	-	162,156
Long-Term Portion of Compensated Absences	858,171	64,940	923,111
Other Retirement Benefits	1,210,781	-	1,210,781
Net Pension Liability	112,880,315	2,003,051	114,883,366
Net OPEB Liability - Single Employer Plan	19,470,039	-	19,470,039
Net OPEB Liability - Multiple Employer Plan	6,633,612	101,506	6,735,118
<b>TOTAL LIABILITIES</b>	<b>167,915,869</b>	<b>2,221,025</b>	<b>169,960,953</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources - Related to Pension	25,830,929	300,385	26,131,314
Deferred Inflows of Resources - Related to OPEB	5,261,272	4,732	5,266,004
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>199,008,070</b>	<b>2,526,142</b>	<b>201,358,271</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	68,736,139	122,913	68,859,052
<b>Restricted For:</b>			
Capital Projects	3,941,312	-	3,941,312
Unrestricted (deficit)	(124,343,219)	(1,530,868)	(125,874,087)
<b>TOTAL NET POSITION</b>	<b>(51,665,768)</b>	<b>(1,407,955)</b>	<b>(53,073,723)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 147,342,302</b>	<b>\$ 1,118,187</b>	<b>\$ 148,284,548</b>

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, 2022**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>GOVERNMENTAL ACTIVITIES:</b>							
Instruction	\$ 59,222,202	\$ 121,788	\$ 14,884,540	\$ -	\$ (44,215,874)	\$ -	\$ (44,215,874)
Instructional Student Support	7,023,024	-	1,468,322	-	(5,554,702)	-	(5,554,702)
Admin. & Fin'l Support Services	7,597,375	-	1,857,397	-	(5,739,978)	-	(5,739,978)
Oper. & Maint. of Plant Svcs.	8,547,245	-	1,117,587	-	(7,429,658)	-	(7,429,658)
Pupil Transportation	7,497,842	-	1,817,082	-	(5,680,760)	-	(5,680,760)
Student activities	1,342,104	36,549	198,339	-	(1,107,216)	-	(1,107,216)
Community Services	613,909	-	1,430	-	(612,479)	-	(612,479)
Interest on Long-Term Debt	308,451	-	-	-	(308,451)	-	(308,451)
Unallocated Depreciation Expense	2,824,033	-	-	-	(2,824,033)	-	(2,824,033)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>94,976,185</b>	<b>158,337</b>	<b>21,344,697</b>	<b>-</b>	<b>(73,473,151)</b>	<b>-</b>	<b>(73,473,151)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Food Services	1,953,961	154,373	2,297,864	-	-	498,276	498,276
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 96,930,146</b>	<b>\$ 312,710</b>	<b>\$ 23,642,561</b>	<b>\$ -</b>	<b>\$ (73,473,151)</b>	<b>\$ 498,276</b>	<b>\$ (72,974,875)</b>
<b>GENERAL REVENUES:</b>							
Property taxes. Levied for general purposes, net					\$ 49,588,356	\$ -	\$ 49,588,356
Taxes levied for specific purposes					5,005,690	-	5,005,690
Grants, subsidies, & contributions not restricted					27,128,269	-	27,128,269
Investment Earnings					110,342	1,320	111,662
Miscellaneous Income					785,285	9,845	795,130
Transfers					(35,987)	35,987	-
<b>TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS</b>					<b>82,581,955</b>	<b>47,152</b>	<b>82,629,107</b>
<b>CHANGES IN NET POSITION</b>					<b>9,108,804</b>	<b>545,428</b>	<b>9,654,232</b>
<b>NET POSITION - BEGINNING</b>					<b>(60,774,572)</b>	<b>(1,953,383)</b>	<b>(62,727,955)</b>
<b>NET POSITION - ENDING</b>					<b>\$ (51,665,768)</b>	<b>\$ (1,407,955)</b>	<b>\$ (53,073,723)</b>

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

**Pleasant Valley School District  
Balance Sheet  
Governmental Funds  
As of June 30, 2022**

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 29,041,982	\$ 6,794,678	\$ -	\$ 35,836,660
Investments	256,173	-	-	256,173
Taxes Receivable, net	4,658,337	-	48,669	4,707,006
Due from other funds	1,536	-	16,180	17,716
Due from Other Governments	5,520,099	-	-	5,520,099
Other Receivables	65,305	-	-	65,305
Other Current Assets	50	-	-	50
<b>TOTAL ASSETS</b>	<b>39,543,482</b>	<b>6,794,678</b>	<b>64,849</b>	<b>46,403,009</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Deferred Charges on Refundings, net	-	-	-	-
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 39,543,482</b>	<b>\$ 6,794,678</b>	<b>\$ 64,849</b>	<b>\$ 46,403,009</b>
<b><u>LIABILITIES</u></b>				
Due to Other Funds	\$ 190,585	\$ -	\$ -	\$ 190,585
Due to Other Governments	890,355	-	-	890,355
Accounts Payable	2,746,953	520	16,180	2,763,653
Current Portion of Long-Term Debt	823,635	-	-	823,635
Accrued Salaries and Benefits	7,676,607	-	-	7,676,607
Payroll Deductions and Withholdings	4,018,931	-	-	4,018,931
Prepayments	506,010	-	-	506,010
Other Current Liabilities	619	-	-	619
<b>TOTAL LIABILITIES</b>	<b>16,853,695</b>	<b>520</b>	<b>16,180</b>	<b>16,870,395</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unearned/Unavailable Property Taxes	4,068,841	-	48,669	4,117,510
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>20,922,536</b>	<b>520</b>	<b>64,849</b>	<b>20,987,905</b>
<b><u>FUND BALANCES:</u></b>				
Restricted Fund Balance	-	6,794,158	-	6,794,158
Committed Fund Balance	9,321,296	-	-	9,321,296
Assigned Fund Balance	3,666,717	-	-	3,666,717
Unassigned Fund Balance	5,632,933	-	-	5,632,933
<b>TOTAL FUND BALANCES</b>	<b>18,620,946</b>	<b>6,794,158</b>	<b>-</b>	<b>25,415,104</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 39,543,482</b>	<b>\$ 6,794,678</b>	<b>\$ 64,849</b>	<b>\$ 46,403,009</b>

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, 2022**

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 25,415,104</b>
<b>Amounts reported for governmental activities in the statement of net position are different because:</b>	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$142,450,166 and the accumulated depreciation is \$66,938,714.	75,511,452
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.	3,865,203
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.	4,117,510
This represents deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension/OPEB Liability.	(9,525,509)
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.	12,127
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.	(160,797)
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:	<u>(150,900,858)</u>
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (51,665,768)</u></b>

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, 2022**

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>				
Local Sources	\$ 56,079,663	\$ 18,192	\$ 604,609	\$ 56,702,464
State Sources	44,562,424	-	-	44,562,424
Federal Sources	<u>3,219,188</u>	-	-	<u>3,219,188</u>
<b>TOTAL REVENUES</b>	<u>103,861,275</u>	<u>18,192</u>	<u>604,609</u>	<u>104,484,076</u>
<b>EXPENDITURES</b>				
Instruction	64,041,586	-	-	64,041,586
Support Services	33,007,988	520	-	33,008,508
Operation of Non-Instructional Services	1,462,171	-	604,609	2,066,780
Capital Outlay	7,100	1,690,507	-	1,697,607
Debt Service	<u>1,362,082</u>	-	-	<u>1,362,082</u>
<b>TOTAL EXPENDITURES</b>	<u>99,880,927</u>	<u>1,691,027</u>	<u>604,609</u>	<u>102,176,563</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>3,980,348</u>	<u>(1,672,835)</u>	<u>-</u>	<u>2,307,513</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Extended Term Financing	486,480	-	-	486,480
Interfund Transfers In	-	750,000	-	750,000
Operating Transfers Out	<u>(785,987)</u>	-	-	<u>(785,987)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(299,507)</u>	<u>750,000</u>	<u>-</u>	<u>450,493</u>
<b>SPECIAL/EXTRAORDINARY ITEMS</b>				
Special Items	-	-	-	-
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,680,841	(922,835)	-	2,758,006
<b>FUND BALANCES - BEGINNING</b>	<u>14,940,105</u>	<u>7,716,993</u>	<u>-</u>	<u>22,657,098</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 18,620,946</u>	<u>\$ 6,794,158</u>	<u>\$ -</u>	<u>\$ 25,415,104</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, 2022**

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ 2,758,006

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	\$ 3,142,930	
less - capital outlays	<u>2,265,287</u>	(877,643)

Some of the capital assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the statement of activities, but rather constitute long-term liabilities. (486,480)

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. (363,100)

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. 978,526

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. 622,769

**SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING** **\$ 2,632,078**

**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, 2022**

<b>SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING (CONT'D)</b>	\$	2,632,078
<p>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.</p>		
		75,106
<p>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.</p>		
		(692,995)
<p>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.</p>		
		(9,343)
<p>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.</p>		
		<u>7,103,958</u>
<b>CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>9,108,804</u></b>

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, 2022**

	<b>FOOD SERVICE</b>
<b><u>ASSETS</u></b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 202,150
Due from other funds	174,405
Due From Other Governments	275,778
Other Receivables	2,592
Inventories	39,781
<b>TOTAL CURRENT ASSETS</b>	694,706
<b>NON-CURRENT ASSETS:</b>	
Machinery & Equipment (net)	122,913
<b>TOTAL NON-CURRENT ASSETS</b>	122,913
<b>TOTAL ASSETS</b>	817,619
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred Outflows of Resources - Related to Pension	286,524
Deferred Outflows of Resources - Related to OPEB	14,044
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 1,118,187
<b><u>LIABILITIES</u></b>	
<b>CURRENT LIABILITIES:</b>	
Due to Other Funds	\$ 1,536
Accounts Payable	13,676
Prepayments	36,316
<b>TOTAL CURRENT LIABILITIES</b>	51,528
<b>NON-CURRENT LIABILITIES:</b>	
Long-Term Portion of Compensated Absences	64,940
Net OPEB Liability - Multiple Employer Plan	101,506
Net Pension Liability	2,003,051
<b>TOTAL NON-CURRENT LIABILITIES</b>	2,169,497
<b>TOTAL LIABILITIES</b>	2,221,025
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Deferred Inflows of Resources - Related to Pension	300,385
Deferred Inflows of Resources - OPEB	4,732
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	2,526,142
<b><u>FUND NET POSITION</u></b>	
Net Investment in Capital Assets	122,913
Unrestricted	(1,530,868)
<b>TOTAL FUND NET POSITION</b>	(1,407,955)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION</b>	\$ 1,118,187

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, 2022**

	<b>FOOD SERVICE</b>
<b>OPERATING REVENUES:</b>	
Food Service Revenue	\$ 154,373
Other Operating Revenues	9,845
<b>TOTAL OPERATING REVENUES</b>	164,218
<b>OPERATING EXPENSES:</b>	
Salaries	633,621
Employee benefits	336,161
Purchased Professional and Technical Services	11,193
Purchased Property Service	11,894
Other Purchased Services	1,253
Supplies	935,472
Depreciation	23,987
Dues and Fees	380
<b>TOTAL OPERATING EXPENSES</b>	1,953,961
<b>OPERATING INCOME (LOSS)</b>	(1,789,743)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Earnings on investments	1,320
State Sources	219,665
Federal Sources	2,078,199
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	2,299,184
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	\$ 509,441
Transfers in (out)	35,987
<b>CHANGES IN FUND NET POSITION</b>	545,428
<b>FUND NET POSITION - BEGINNING</b>	(1,953,383)
<b>FUND NET POSITION - ENDING</b>	\$ (1,407,955)

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, 2022**

	<b>FOOD SERVICE</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Users	\$ 95,826
Cash Received from Other Operating Revenue	9,845
Cash Payments to Employees for Services	(1,124,289)
Cash Payments to Suppliers for Goods and Services	(924,565)
Cash Payments to Other Operating Expenses	(380)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>(1,943,563)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State Sources	216,485
Federal Sources	1,827,557
Operating Transfers In (Out)	35,987
<b>NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES</b>	<b>2,080,029</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Facilities Acquisition/Const./Improvement Svcs.	-
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Earnings on Investments	1,320
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<b>1,320</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>137,786</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>64,364</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 202,150</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	
<b>OPERATING INCOME (LOSS)</b>	<b>\$ (1,789,743)</b>
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	
Depreciation and Net Amortization	23,987
Donated Commodities Used	127,438
<b>CHANGES IN ASSETS AND LIABILITIES:</b>	
(Increase) Decrease in Accounts Receivable	(2,592)
(Increase) Decrease in Advances to Other Funds	(55,955)
(Increase) Decrease in Inventories	(21,893)
(Increase) Decrease in Deferred Outflows of Resources - Current Year Contributions	(52,355)
(Increase) Decrease in Deferred Outflows of Resources - Change in Assumptions	(73,442)
(Increase) Decrease in Deferred Outflows of Resources - Diff. in Projected vs Actual Invest. Earnings	112,849
Increase (Decrease) in Accounts Payable	13,676
Increase (Decrease) in Accrued Salaries and Benefits	(218)
Increase (Decrease) in Advances from Other Funds	(75,195)
Increase (Decrease) in Other Current Liabilities	(8,779)
Increase (Decrease) in Net OPEB Liability - Multiple Employer Plan	3,914
Increase (Decrease) in Net Pension Liability	(346,786)
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Invest. Earnings	184,560
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	(335)
Increase (Decrease) in Deferred Inflows of Resources - Change in Proportion of NPL	37,156
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	(19,850)
<b>TOTAL ADJUSTMENTS</b>	<b>(153,820)</b>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>\$ (1,943,563)</b>

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, 2022**

	<b>PRIVATE- PURPOSE TRUST</b>	<b>CUSTODIAL FUNDS</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 61,518	\$ 94,660
Investments	9,600	102,241
Other Receivables	16	6,502
Other Current Assets	-	2,000
<b>TOTAL ASSETS</b>	<b>71,134</b>	<b>205,403</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refundings	-	-
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 71,134</b>	<b>\$ 205,403</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 2,000	\$ 1,852
Other Current Liabilities	-	881
<b>TOTAL LIABILITIES</b>	<b>2,000</b>	<b>2,733</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unearned Revenue	-	-
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>2,000</b>	<b>2,733</b>
<b>NET POSITION</b>		
Restricted for		
Individuals, organizations, and other governments	69,134	202,670
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION</b>	<b>\$ 71,134</b>	<b>\$ 205,403</b>

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, 2022**

	<b>PRIVATE- PURPOSE TRUST</b>	<b>CUSTODIAL FUNDS</b>
<b>ADDITIONS</b>		
Contributions - Students	\$ -	\$ 16,214
Contributions - Other	14,886	14,389
Special Events	-	85,838
Other Income	-	32,069
<b>INVESTMENT EARNINGS:</b>		
Interest and Dividends	125	236
Net increase (decrease) in fair value of investments	-	-
Less investment expense	-	-
<b>TOTAL ADDITIONS</b>	<b>15,011</b>	<b>148,746</b>
 <b>DEDUCTIONS</b>		
Administrative expense	-	4,838
Benefits paid to participants or beneficiaries	7,250	19,711
Payments for student club activities	-	120,234
Other	-	-
<b>TOTAL DEDUCTIONS</b>	<b>7,250</b>	<b>144,783</b>
 <b>CHANGES IN NET POSITION</b>	<b>7,761</b>	<b>3,963</b>
 <b>NET POSITION - BEGINNING OF YEAR</b>	<b>61,373</b>	<b>198,707</b>
 <b>NET POSITION - END OF YEAR</b>	<b>\$ 69,134</b>	<b>\$ 202,670</b>

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, 2022**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL (GAAP BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Local Sources	\$ 53,367,322	\$ 53,367,322	\$ 56,079,663	\$ 2,712,341
State Sources	45,898,890	45,898,890	44,562,424	(1,336,466)
Federal Sources	5,064,000	5,064,000	3,219,188	(1,844,812)
<b>TOTAL REVENUES</b>	<u>104,330,212</u>	<u>104,330,212</u>	<u>103,861,275</u>	<u>(468,937)</u>
<b>EXPENDITURES</b>				
Regular Instruction	42,054,904	41,831,851	41,828,955	2,896
Special Programs	17,978,766	18,617,306	18,593,940	23,366
Vocational Programs	3,839,914	3,381,651	3,157,240	224,411
Other Instructional Programs	587,280	630,011	453,749	176,262
Nonpublic Schools	7,656	7,702	7,702	-
Pupil Personnel Services	4,415,640	4,501,090	4,339,638	161,452
Instructional Staff Services	2,836,760	2,808,405	2,636,876	171,529
Administrative Services	4,225,584	4,126,141	3,870,284	255,857
Pupil Health	851,691	851,691	784,030	67,661
Business Services	1,549,468	1,607,385	1,410,156	197,229
Operation & Maintenance of Plant Services	10,092,596	9,595,421	9,308,751	286,670
Student Transportation Services	7,681,917	7,613,678	7,503,031	110,647
Central Support Services	2,665,701	3,173,195	3,128,397	44,798
Other Support Services	30,000	30,000	26,825	3,175
Student Activities	1,993,408	1,822,782	1,451,856	370,926
Community Services	16,657	16,657	10,315	6,342
Facilities, Acquisition and Construction	-	7,100	7,100	-
Debt Service	1,199,560	1,363,086	1,362,082	1,004
<b>TOTAL EXPENDITURES</b>	<u>102,027,502</u>	<u>101,985,152</u>	<u>99,880,927</u>	<u>2,104,225</u>
Excess (deficiency) of revenues over expenditures	2,302,710	2,345,060	3,980,348	1,635,288
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Leases	-	-	486,480	486,480
Fund Transfers Out	(798,810)	(798,810)	(785,987)	12,823
Budgetary Reserve	(2,405,111)	(2,447,461)	-	2,447,461
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(3,203,921)</u>	<u>(3,246,271)</u>	<u>(299,507)</u>	<u>2,946,764</u>
Special Items	-	-	-	-
Extraordinary Items	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<u>(901,211)</u>	<u>(901,211)</u>	<u>3,680,841</u>	<u>4,582,052</u>
<b>FUND BALANCE - JULY 1, 2021</b>	<u>\$ 5,828,161</u>	<u>\$ 5,828,161</u>	<u>\$ 14,940,105</u>	<u>\$ 9,111,944</u>
<b>FUND BALANCE - JUNE 30, 2022</b>	<u>\$ 4,926,950</u>	<u>\$ 4,926,950</u>	<u>\$ 18,620,946</u>	<u>\$ 13,693,996</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, 2022**

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**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, 2022**

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***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 2021-22 was \$1,684,036.

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, 2022**

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**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, 2022**

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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, 2022**

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***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, 2022**

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**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, 2022**

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**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 2021-22 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 2021-22 fiscal year the School District implemented the following new generally accepted accounting principles:

GASB 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.

GASB 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.

GASB 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.

**Pleasant Valley School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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GASB Statement No. 93 (Replacement of Interbank Offered Rates). The objective of this Statement is to address the issue the London Interbank Offered Rate (LIBOR) is being replaced with an interbank offered rate (IBOR).

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). The primary objectives of this Statement are 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 other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit 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 Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

GASB Statement No. 98, (The Annual Comprehensive Financial Report). - This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local government.

**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*

**Pleasant Valley School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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For purposes of the Statement of Cash Flows, the Proprietary Fund type considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

*Investments*

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

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

This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets. These assets were previously required to be measured at fair value. Fair Value is measured using a hierarchy of inputs using valuation techniques. The hierarchy has three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

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

*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, 2022, 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.

**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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*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, 2022, shows \$12,127 as an asset in the governmental activities column of the government-wide statement of net position; a physical inventory taken at June 30, 2022, shows \$39,781 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, 2022, consist of:

Supplies	\$	5,064
Purchased Food		26,118
Donated Commodities		<u>8,598</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>39,781</u></b>

*Prepaid Expenses*

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

*Capital Assets*

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

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:



**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Site Improvements	10-20 years	10-20years
Buildings and Improvements	20 - 50 years	20 - 50 years
Furniture and Equipment	5 - 20 years	5 - 20 years
Right-to-use-Equipment	Length of Lease	Length of Lease

*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.

*Leases*

The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$20,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

**Pleasant Valley School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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*Long-Term Obligations*

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

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

*Reclassification*

Certain amounts have been reclassified to conform to the June 30, 2022, 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*

**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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

*Committed Fund Balance*

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

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

*Assigned Fund Balance*

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

*Unassigned Fund Balance*

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

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

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

*Contributions of Capital*

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

**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.

**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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The details of the \$150,900,858 difference are:

Bonds payable	\$ 9,230,000
Less: Issuance discount (to be amortized as interest expense)	(1,587)
Add: Issuance premium (to be amortized as a contra to interest expense)	399,745
Accrued interest payable	57,626
Lease Obligations	162,156
Net Pension Liability	112,880,315
Compensated absences	858,171
Net OPEB Liability - Single Employer Plan	19,470,039
Net OPEB Liability - Multiple Employer Plan	6,633,612
Other Retirement Benefits	1,210,781
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	<b>\$ 150,900,858</b>

*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, 2022**

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

	<b>TOTAL GOVERN- MENTAL FUNDS</b>	<b>LONG-TERM REVENUES/ EXPENSES</b>	<b>CAPITAL RELATED ITEMS</b>	<b>LONG-TERM DEBT TRANS- ACTIONS</b>	<b>TOTAL FOR STATEMENT OF ACTIVITIES</b>
<b>REVENUES AND OTHER SOURCES</b>					
<b>LOCAL SOURCES:</b>					
Property Taxes	\$ 49,951,456	\$ (363,100)	\$ -	\$ -	\$ 49,588,356
Taxes levied for specific purposes	5,005,690	-	-	-	5,005,690
Interest and investment earnings	110,342	-	-	-	110,342
Miscellaneous	767,333	-	-	-	767,333
Contributions and Donations	17,952	-	-	-	17,952
Charges for Services	158,337	-	-	-	158,337
Grants, subsidies & contributions not restricted	27,128,269	-	-	-	27,128,269
<b>STATE SOURCES:</b>					
Operating and Capital grants and contributions	17,444,655	-	-	-	17,444,655
<b>FEDERAL SOURCES:</b>					
Operating and Capital grants and contributions	3,900,042	-	-	-	3,900,042
<b>SPECIAL AND EXTRAORDINARY ITEMS:</b>					
Proceeds from Leases	486,480	-	-	(486,480)	-
<b>TOTAL REVENUES</b>	<u>104,970,556</u>	<u>(363,100)</u>	<u>-</u>	<u>(486,480)</u>	<u>104,120,976</u>
<b>EXPENDITURES/EXPENSES</b>					
Instruction	64,041,586	(4,820,440)	1,056	-	59,222,202
Instructional Student Support	7,760,544	(726,967)	(10,553)	-	7,023,024
Admin. & Fin'l Support Services	8,436,182	(523,596)	(315,211)	-	7,597,375
Oper. & Maint. Of Plant Svcs.	9,308,751	(811,735)	50,229	-	8,547,245
Pupil Transportation	7,503,031	(5,188)	-	-	7,497,843
Student activities	1,451,858	(135,449)	25,695	-	1,342,104
Community Services	614,922	(1,013)	-	-	613,909
Capital Outlay	1,697,607	-	(1,697,607)	-	-
Debt Service	1,362,082	-	-	(1,053,632)	308,450
Transfers Out	35,987	-	-	-	35,987
Depreciation - unallocated	-	-	2,824,033	-	2,824,033
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>102,212,550</u>	<u>(7,024,388)</u>	<u>877,642</u>	<u>(1,053,632)</u>	<u>95,012,172</u>
<b>NET CHANGE FOR THE YEAR</b>	<u>\$ 2,758,006</u>	<u>\$ 6,661,288</u>	<u>\$ (877,642)</u>	<u>\$ 567,152</u>	<u>\$ 9,108,804</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, 2022, except the governmental activities and business-type activities (Food Service Fund) has deficits of \$51,665,768, and \$1,407,955, respectively.

**C. Excess of expenditures over appropriations in individual funds**

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

**D. Budgetary compliance**

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2022. 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.

**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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**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, 2022, \$8,546,785 of the District's bank balance of \$9,048,165 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		<u>8,546,785</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>8,546,785</u></b>

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*Reconciliation to Financial Statements*

Uncollateralized Amount Above	\$	8,546,785
Plus: Insured Amount		501,380
Less: Outstanding Checks		<u>(2,212,042)</u>
Carrying Amount - Bank balances		6,836,123
Plus: Petty Cash		8,503
Deposits in Pooled Investments Considered Cash Equivalents		29,718,377
Deposits in Money Market Mutual Funds Considered Cash Equivalents		-
Less: Certificates of Deposit considered Investment by School Code		<u>(368,014)</u>
<b>Total Cash Per Financial Statements</b>	<b>\$</b>	<b><u>36,194,989</u></b>

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**Pleasant Valley School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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*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, 2022**

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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, 2022, the District had the following investments:

<i>Investment</i>	<b>Maturities</b>	<b>Fair Value</b>
Certificates of Deposit - ESSA		\$ 256,173
Certificates of Deposit - FNBT		111,841
PA School District Liquid Asset Fund		25,508,555
PA Local Government Investment Trust		4,209,822
<b>TOTAL</b>		<b>\$ 30,086,391</b>

*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, 2022, the District's investments were rated as follows:

<i>Investment</i>	<b>Standard &amp; Poor's</b>
PA Local Government Investment Trust	AAAm
PA School District Liquid Asset Fund	AAAm

*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, 52.49% are in certificates of deposit at First Northern 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, 2022**

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*Reconciliation to Financial Statements*

Total Investments Above	\$ 30,086,391
Less: Deposits in Investment Pool Considered Cash Equivalents	(29,718,377)
Deposits in Money Market Mutual Funds Considered Cash Equivalents	-
<b>Total Investments Per Financial Statements</b>	<b>\$ 368,014</b>

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***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, 2022. 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 August 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 \$2,267,157,153. In accordance with Act 1 of 2006, the District received \$4,095,974 in property tax reduction funds for the 2021-22 fiscal year. The tax rate for the year was \$2.3814 per \$100 of assessed valuation or 23.814 mills.

The property tax calendar is:

- |                          |   |   |
|--------------------------|---|---|
| August 1                 | - | Full year tax assessed for current year.  |
| August 1 – September 30  | - | Discount period during which a 2% discount is allowed.  |
| October 1 – November 30  | - | Face amount of tax is due   |
| December 1 - 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, 2022**

*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:

	<b>GENERAL FUND</b>	<b>CAPITAL PROJECT FUND</b>	<b>FOOD SERVICE FUND</b>	<b>NON- MAJOR FUNDS</b>	<b>FIDUCIARY FUNDS</b>	<b>TOTAL</b>
<b>RECEIVABLES:</b>						
Interest	\$ -	\$ -	\$ -	\$ -	\$ 28	\$ 28
Taxes	4,658,337	-	-	48,669	-	4,707,006
Accounts	65,305	-	2,592	-	6,490	74,387
Intergovernmental	5,520,099	-	275,778	-	-	5,795,877
<b>GROSS RECEIVABLES</b>	<b>10,243,741</b>	<b>-</b>	<b>278,370</b>	<b>48,669</b>	<b>6,518</b>	<b>10,577,298</b>
Less: Allowance for Uncollectibles	-	-	-	-	-	-
<b>NET RECEIVABLES</b>	<b>\$ 10,243,741</b>	<b>\$ -</b>	<b>\$ 278,370</b>	<b>\$ 48,669</b>	<b>\$ 6,518</b>	<b>\$ 10,577,298</b>

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:

	<b>UNAVAILABLE</b>	<b>UNEARNED</b>
Delinquent Property taxes - General Fund	\$ 4,068,841	\$ -
Delinquent Property taxes - Library Fund	48,669	-
<b>TOTAL</b>	<b>\$ 4,117,510</b>	<b>\$ -</b>

**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

*Capital Assets*

Capital asset balances and activity for the year ending June 30, 2022, were:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital Assets not being depreciated:				
Land	\$ 1,724,661	\$ -	\$ -	\$ 1,724,661
Construction in Progress	-	1,697,607	(1,697,607)	-
Total Capital Assets not being depreciated	<u>1,724,661</u>	<u>1,697,607</u>	<u>(1,697,607)</u>	<u>1,724,661</u>
Capital Assets being depreciated/amortized:				
Site Improvements	4,676,442	28,856	-	4,705,298
Buildings and Bldg. Improvements	125,127,704	1,678,407	-	126,806,111
Furniture and Equipment	8,656,073	71,543	-	8,727,616
Intangible Right to Use Equipment	-	486,480	-	486,480
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED</b>	<u>138,460,219</u>	<u>2,265,286</u>	<u>-</u>	<u>140,725,505</u>
Less accumulated depreciation for:				
Site Improvements	(3,156,547)	(84,205)	-	(3,240,752)
Buildings and Bldg. Improvements	(53,202,579)	(2,752,100)	-	(55,954,679)
Furniture and Equipment	(7,436,658)	(144,465)	-	(7,581,123)
Intangible Right to Use Equipment	-	(162,160)	-	(162,160)
<b>TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION</b>	<u>(63,795,784)</u>	<u>(3,142,930)</u>	<u>-</u>	<u>(66,938,714)</u>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED NET OF ACCUMULATED DEPRECIATION/AMORTIZATION</b>	<u>74,664,435</u>	<u>(877,644)</u>	<u>-</u>	<u>73,786,791</u>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION/AMORTIZATION</b>	<u>\$ 76,389,096</u>	<u>\$ 819,963</u>	<u>\$ (1,697,607)</u>	<u>\$ 75,511,452</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 1,593,316	\$ -	\$ -	\$ 1,593,316
Less accumulated depreciation	(1,446,416)	(23,987)	-	(1,470,403)
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<u>\$ 146,900</u>	<u>\$ (23,987)</u>	<u>\$ -</u>	<u>\$ 122,913</u>

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

Instruction	\$ 7,786
Instructional Student Support	725
Admin. & Fin'l Support Services	187,525
Oper. & Maint. of Plant Svcs.	92,571
Student activities	30,290
Depreciation - unallocated	<u>2,824,033</u>
<b>TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES</b>	<u><b>\$ 3,142,930</b></u>

The governmental activities did not dispose of any equipment this year. The business-type activities did not dispose of any equipment this year.

**Commitments**

*Encumbrances*

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

The actual results of operations are presented in accordance with GAAP and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services

**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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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, 2022.

**Short-term debt**

Interfund balances between funds represent temporary loans recorded at year end subsequent to a final allocation of expenses. The balances generally are paid shortly after year end. Transfers represent funds set aside for the anticipation of future capital needs.

*Interfund receivables and payables*

The following interfund receivables and payables were in existence on June 30, 2022:

	<b>INTERFUND RECEIVABLES</b>	<b>INTERFUND PAYABLES</b>
General Fund	\$ 1,536	\$ 190,585
Special Revenue (Western Pocono) Fund	16,180	-
Enterprise (Food Service) Fund	174,405	1,536
<b>TOTAL</b>	<b>\$ 192,121</b>	<b>\$ 192,121</b>

*Interfund Transfers*

The District also made the following interfund transfers during the fiscal year ended June 30, 2022:

	<b>TRANSFER IN</b>	<b>TRANSFER OUT</b>
General Fund	\$ -	\$ 785,987
Capital Project (Capital Reserve) Fund	750,000	-
Enterprise (Food Service) Fund	35,987	-
<b>TOTAL</b>	<b>\$ 785,987</b>	<b>\$ 785,987</b>

**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

**Long-term liabilities**

Long-term liability balances and activity for the year ended June 30, 2022, were:

**CHANGES IN LONG-TERM LIABILITIES**

	<b>BEGINNING BALANCE</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>ENDING BALANCE</b>	<b>AMOUNTS DUE WITHIN ONE YEAR</b>
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>					
<b>General Obligation Debt:</b>					
<i>Bonds and notes payable:</i>					
Bonds	\$ 10,512,885	\$ 650	\$ 885,377	\$ 9,628,158	\$ 850,000
Notes	-	-	-	-	-
<b>Total general obligation debt</b>	<b>10,512,885</b>	<b>650</b>	<b>885,377</b>	<b>9,628,158</b>	<b>850,000</b>
<i>Other liabilities:</i>					
Lease Obligations	-	486,480	163,527	322,953	160,797
<i>Vested employee benefits:</i>					
Vacation pay	443,880	-	141,183	302,697	37,019
Sick pay	1,701,940	-	322,831	1,379,109	786,616
Other Retirement Benefits	1,165,792	44,989	-	1,210,781	-
Net Pension Liability	141,569,774	-	28,689,459	112,880,315	-
Net OPEB Liability - Single Employer Plan	23,469,118	-	3,999,079	19,470,039	-
Net OPEB Liability - Multiple Employer Plan	6,309,230	324,382	-	6,633,612	-
<b>Total other liabilities</b>	<b>174,659,734</b>	<b>855,851</b>	<b>33,316,079</b>	<b>142,199,506</b>	<b>984,432</b>
<b>TOTAL GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES</b>	<b>\$ 185,172,619</b>	<b>\$ 856,501</b>	<b>\$ 34,201,456</b>	<b>\$ 151,827,664</b>	<b>\$ 1,834,432</b>
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>					
<i>Other liabilities:</i>					
Net Pension Liability	\$ 2,349,837	\$ -	\$ 346,786	\$ 2,003,051	\$ -
Net OPEB Liability - Multiple Employer Plan	97,592	3,914	-	101,506	-
<i>Vested employee benefits:</i>					
Vacation pay	7,603	-	1,345	6,258	-
Sick pay	56,720	1,962	-	58,682	-
<b>TOTAL BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES</b>	<b>\$ 2,511,752</b>	<b>\$ 5,876</b>	<b>\$ 348,131</b>	<b>\$ 2,169,497</b>	<b>\$ -</b>

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:

	<b>EXPENSE</b>	<b>PAID</b>
<b>GOVERNMENTAL ACTIVITIES</b>		
General obligation debt	\$ 308,451	\$ 383,556
Refunds of Prior Year Receipts	-	-
Leases	-	-
<b>TOTAL INTEREST FOR GOVERNMENTAL ACTIVITIES</b>	<b>\$ 308,451</b>	<b>\$ 383,556</b>

**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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**Lease – Computers – IntergraOne #70010**

On July 1, 2021, The District entered into a 3-year lease as lessee for the acquisition and use of HP laptops. An initial lease liability was recorded in the amount of \$378,603 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$251,339. The District is required to make yearly fixed payments of \$127,265. The lease has an interest rate of 0.845%. The Equipment has a three-year estimated useful life. The value of the right to use asset as of June 30, 2022 was \$252,402 with accumulated amortization of \$126,201.

The future principal and interest lease payments as of June 30, 2022, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2022-23	\$ 125,141	\$ 2,124
2023-24	126,199	1,066
<b>TOTAL OUTSTANDING</b>	<b>\$ 251,340</b>	<b>\$ 3,190</b>

**Lease – Storage Network Equipment– IntergraOne #70011**

On July 1, 2021, The District entered into a 3-year lease as lessee for the acquisition and use of storage network equipment. An initial lease liability was recorded in the amount of \$107,877 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$71,615. The District is required to make yearly fixed payments of \$36,262. The lease has an interest rate of 0.845%. The Equipment has a three-year estimated useful life. The value of the right to use asset as of June 30, 2022 was \$71,918 with accumulated amortization of \$35,959.

The future principal and interest lease payments as of June 30, 2022, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2022-23	\$ 35,657	\$ 605
2023-24	35,958	304
<b>TOTAL OUTSTANDING</b>	<b>\$ 71,615</b>	<b>\$ 909</b>

**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.

**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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The outstanding debt service requirements at June 30, 2022, are:

FISCAL YEAR	PRINCIPAL	INTEREST
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
<b>SUB-TOTAL</b>	<b>1,460,000</b>	<b>\$ 97,269</b>
Unamortized Discount	(1,587)	
Unamortized Premium	5,964	
<b>TOTAL OUTSTANDING</b>	<b>\$ 1,464,377</b>	

**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, 2022 are:

FISCAL YEAR	PRINCIPAL	INTEREST
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
<b>SUB-TOTAL</b>	<b>\$ 7,770,000</b>	<b>\$ 1,992,500</b>
Unamortized Premium	393,781	
<b>TOTAL OUTSTANDING</b>	<b>\$ 8,163,781</b>	

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

**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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*Combined Long-Term Debt*

The combined long-term debt obligations for subsequent years are:

**Bonds**

<b>Fiscal Year Ended June 30</b>	<b>GO Bonds - 2012</b>		<b>GO Bonds - 2018</b>	
	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>
2023	\$ 33,788	\$ 280,000	\$ 316,500	\$ 570,000
2024	27,075	285,000	288,000	600,000
2025	19,887	290,000	264,000	625,000
2026	12,325	300,000	239,000	650,000
2027	4,194	305,000	213,000	675,000
2027-2032	-	-	638,000	3,800,000
2032-2033	-	-	34,000	850,000
<b>TOTAL</b>	<b>\$ 97,269</b>	<b>\$ 1,460,000</b>	<b>\$ 1,992,500</b>	<b>\$ 7,770,000</b>

<b>Fiscal Year Ended June 30</b>	<b>Total Bonds</b>	
	<b>Interest</b>	<b>Principal</b>
2023	\$ 350,288	\$ 850,000
2024	315,075	885,000
2025	283,887	915,000
2026	251,325	950,000
2027	217,194	980,000
2027-2032	638,000	3,800,000
2032-2033	34,000	850,000
<b>TOTAL</b>	<b>\$ 2,089,769</b>	<b>\$ 9,230,000</b>



**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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***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, 2022, in the General Fund, that will use currently available financial resources is \$786,616 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 \$58,682, including FICA tax (net of reimbursement). The remaining balance of termination benefits of \$592,493, 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 \$6,258, including FICA tax and retirement contributions (net of reimbursement). The vacation leave earned as of June 30, 2022, in the General Fund that will use currently available financial resources is \$37,019, 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, 2022, of \$265,678, 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***

*Public School Employees' Retirement System (PSERS) Pension Plan*

***Summary of Significant Accounting Policies***

*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 (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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***General Information about the Pension Plan***

*Plan description*

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

*Benefits provided*

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon 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 Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 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 Class 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.

**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

Contributions

Member Contributions:

The contribution rates based on qualified member compensation for virtually all members are presented below:

<b>Member Contribution Rates</b>				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	7.50%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	10.30%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	8.25%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	7.50%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

**Shared Risk Program Summary**

Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/-0.50%	5.50%	9.50%
T-F	10.30%	+/-0.50%	8.30%	12.30%
T-G	5.50%	+/-0.75%	2.50%	8.50%
T-H	4.50%	+/-0.75%	1.50%	7.50%

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2022 was 34.14% 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 \$13,227,226 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$114,883,366 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2020 to June 30, 2021. 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, 2022, the District's proportion was 0.2836 percent, which was a decrease of 0.0115 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized pension expense of \$5,072,714. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

<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	\$ 33,938	\$ -
Changes in Assumptions	5,648,000	-
Net difference between projected and actual contributions made	-	418,314
Net difference between projected and actual earnings on pension plan investments	-	18,534,000
Difference between expected and actual experience	-	1,444,000
Changes in proportion of the Net Pension Liability	-	5,735,000
District contributions subsequent to the measurement date	13,227,226	-
Total	<u>\$ 18,909,164</u>	<u>\$ 26,131,314</u>

\$13,227,226 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:

<b>Year ended June 30:</b>	<b><u>Amount</u></b>
2022	\$ (6,175,000)
2023	(4,399,238)
2024	(3,756,851)
2025	(6,100,777)
Thereafter	<u>(17,510)</u>
Total	<u>\$ (20,449,376)</u>

***Changes in Actuarial Assumptions***

The Total Pension Liability as of June 30, 2021 was determined by rolling forward the System's Total Pension Liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2020
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.

**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate - decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates - Previously 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. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five year the period ending June 30, 2020.

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.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global public equity	27.0%	5.2%
Private Equity	12.0%	7.3%
Fixed Income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	1.0%
Leverage	-13.0%	1.0%
	<b>100%</b>	

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, 2021.

**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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Discount rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that 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 net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 152,828,000	\$ 116,437,000	\$ 85,739,000

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](http://www.psers.state.pa.gov).

State Funding

The Commonwealth of Pennsylvania generally reimburses the School District for 50%-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2022, the School District recognized revenue of \$8,295,298 as reimbursement from the State for its current year pension payments

Payables to the Pension Plan

As of June 30, 2022, the School District had \$5,184,758 included in accrued wages liability, of which \$3,582,776 is for the contractually required contribution for the second quarter of 2022 and \$1,601,982 is related to the accrued payroll liability for wages incurred as of June 30, 2022.

**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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***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 \$1,210,781, shown under the governmental activities column on the government-wide Statement of Net Position as of June 30, 2022.

***Other Post-Employment Benefits***

***Public School Employees' Retirement System (PSERS) Multiple Employer OPEB Plan on Health Insurance Premium Assistance Program***

***Summary of Significant Accounting Policies***

***Other Postemployment Benefits***

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' 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.

***General Information about the Health Insurance Premium Assistance Program***

***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.

**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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**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](http://www.psers.pa.gov).

**Benefits provided**

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

**Contributions**

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2022 was 0.80% 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 \$309,953 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$6,735,118 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. 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, 2022, the District's proportion was 0.2837 percent, which was a decrease of 0.0123 percent from its proportion measured as of June 30, 2021.



**Pleasant Valley School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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For the year ended June 30, 2022, the District recognized OPEB expense of \$343,608. At June 30, 2022, 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	\$ 1,705	\$ -
Changes in Assumptions	626,000	-
Net difference between projected and actual contributions made	-	4,506
Net difference between projected and actual investment earnings	13,000	-
Difference between expected and actual experience	63,000	-
Changes in proportion of the Net OPEB Liability	-	346,000
District contributions subsequent to the measurement date	<u>309,953</u>	<u>-</u>
Total	<u>\$ 1,013,658</u>	<u>\$ 350,506</u>

\$309,953 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:

<b>Year ended June 30:</b>	<b><u>Amount</u></b>
2022	\$ 49,000
2023	48,608
2024	76,611
2025	70,796
2026	56,661
Thereafter	<u>51,523</u>
Total	<u>\$ 353,199</u>

**Pleasant Valley School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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***Actuarial Assumptions***

The Total OPEB Liability as of June 30, 2021, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.18% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% 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 a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- 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, 2020 valuation were based on the results of an actuarial experience study that was performed for the five year the 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, 2019 determined the employer contribution rate for fiscal year 2021.
- 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 Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

**Pleasant Valley School District  
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<b>OPEB - Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	79.8%	0.1%
US Core Fixed Income	17.5%	0.7%
Non-US Developed Fixed	2.7%	-0.3%
	<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, 2021.

**Discount rate**

The discount rate used to measure the Total OPEB Liability was 2.18%. 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 2.18% which represents the S&P 20-year Municipal Bond Rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

**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, 2021, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2021, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 611 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, 2021, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if the health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
System net OPEB liability	\$ 6,724,000	\$ 6,725,000	\$ 6,726,000

**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 2.18%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.18%) or 1-percentage-point higher (3.18%) than the current rate:

**Pleasant Valley School District  
Notes to Basic Financial Statements  
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	<b>1% Decrease 1.18%</b>	<b>Current Discount Rate 2.18%</b>	<b>1% Increase 3.18%</b>
District's proportionate share of the net OPEB liability	\$ 7,718,000	\$ 6,725,000	\$ 5,907,000

*OPEB plan fiduciary net position*

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

*Payables to the Multiple Employer OPEB Plan*

As of June 30, 2022, the School District had \$121,494 included in accrued wages liability, of which \$83,955 is for the contractually required contribution for the second quarter of 2022 and \$37,539 is related to the accrued payroll liability for wages incurred as of June 30, 2022.

**Pleasant Valley School District  
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**Single Employer OPEB Plan**

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

<b>SUMMARY OF PLAN PROVISIONS</b>			
<i>Group</i>	<i>Eligibility</i>	<i>Coverage and Premium Sharing</i>	<i>Duration</i>
<b><u>I. ADMINISTRATORS</u></b>			
A) Retired prior to July 1, 2013	N/A – Already retired.	<ul style="list-style-type: none"> <li>• Coverage: Medical, Dental, Prescription Drug, and Vision.</li> <li>• 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.</li> </ul> <p>Upon the death of a retiree, the dependent may continue coverage by paying the full premium.</p> <ul style="list-style-type: none"> <li>• Dependents: Family included.</li> </ul>	<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"> <li>• Coverage: Medical, Dental, Prescription Drug, and Vision.</li> <li>• 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 greater of the active co-pay at the time of retirement and the PSERS supplement. Based on the current contract, the annual active co-pay is \$1,200. Dependents must pay the full premium to continue coverage. If Act 110/43, member must pay premium determined for the purpose of COBRA.</li> </ul> <p>Upon the death of a retiree, the dependent may continue coverage by paying the full premium</p> <ul style="list-style-type: none"> <li>• Dependents: Family included.</li> </ul>	Same as IA
<b><u>II. CONFIDENTAL SECRETARIES</u></b>	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"> <li>• Coverage: Medical, Dental, and Prescription Drug</li> <li>• 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 \$260. Dependents must pay the full premium to continue coverage. If Act 110/43, member must pay premium determined for the purpose of COBRA.</li> </ul> <p>Upon the death of a retiree, the dependent may continue coverage by paying the full premium</p> <ul style="list-style-type: none"> <li>• Dependents: Family included.</li> </ul>	Same as IA

**Pleasant Valley School District  
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<b>SUMMARY OF PLAN PROVISIONS (continued)</b>			
<i>Group</i>	<i>Eligibility</i>	<i>Coverage and Premium Sharing</i>	<i>Duration</i>
<b><u>III. TEACHERS</u></b>			
A) Retired prior to July 1, 2013	N/A – Already retired	<ul style="list-style-type: none"> <li>• Coverage: Medical, Dental, and Prescription Drug</li> <li>• 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.</li> </ul> <p>Upon the death of a retiree, the dependent may continue coverage by paying the full premium.</p> <ul style="list-style-type: none"> <li>• Dependents: Family included.</li> </ul>	Same as IA.
B) Retired on or after July 1, 2013	Same as II	<ul style="list-style-type: none"> <li>• Coverage: Medical, Dental, and Prescription Drug</li> <li>• Premium Sharing: If member has 25 years of service with the District and retires through PSERS, the District will contribute 100% of the premium rate for the member less the greater of the active co-pay at the time of retirement and the PSERS supplement. Based on the current contract, the annual active co-pay is \$1,200. Dependents must pay the full premium to continue coverage. If Act 110/43, member must pay premium determined for the purpose of COBRA.</li> </ul> <p>Upon the death of a retiree, the dependent may continue coverage by paying the full premium.</p> <ul style="list-style-type: none"> <li>• Dependents: Family included.</li> </ul>	Same as IA.
<b><u>IV. SUPPORT STAFF</u></b>			
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"> <li>• Coverage: Medical, Dental, and Prescription Drug</li> <li>• Premium Sharing: If member has 30 years of service with the District and retires through PSERS, the District will contribute 100% of the premium rate for the member less the greater of the active co-pay at the time of retirement and the PSERS supplement. Based on the current contract, the annual active co-pay is \$260. Dependents must pay the full premium to continue coverage. If Act 110/43, member must pay premium determined for the purpose of COBRA.</li> </ul> <p>Upon the death of a retiree, the dependent may continue coverage by paying the full premium.</p> <ul style="list-style-type: none"> <li>• Dependents: Family included.</li> </ul>	Same as IA.

**Pleasant Valley School District**  
**Notes to Basic Financial Statements**  
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**Notes:** Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

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

PSERS Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 62 with 5 years of PSERS Service or ii) 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. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 65 with 10 years of PSERS service or ii) 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. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 5) All individuals except those in Pension Class T-G are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service. Individuals in Pension Class T-G are eligible for a special early retirement upon reaching age 57 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  
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Employees covered by benefit terms

At June 30, 2022, the following employees were covered by the benefit terms:

Active Participants	564
Vested Former Participants	0
Retired Participants	<u>53</u>
Total	617

Total OPEB Liability

The School's total OPEB liability under this single employer plan of \$19,470,039, was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021.

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:

	<b>Single Employer OPEB Healthcare Benefit</b>
Actuarial Valuation Date	7/1/2021
Actuarial Cost Method	Entry Age Normal
Interest Rate	2.28%
Projected salary increases	3.50% to 6.25%
Healthcare inflation rate	5.5% in 2021 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, 2021.	



**Pleasant Valley School District  
Notes to Basic Financial Statements  
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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>2021-22</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 1,442,902
Interest	456,080
Changes in Benefit Terms	-
Difference between expected and actual experience	(4,595,107)
Changes in assumptions	(580,054)
Benefit payments	<u>(722,900)</u>
Net change in total OPEB Liability	(3,999,079)
Total OPEB Liability - beginning	<u>23,469,118</u>
<b>Total OPEB Liability - ending</b>	<u>\$ 19,470,039</u>
Covered employee payroll	<u>\$ 36,031,963</u>
Total OPEB Liability as a percentage of covered employee payroll	54.04%

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

For the year ended June 30, 2022, the School recognized OPEB expense of \$1,507,314. At June 30, 2022, the School reported deferred outflows of resource and deferred inflows of resources related to this single employer OPEB plan from the following sources:

<b>Sources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in Assumptions	\$ 1,299,734	\$ -
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	-	4,915,498
Changes in proportion of the Net OPEB Liability	-	-
District contributions subsequent to the measurement date	<u>644,702</u>	<u>-</u>
<b>Total</b>	<u>\$ 1,944,436</u>	<u>\$ 4,915,498</u>

**Pleasant Valley School District  
Notes to Basic Financial Statements  
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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:

<b>Year ended June 30:</b>	<b><u>Amount</u></b>
2023	\$ (391,668)
2024	(391,668)
2025	(391,668)
2026	(391,668)
2027	(391,668)
Thereafter	<u>(1,657,424)</u>
Total	<u>\$ (3,615,764)</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 (1.28%) or 1-percentage point higher (3.28%) than the current discount rate:

	<b>1% Decrease 1.28%</b>	<b>Current Discount Rate 2.28%</b>	<b>1% Increase 3.28%</b>
District's proportionate share of the net OPEB liability	\$ 20,864,300	\$ 19,470,039	\$ 18,126,588

***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:

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
System net OPEB liability	\$ 17,188,535	\$ 19,470,039	\$ 22,141,608

**Pleasant Valley School District  
Notes to Basic Financial Statements  
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**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 &amp; OPEB Total</i>	<i>Governmental &amp; Business-Type Activities</i>		<i>Total</i>
	DR OR (CR)	DR OR (CR)	DR OR (CR)	DR OR (CR)			DR OR (CR)
	CURRENT YR BALANCE	CURRENT YR BALANCE	CURRENT YR BALANCE	CURRENT YR BALANCE			CURRENT YR BALANCE
Change in Proportion	\$ (5,653,595)	\$ -	\$ (341,343)	\$ (5,994,938)	Change in Proportion		\$ (6,081,000)
Current Year Contributions	13,013,828	644,702	304,952	13,963,482	Current Year Contributions		14,181,881
Change in Assumption	5,574,874	1,299,734	618,111	7,492,719	Change in Assumption		7,573,734
Diff in Projected Vs Actual Contributions	(412,068)	-	(4,431)	(416,499)	Diff in Projected Vs Actual Contributions		(422,820)
Difference in Investment Earnings	(18,349,248)	-	12,808	(18,336,440)	Difference in Investment Earnings		(18,521,000)
Diff. between Expected vs Actual Experience	(1,416,018)	(4,915,498)	62,038	(6,269,478)	Diff. between Expected vs Actual Experience		(6,296,498)
Diff. between Prop. Share vs Actual POS	33,938	-	1,705	35,643	Diff. between Prop. Share vs Actual POS		35,643
<b>Net Pension Liability</b>	<b>\$ 112,880,315</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 112,880,315</b>	<b>Net Pension Liability</b>		<b>\$ 114,883,366</b>
<b>Net OPEB Liability</b>	<b>\$ -</b>	<b>\$ 19,470,039</b>	<b>\$ 6,633,612</b>	<b>\$ 26,103,651</b>	<b>Net OPEB Liability</b>		<b>\$ 26,205,157</b>
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 &amp; OPEB Total</i>	<i>Governmental</i>		<i>Business-Type</i>
	DR OR (CR)	DR OR (CR)	DR OR (CR)	DR OR (CR)			Activities
	CURRENT YR BALANCE	CURRENT YR BALANCE	CURRENT YR BALANCE	CURRENT YR BALANCE			Activities
Change in Proportion	\$ (81,405)	\$ -	\$ (4,657)	\$ (86,062)	<i>Pension Plan</i>		
Current Year Contributions	213,398	-	5,001	218,399	Net Pension Liability	\$ 112,880,315	\$ 2,003,051
Change in Assumption	73,126	-	7,889	81,015	Deferred Outflow Related to Pension	(18,622,640)	(286,524)
Diff in Projected Vs Actual Contributions	(6,246)	-	(75)	(6,321)	Deferred Inflows Related to Pension	25,830,929	300,385
Difference in Investment Earnings	(184,752)	-	192	(184,560)	<b>Total liab. Net deferred inflows/outflows</b>	<b>\$ 120,088,604</b>	<b>\$ 2,016,912</b>
Diff. between Expected vs Actual Experience	(27,982)	-	962	(27,020)	<b>OPEB - Single &amp; Multiple Employer Plans</b>		
Diff. between Prop. Share vs Actual POS	-	-	-	-	Net OPEB Liability	\$ 26,103,651	\$ 101,506
<b>Net Pension Liability</b>	<b>\$ 2,003,051</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,003,051</b>	Deferred Outflows Related to OPEB	(2,944,050)	(14,044)
<b>Net OPEB Liability</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 101,506</b>	<b>\$ 101,506</b>	Deferred Inflows Related to OPEB	5,261,272	4,732
					<b>Total liab. Net deferred inflows/outflows</b>	<b>\$ 28,420,873</b>	<b>\$ 92,194</b>

**Pleasant Valley School District  
Notes to Basic Financial Statements  
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***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 \$3,865,203, to the District as of June 30, 2022, 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 \$3,941,312 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 \$2,852,846 at year end within this fund is considered restricted.

*Nonspendable Fund Balance*

The General Fund Balance had \$0 in nonspendable fund balance at June 30, 2022.

*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 \$3,666,717 in assigned fund balance. \$2,666,717 is assigned for PSERS rate stabilization, \$500,000 for future capital needs, and \$500,000 for tax rate stabilization.

**Note 8 - Restricted Net Position**

*Net Investment in Capital Assets*

The components of this restriction are total capital assets of \$75,511,452, unspent proceeds of \$2,852,846, with related debt of \$9,628,159, which includes unamortized bonds discounts, and premiums. The business-type activities column reflects \$122,913 invested in capital assets with no related debt. The governmental activities also restricted \$3,941,312 for capital projects.

**Pleasant Valley School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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**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, 2022.

*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. 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. 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
- Statement No. 99, *Omnibus 2022* - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Effective Dates: Requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. Requirements related to financial guarantees and the classification and reporting of derivative instruments with in the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023.

**Pleasant Valley School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Effective Date: for fiscal years beginning after June 15, 2023.
  
- Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Effective Date: for fiscal years beginning after December 15, 2023.

**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, 2022**

	<u>2021-22</u>	<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)	0.2836%	0.2951%	0.3003%	0.3032%	0.3094%	0.3044%	0.3028%	0.3129%
District's proportionate share of the net pension liability (asset)	\$ 116,437,000	\$ 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	38,744,073	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	300.53%	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	63.67%	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, 2022

	<u>2021-22</u>	<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>
Contractually required contribution	\$ 13,227,226	\$ 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
Contributions in relation to the contractually required contribution	<u>13,227,226</u>	<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>
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	\$ 38,744,073	\$ 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
Contributions as a percentage of covered employee payroll	34.14%	33.69%	33.45%	32.60%	31.74%	29.20%	25.00%	20.50%	16.00%	11.50%

**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, 2022**

	<u>2021-22</u>	<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	0.2837%	0.2960%	0.3003%	0.3032%	0.3094%	0.3044%
District's proportionate share of the net OPEB liability (asset)	\$ 6,725,000	\$ 6,396,000	\$ 6,387,000	\$ 6,322,000	\$ 6,304,000	\$ 6,557,000
District's covered-employee payroll	40,224,599	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	16.72%	15.87%	14.96%	15.26%	15.45%	16.47%
Plan fiduciary net position as a percentage of the total OPEB liability	5.30%	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, 2022**

	<u>2021-22</u>	<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>
Contractually required contribution	\$ 309,953	\$ 330,548	\$ 358,509	\$ 343,917	\$ 338,708	\$ 330,450	\$ 330,554	\$ 350,488	\$ 333,927	\$ 310,742
Contributions in relation to the contractually required contribution	<u>309,953</u>	<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>
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	\$ 38,744,073	\$ 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
Contributions as a percentage of covered employee payroll	0.80%	0.82%	0.84%	0.83%	0.83%	0.83%	0.84%	0.90%	0.93%	0.86%

**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, 2022**

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
<b>Total OPEB Liability</b>					
Service Cost	\$ 1,442,902	\$ 1,037,279	\$ 1,083,811	\$ 1,019,133	\$ 995,141
Interest	456,080	690,599	629,634	633,409	462,423
Changes in Benefit Terms	-	-	807,536	-	(62,238)
Difference between expected and actual experience	(4,595,107)	-	(1,688,821)	-	821,942
Changes in assumptions	(580,054)	2,565,698	(585,927)	7,130	264,306
Benefit payments	<u>(722,900)</u>	<u>(743,442)</u>	<u>(811,872)</u>	<u>(856,706)</u>	<u>(820,379)</u>
Net change in total OPEB Liability	(3,999,079)	3,550,134	(565,639)	802,966	1,661,195
Total OPEB Liability - beginning	<u>23,469,118</u>	<u>19,918,984</u>	<u>20,484,623</u>	<u>19,681,657</u>	<u>18,020,462</u>
<b>Total OPEB Liability - ending</b>	<u>\$ 19,470,039</u>	<u>\$ 23,469,118</u>	<u>\$ 19,918,984</u>	<u>\$ 20,484,623</u>	<u>\$ 19,681,657</u>
Covered employee payroll	<u>\$ 36,031,963</u>	<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	54.04%	59.68%	50.65%	55.22%	53.05%

**Pleasant Valley School District  
Notes to Required Supplemental Information  
Fiscal Year Ended June 30, 2022**

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**Public School Employees' Retirement System**

Changes of benefit terms

None

Changes in assumptions

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:

- Valuation Date -- June 30, 2020
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.00% includes inflation at 2.50%.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability decreases from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate - decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates - previously 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. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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 2.66% as of June 30, 2020 to 2.18% as of June 30, 2021.

**Pleasant Valley School District  
Notes to Required Supplemental Information  
Fiscal Year Ended June 30, 2022**

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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 – 2.18% - S&P 20 Year Municipal Bond Rate.
- Salary increases – Effective average of 4.5%, which reflects an allowance for inflation of 2.50%, and 2.00% for real wage growth and merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- 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, 2019 determined the employer contribution rate for fiscal year 2021.
- 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 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 1.86% to 2.28%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal, and retirement were updated based on new PSERS assumptions.

**Pleasant Valley School District**  
**Notes to Required Supplemental Information**  
**Fiscal Year Ended June 30, 2022**

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*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 2021 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 2.28% 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, 2022

	CAPITAL RESERVE FUND	CONSTRUCTION FUND	TOTAL CAPITAL PROJECT FUNDS
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 3,941,312	\$ 2,853,366	\$ 6,794,678
<b>TOTAL ASSETS</b>	3,941,312.00	2,853,366.00	6,794,678.00
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred Charges on Refundings, net	-	-	-
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 3,941,312</u></b>	<b><u>\$ 2,853,366</u></b>	<b><u>\$ 6,794,678</u></b>
 <b><u>LIABILITIES</u></b>			
Accounts Payable	\$ -	\$ 520	\$ 520
<b>TOTAL LIABILITIES</b>	-	520	520
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unearned Revenue	-	-	-
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	-	520	520
 <b>FUND BALANCES:</b>			
Restricted Fund Balance	3,941,312	2,852,846	6,794,158
<b>TOTAL FUND BALANCES</b>	<b><u>3,941,312</u></b>	<b><u>2,852,846</u></b>	<b><u>6,794,158</u></b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	 <b><u>\$ 3,941,312</u></b>	 <b><u>\$ 2,853,366</u></b>	 <b><u>\$ 6,794,678</u></b>

**Pleasant Valley School District**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**All Capital Project Funds**  
**For the Year Ended June 30, 2022**

	<b>CAPITAL RESERVE FUND</b>	<b>CONSTRUCTION FUND</b>	<b>TOTAL CAPITAL PROJECT FUNDS</b>
<b>REVENUES</b>			
Local Sources	\$ 12,928	\$ 5,264	\$ 18,192
<b>TOTAL REVENUES</b>	12,928	5,264	18,192
	-----	-----	-----
<b>EXPENDITURES</b>			
Support Services	-	520	520
Capital Outlay	21,757	1,668,750	1,690,507
<b>TOTAL EXPENDITURES</b>	21,757	1,669,270	1,691,027
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(8,829)	(1,664,006)	(1,672,835)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	750,000	-	750,000
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	750,000	-	750,000
<b>NET CHANGE IN FUND BALANCES</b>	741,171	(1,664,006)	(922,835)
<b>FUND BALANCES - BEGINNING</b>	3,200,141	4,516,852	7,716,993
<b>FUND BALANCES - ENDING</b>	\$ 3,941,312	\$ 2,852,846	\$ 6,794,158

**Pleasant Valley School District  
General Fund  
Schedule on Tax Collectors' Receipts  
For the Year Ended June 30, 2022**

	<u>CHESTNUTHILL TOWNSHIP</u>	<u>ELDRED TOWNSHIP</u>	<u>POLK TOWNSHIP</u>	<u>ROSS TOWNSHIP</u>	<u>TOTAL</u>
<b><u>CURRENT REAL ESTATE TAXES</u></b>					
Assessed Value	\$ 1,148,096,490	\$ 213,986,153	\$ 527,999,360	\$ 377,075,150	\$ 2,267,157,153
Millage Rate	<u>0.0238136</u>	<u>0.0238136</u>	<u>0.0238136</u>	<u>0.0238136</u>	<u>0.023814</u>
Total Tax to be Collected	27,340,312	5,095,781	12,585,848	8,986,765	54,008,706
Less: Act 1 Deduction	<u>1,997,259</u>	<u>363,991</u>	<u>972,750</u>	<u>761,974</u>	<u>4,095,974</u>
Total Taxable Duplicate	25,343,053	4,731,790	11,613,098	8,224,791	49,912,732
PLUS - Additions	366	-	4,739	-	5,105
Penalties	<u>39,650</u>	<u>10,640</u>	<u>24,224</u>	<u>17,038</u>	<u>91,552</u>
<b>TOTAL TAXES TO BE COLLECTED</b>	<u>25,383,069</u>	<u>4,742,430</u>	<u>11,642,061</u>	<u>8,241,829</u>	<u>50,009,389</u>
LESS: Discounts	434,872	81,609	189,909	138,152	844,542
Reductions	-	-	-	-	-
Refunds	3,871	-	-	694	4,565
1.75 Mill Library Tax	283,353	62,315	129,268	94,366	569,302
Returned to County	1,248,224	183,100	674,596	284,090	2,390,010
Upset Sales	-	-	-	-	-
Exonerations	<u>1,367</u>	<u>1,113</u>	<u>4,907</u>	<u>7,145</u>	<u>14,532</u>
<b>NET CURRENT REAL ESTATE TAXES COLLECTED</b>	<u>\$ 23,411,382</u>	<u>\$ 4,414,293</u>	<u>\$ 10,643,381</u>	<u>\$ 7,717,382</u>	<u>\$ 46,186,438</u>
<b>CURRENT INTERIM REAL ESTATE TAXES COLLECTED</b>	<u>\$ 28,840</u>	<u>\$ 7,712</u>	<u>\$ 105,579</u>	<u>\$ 15,412</u>	<u>\$ 157,543</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, 2022**

<b><u>6000 - Revenue from Local Sources</u></b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
6111 Current Real Estate Taxes	\$ 46,129,992	\$ 46,186,436	\$ 56,444
6112 Interim Real Estate Taxes	35,000	157,543	122,543
6113 Public Utility	50,000	49,798	(202)
6114 Payment in Lieu of Taxes	6,500	6,838	338
6151 Earned Income Tax	3,000,000	3,747,494	747,494
6153 Real Estate Transfer Tax	500,000	1,062,029	562,029
6411 Delinquent Real Estate Taxes	2,000,000	3,002,870	1,002,870
6451 Delinquent Earned Income Taxes	140,000	139,531	(469)
6510 Interest	15,000	92,148	77,148
6710 Admissions	24,000	9,226	(14,774)
6740 Fees	25,000	6,302	(18,698)
6790 Other Student Activity Income	22,000	21,021	(979)
6832 I/U Services - Federal	600,000	680,854	80,854
6910 Rentals	128,000	93,016	(34,984)
6920 Contributions	32,500	17,952	(14,548)
6942 Summer School	25,000	220	(24,780)
6944 Receipts from Other LEA's - Education	100,000	112,288	12,288
6949 Other Tuition from Patrons	6,000	9,280	3,280
6970 Services provided other funds	400,000	358,866	(41,134)
6990 Miscellaneous	128,330	87,843	(40,487)
6991 Refunds of Prior Yr. Expenditures	-	116,556	116,556
6992 Energy Efficiency Revenues	-	10,500	10,500
6999 Other Revenues Not Specified Above	-	111,052	111,052
	<u>53,367,322.00</u>	<u>56,079,663.00</u>	<u>2,712,341.00</u>
<b>TOTAL REVENUE FROM LOCAL SOURCES</b>			
<b><u>7000 - Revenue from State Sources</u></b>			
7111 Basic Education Funding - Formula	23,052,725	23,052,649	(76)
7112 Basic Education Funding - Social Security	1,936,332	1,728,050	(208,282)
7160 Orphan Tuition	350,000	377,933	27,933
7271 Special Education	3,811,886	3,955,246	143,360
7311 Transportation (Regular and Additional)	2,700,000	1,566,716	(1,133,284)
7312 Transportation (NonPublic and Charter School)	30,000	242,550	212,550
7330 Health Services	75,000	67,814	(7,186)
7340 State Property Tax Allocation Reduction	4,075,620	4,075,620	-
7369 Other Safe Schools Grants	-	179,292	179,292
7505 Ready to Learn Grant	1,021,000	1,021,256	256
7820 Retirement Revenue	8,846,327	8,295,298	(551,029)
	<u>45,898,890</u>	<u>44,562,424</u>	<u>(1,336,466)</u>
<b>TOTAL REVENUE FROM STATE SOURCES</b>			
<b><u>8000 - Revenue from Federal Source</u></b>			
8514 Title I	780,000	775,845	(4,155)
8515 Title II	200,000	135,017	(64,983)
8516 Title III	-	19,812	19,812
8517 Title IV	-	52,469	52,469
8741 ESSER I	-	33,463	33,463
8743 ESSER II	2,054,000	1,326,460	(727,540)
8744 ARP ESSER III	1,500,000	36,328	(1,463,672)
8752 ARP ESSER Summer Programs	-	19,761	19,761
8810 Medical Assistance Reimbursements (Access)	500,000	780,479	280,479
8820 Medical Assistance Reimbursement for Health-Related	30,000	39,554	9,554
	<u>\$ 5,064,000</u>	<u>\$ 3,219,188</u>	<u>\$ (1,844,812)</u>
<b>TOTAL REVENUE FROM FEDERAL SOURCES</b>			

**Pleasant Valley School District**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual**  
**For the Year Ended June 30, 2022**

<b>9000 - Other Financing Sources</b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
9220 Proceeds from Leases	\$ -	\$ 486,480	\$ 486,480
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>486,480</b>	<b>486,480</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 104,330,212</b>	<b>\$ 104,347,755</b>	<b>\$ 17,543</b>

**1000 - Instruction**

1110 Regular Programs - Elem./Secondary	\$ 40,869,432	\$ 40,866,536	\$ 2,896
1190 Federally Funded Regular Programs	962,419	962,419	-
1211 Life Skills Support - Public	1,133,348	1,110,232	23,116
1221 Deaf or Hearing Impaired Support	250	-	250
1241 Learning Support - Public	16,723,934	16,723,934	-
1243 Gifted Support	715,647	715,647	-
1290 Other Support	44,127	44,127	-
1341 Agricultural Education	583,859	498,287	85,572
1350 Industrial Arts Education	519,825	516,089	3,736
1360 Business Education	458,828	458,828	-
1390 Other Vocational Education Programs	1,819,139	1,684,036	135,103
1410 Drivers' Education	9,890	-	9,890
1420 Summer School	65,258	65,258	-
1430 Homebound Instruction	26,970	12,858	14,112
1441 Adjudicated / Court Placed Programs	1,893	1,893	-
1442 Alternative Education Programs	526,000	373,740	152,260
1500 Nonpublic School Programs	7,702	7,702	-
Total Instruction	64,468,521	64,041,586	426,935

**2000 - Support Services**

2120 Guidance Services	2,331,285	2,301,147	30,138
2130 Attendance Services	298,210	274,022	24,188
2142 Psychological Services	591,319	552,628	38,691
2151 Supervision of Speech Pathology and Audiology	953,035	953,035	-
2160 Social Work Services	98,973	57,842	41,131
2170 Student Accounting Services	228,268	200,964	27,304
2220 Technology Support Services	4,750	250	4,500
2240 Computer Assisted Instruction Services	500	-	500
2250 School Library Services	891,589	891,589	-
2260 Instructional & Curriculum Dev. Service	1,378,405	1,327,831	50,574
2270 Instructional Staff Development Services	3,000	2,124	876
2271 Instructional Staff Development Services (Certified)	218,750	176,618	42,132
2272 Instructional Staff Development Services ( Non-Certified)	2,000	777	1,223
2290 Other Instructional Staff Services	309,411	237,687	71,724
2310 Board Services	222,121	194,217	27,904
2330 Tax Assessment & Collection Service	264,324	264,324	-
2350 Legal Services	300,000	231,434	68,566
2360 Office of the Superintendent Services	796,578	796,578	-
2380 Office of the Principal Services	2,543,118	2,383,731	159,387
2420 Medical Services	8,350	-	8,350
<b>SUB-TOTAL SUPPORT SERVICES (Carried Over)</b>	<b>\$ 11,443,986</b>	<b>\$ 10,846,798</b>	<b>\$ 597,188</b>

**Pleasant Valley School District  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual  
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>SUB-TOTAL SUPPORT SERVICES (Carried Forward)</b>	\$ 11,443,986	\$ 10,846,798	\$ 597,188
2430 Dental Services	1,800	-	1,800
2440 Nursing Services	841,541	784,030	57,511
2511 Supervision of Fiscal Services	113,244	70,664	42,580
2512 Budgeting Services	124,965	124,965	-
2513 Receiving and Disbursing Funds Services	175,655	146,795	28,860
2514 Payroll Services	157,831	135,516	22,315
2515 Financial Accounting Services	231,348	231,348	-
2519 Other Fiscal Services	329,342	286,438	42,904
2540 Printing, Publishing and Duplicating Services	475,000	414,430	60,570
2611 Supervision of Operation and Maintenance of Plant Services - Hea	264,687	264,687	-
2619 Supervision of Operation and Maintenance of Plant Services	116,697	48,655	68,042
2620 Operation of Building Services	7,709,430	7,620,038	89,392
2660 Security Services	1,504,607	1,375,371	129,236
2711 Supervision of Student Transportation Services - Head	98,842	48,049	50,793
2720 Vehicle Operation Services	6,935,355	6,875,501	59,854
2750 Non-Public Transportation	579,481	579,481	-
2818 System-Wide Technology Services	2,916,851	2,916,851	-
2831 Supervision of Staff Services	229,938	191,735	38,203
2833 Staff Accounting Services	17,406	17,406	-
2834 Staff Development Services - Non-Instructional, Certified	4,000	-	4,000
2836 Staff Development Services - Non-Instructional, Non-Certified	5,000	2,405	2,595
2900 Other Support Services	30,000	26,825	3,175
	<u>34,307,006</u>	<u>33,007,988</u>	<u>1,299,018</u>
<b>Total Support Services</b>			
<b><u>3000 - Operation of Non-Instructional Services</u></b>			
3210 School Sponsored Student Activities	397,120	286,739	110,381
3250 School Sponsored Athletics	1,425,662	1,165,117	260,545
3300 Community Services	16,657	10,315	6,342
	<u>1,839,439</u>	<u>1,462,171</u>	<u>377,268</u>
<b>Total Non-Instructional Services</b>			
<b><u>4000 - Facilities Acquisition, Construction, and Improvement Svcs.</u></b>			
4600 Existing Building Improvement Services	7,100	7,100	-
	<u>7,100</u>	<u>7,100</u>	<u>-</u>
<b>Total Facilities Acquisition, Construction, and Improvement Services</b>			
<b><u>5000 - Other Expenditures and Financing Uses</u></b>			
5110 Debt Service	1,198,560	1,198,556	4
5130 Refund of Prior Year Receipts	1,000	-	1,000
5140 Lease Payments	163,526	163,526	-
5230 Capital Projects Funds Transfers Out	750,000	750,000	-
5251 Food Service Fund Transfers Out	48,810	35,987	12,823
5900 Budgetary Reserve	2,447,461	-	2,447,461
	<u>4,609,357</u>	<u>2,148,069</u>	<u>2,461,288</u>
<b>Total Other Expenditures and Financing Uses</b>			
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 105,231,423</b>	<b>\$ 100,666,914</b>	<b>\$ 4,564,509</b>

**Pleasant Valley School District  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual  
For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	\$ 104,330,212	\$ 104,347,755	\$ 17,543
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>105,231,423</u>	<u>100,666,914</u>	<u>4,564,509</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(901,211)	3,680,841	4,582,052
<b>Special Items</b>	-	-	-
<b>Extraordinary Items</b>	<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	(901,211)	3,680,841	4,582,052
<b>FUND BALANCE - JULY 1, 2021</b>	<u>5,828,161</u>	<u>14,940,105</u>	<u>9,111,944</u>
<b>FUND BALANCE - JUNE 30, 2022</b>	<u>\$ 4,926,950</u>	<u>\$ 18,620,946</u>	<u>\$ 13,693,996</u>

**Pleasant Valley School District**  
**Food Service Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2022**

**REVENUES**

School Lunches	\$	154,373	
State Subsidy Revenue		53,170	
Donated Commodities		125,836	
Federal Subsidies		1,952,363	
Interest		1,320	
FICA Revenue		30,136	
Retirement Revenue		136,359	
Miscellaneous		2,815	
Transfer from General Fund		35,987	
Rebates		7,030	
<b>TOTAL REVENUES</b>		<u>7,030</u>	\$ 2,499,389

**COST OF FOOD AND COMMODITIES**

859,326

**GROSS PROFIT**

1,640,063

**OPERATING EXPENSES**

Salaries		633,621	
Social Security		48,181	
Retirement		63,700	
Medical Insurance		178,503	
Dental Insurance		9,025	
Prescription Benefits		31,276	
Life Insurance		1,166	
Other Benefits		4,310	
Support Services - Technology		11,193	
Travel		1,253	
Supplies		76,146	
Rentals		1,786	
Fees		380	
Repairs and Maintenance		10,108	
Depreciation		23,987	
<b>TOTAL EXPENSES</b>		<u>23,987</u>	<u>1,094,635</u>

**CHANGES IN FUND NET POSITION**

545,428

**FUND NET POSITION - JULY 1, 2021**

(1,953,383)

**FUND NET POSITION - JUNE 30, 2022**

**\$ (1,407,955)**



**Pleasant Valley School District  
Construction Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2022**

<b>FUND BALANCE - JULY 1, 2021</b>		\$ 4,516,852
 <b><u>REVENUES AND OTHER FINANCING SOURCES</u></b>		
Earnings on Investments	\$ 5,264	
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>		<u>5,264</u>
 <b>TOTAL FUNDS AVAILABLE</b>		 4,522,116
 <b><u>EXPENDITURES AND OTHER FINANCING USES</u></b>		
<b>SUPPORT SERVICES:</b>		
Dues & Fees	520	
<b>CAPITAL OUTLAY:</b>		
Construction	1,668,750	<u>1,669,270</u>
 <b>FUND BALANCE - JUNE 30, 2022</b>		 <b><u>\$ 2,852,846</u></b>

**Capital Reserve Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2022**

<b>FUND BALANCE - JULY 1, 2021</b>		\$ 3,200,141
 <b><u>REVENUES AND OTHER FINANCING SOURCES</u></b>		
Earnings on Investments	\$ 12,928	
Transfer from General Fund	750,000	<u>762,928</u>
<b>TOTAL FUNDS AVAILABLE</b>		 3,963,069
 <b><u>EXPENDITURES AND OTHER FINANCING USES</u></b>		
<b>CAPITAL OUTLAY</b>		
Professional Fees	21,757	<u>21,757</u>
 <b>FUND BALANCE - JUNE 30, 2022</b>		 <b><u>\$ 3,941,312</u></b>

**Western Pocono Library Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2022**

<b>FUND BALANCE - JULY 1, 2021</b>		\$ -
 <b><u>REVENUES AND OTHER FINANCING SOURCES</u></b>		
Current Real Estate Taxes	\$ 569,302	
Interim Real Estate Taxes	1,651	
Delinquent Real Estate Taxes	33,656	<u>604,609</u>
<b>TOTAL FUNDS AVAILABLE</b>		 \$ 604,609
 <b><u>EXPENDITURES AND OTHER FINANCING USES</u></b>		
<b>Noninstructional Services:</b>		
Public Library Services		<u>604,609</u>
 <b>FUND BALANCE - JUNE 30, 2022</b>		 <b><u>\$ -</u></b>

**Pleasant Valley School District  
Private-Purpose Trust Fund  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2022**

**ADDITIONS**

Contributions	\$ 14,886	
Interest income	125	
<b>TOTAL ADDITIONS</b>		<b>\$ 15,011</b>

**DEDUCTIONS**

Awards	7,250	
<b>TOTAL DEDUCTIONS</b>		<b>7,250</b>

**NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION 7,761**

**FUND NET POSITION - JULY 1, 2021 61,373**

**FUND NET POSITION - JUNE 30, 2022 \$ 69,134**

**Private-Purpose Trust Fund  
Statement of Fiduciary Net Position  
As of June 30, 2022**

**ASSETS**

Cash and Cash Equivalents	\$ 61,518	
Investments	9,600	
Other Receivables	16	
<b>TOTAL ASSETS</b>		<b>\$ 71,134</b>

**LIABILITIES**

Accounts Payable	2,000	
<b>TOTAL LIABILITIES</b>		<b>2,000</b>

**NET POSITION**

Restricted for Individuals, organizations, and other governments		69,134
<b>TOTAL LIABILITIES AND FUND NET POSITION</b>		<b>\$ 71,134</b>

**Pleasant Valley School District  
Student Activity Fund  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2022**

**ADDITIONS**

Interest Income	\$	236	
Student Organization Membership Dues and Fees		4,481	
Student Fees		11,733	
Special Events		85,838	
Contributions/Donations		14,389	
Other Activity Income		32,069	
<b>TOTAL ADDITIONS</b>		<u>148,746</u>	<b>\$ 148,746</b>

**DEDUCTIONS**

Professional and Technical Services	14,122	
Rentals	28,369	
Transportation Services	419	
Travel	10,297	
General Supplies	44,106	
Food	8,557	
Dues & Fees	4,838	
Donations	19,711	
Miscellaneous Expenses	14,364	
<b>TOTAL DEDUCTIONS</b>	<u>144,783</u>	

**NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION 3,963**

**FUND NET POSITION - JULY 1, 2021 198,707**

**FUND NET POSITION - JUNE 30, 2022 \$ 202,670**

**Student Activity Fund  
Statement of Fiduciary Net Position  
As of June 30, 2022**

**ASSETS**

Cash and Cash Equivalents	\$	94,660	
Investments		102,241	
Other Receivables		6,502	
Other Current Assets		2,000	
<b>TOTAL ASSETS</b>		<u>205,403</u>	<b>\$ 205,403</b>

**LIABILITIES**

Accounts Payable	\$	1,852	
Other Current Liabilities		881	<b>2,733</b>
<b>TOTAL LIABILITIES</b>		<u>2,733</u>	

**NET POSITION**

Restricted for Individuals, organizations, and other governments	<u>202,670</u>	
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**TOTAL LIABILITIES AND FUND NET POSITION \$ 205,403**

**Pleasant Valley School District**  
**Schedule on General Obligation Bonds - Series of 2012**  
**Dated as of March 1, 2012**  
**For the Year Ended June 30, 2022**

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
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
<b>TOTAL OUTSTANDING</b>	<b>\$ 97,269</b>	<b>\$ 1,460,000</b>

**Schedule on General Obligation Bonds - Series of 2018**  
**Dated as of July 19, 2018**  
**For the Year Ended June 30, 2022**

	<u>INTEREST</u>	<u>PRINCIPAL</u>
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
<b>TOTAL OUTSTANDING</b>	<b>\$ 1,992,500</b>	<b>\$ 7,770,000</b>

**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, 2022**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/1/21	REVENUE	EXPENDITURES	ACCRUED OR (DEFERRED) AT 6/30/22	FOOTNOTES
<b>U.S. DEPARTMENT OF EDUCATION</b>											
<b>PASSED THROUGH THE PA DEPARTMENT OF EDUCATION (PDE)</b>											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-21-0342	07/01/20-09/30/21	\$ 771,759	\$ 191,189	\$ 186,629	\$ 4,560	\$ 4,560	\$ -	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-22-0342	07/01/21-09/30/22	\$ 776,472	611,055	-	771,285	771,285	160,230	
<b>TOTAL TITLE I PROGRAM</b>						802,244	186,629	775,845	775,845	160,230	
<b>PASSED THROUGH THE PDE</b>											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-21-0342	07/01/20-09/30/21	\$ 138,383	40,828	40,828	-	-	-	2
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-22-0342	07/01/21-09/30/22	\$ 135,017	103,120	-	135,017	135,017	31,897	
<b>TOTAL TITLE II PROGRAM</b>						143,948	40,828	135,017	135,017	31,897	
<b>PASSED THROUGH THE PDE</b>											
TITLE III - LANGUAGE INSTRUCTION	I	84.365	FA-010-21-0342	07/01/20-09/30/21	\$ 16,633	3,326	(1,674)	5,000	5,000	-	2
TITLE III - LANGUAGE INSTRUCTION	I	84.365	FA-010-22-0342	07/01/21-09/30/22	\$ 15,702	13,440	-	14,811	14,811	1,371	
<b>TOTAL TITLE III PROGRAM</b>						16,766	(1,674)	19,811	19,811	1,371	
<b>PASSED THROUGH THE PDE</b>											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-21-0342	07/01/20-09/30/21	\$ 58,586	3,906	3,906	-	-	-	2
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-22-0342	07/01/21-09/30/22	\$ 57,429	53,569	-	52,469	52,469	(1,100)	
<b>TOTAL TITLE IV PROGRAM</b>						57,475	3,906	52,469	52,469	(1,100)	
<b>PASSED THROUGH THE PDE</b>											
COVID-19 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND - ESSER I	I	84.425D	FA-200-20-0342	03/13/20 - 09/30/21	\$ 634,498	-	(33,428)	33,428	33,428	-	2
COVID-19 ESSER FUND - ESSER II	I	84.425D	FA-200-21-0342	03/13/20 - 09/30/23	\$ 2,819,991	984,752	15,477	1,326,460	1,326,460	357,185	
COVID-19 AMERICAN RESCUE PLAN - ESSER (ARP ESSER)	I	84.425U	223-21-0342	03/13/20 - 09/30/24	\$ 5,704,025	518,548	-	36,328	36,328	(482,220)	
COVID-19 ARP-ESSER - LEARNING LOSS SET ASIDE	I	84.425U	FA-225-21-0342	03/13/20 - 09/30/24	\$ 316,664	17,273	-	-	-	(17,273)	
COVID-19 ARP-ESSER - SUMMER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0342	03/13/20 - 09/30/24	\$ 63,333	3,455	-	19,761	19,761	16,306	
COVID-19 ARP-ESSER - AFTER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0342	03/13/20 - 09/30/24	\$ 63,333	3,455	-	-	-	(3,455)	
COVID-19 ARP-ESSER -HOMELESS CHILDREN AND YOUTH	I	84.425W	FA-181-21-2345	07/01/21 - 09/30/24	\$ 38,296	1,964	-	-	-	(1,964)	
<b>PASSED THROUGH THE PA COMMISSION ON CRIME AND DELINQUENCY (PCCD)</b>											
COVID-19 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND - ESSER I	I	84.425D	2020-ES-01-34934	03/13/20 - 09/30/22	\$ 131,622	131,133	131,097	36	36	0	2
<b>TOTAL EDUCATION STABILIZATION FUND</b>						1,660,580	113,146	1,416,013	1,416,013	(131,421)	
<b>PASSED THROUGH THE PDE</b>											
COVID-19 SPECIAL EDUCATION IMPACT MITIGATION GRANT	I	84.027	FA-252-20-0342	07/01/20 - 09/30/21	\$ 24,212	1,614	1,614	-	-	-	2
<b>PASSED THROUGH THE COLONIAL I.U. #20</b>											
IDEA, PART B	I	84.027	N/A	07/01/20 - 06/30/21	\$ 685,681	480,830	395,489	85,341	85,341	-	1
IDEA, PART B	I	84.027	N/A	07/01/21 - 06/30/22	\$ 627,244	194,856	-	585,863	585,863	391,007	1
IDEA, PART B - TRANSITION DISCOVERIES	I	84.027	N/A	12/01/21 - 06/30/22	\$ 7,500	3,750	-	7,500	7,500	3,750	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	07/01/20 - 06/30/21	\$ 3,360	3,360	3,360	-	-	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	07/01/21 - 06/30/22	\$ 2,150	2,150	-	2,150	2,150	-	1
<b>TOTAL IDEA CLUSTER</b>						686,560	400,463	680,854	680,854	394,757	
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>						3,367,573	743,298	3,080,009	3,080,009	455,734	
<b>U. S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>											
<b>PASSED THROUGH THE PA DEPARTMENT OF PUBLIC WELFARE</b>											
TITLE 19 MEDICAL REIMBURSEMENT	I	93.778	N/A	10/01/21-09/30/22	N/A	32,900	22,719	39,554	39,554	29,373	2
<b>TOTAL U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>						32,900	22,719	39,554	39,554	29,373	

SOURCE: D -DIRECT; I -INDIRECT

**Pleasant Valley School District  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/1/21	REVENUE	EXPENDITURES	ACCRUED OR (DEFERRED) AT 6/30/22	FOOTNOTES
<b><u>U.S. DEPT. OF AGRICULTURE</u></b>											
<b><u>PASSED THROUGH THE PDE</u></b>											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	07/01/20-06/30/21	N/A	125,898	125,898	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	07/01/21-06/30/22	N/A	1,344,387	-	1,568,962	1,568,962	224,575	
COVID-19 NATIONAL SCHOOL LUNCH - SUPPLY CHAIN ASSISTANCE	I	10.555	N/A	N/A	N/A	79,888	-	79,888	79,888	-	
COVID-19 NATIONAL SCHOOL LUNCH - SNP EMERGENCY OPERATING COSTS	I	10.555	N/A	N/A	N/A	62,442	-	62,442	62,442	-	
BREAKFAST PROGRAM	I	10.553	N/A	07/01/20-06/30/21	N/A	13,644	13,644	-	-	-	
BREAKFAST PROGRAM	I	10.553	N/A	07/01/21-06/30/22	N/A	14,497	-	14,497	14,497	-	
NATIONAL SCHOOL BREAKFAST - SEVERE NEED	I	10.553	N/A	07/01/20-06/30/21	N/A	3,169	3,169	-	-	-	
NATIONAL SCHOOL BREAKFAST - SEVERE NEED	I	10.553	N/A	07/01/21-06/30/22	N/A	180,571	-	223,512	223,512	42,941	
<b><u>PASSED THROUGH THE DEPARTMENT OF AGRICULTURE</u></b>											
NATIONAL SCHOOL LUNCH PROGRAM - USDA COMMODITIES	I	10.555	N/A	07/01/21-06/30/22	N/A	125,836	(10,200)	127,438	127,438	(8,598)	2
<b>TOTAL CHILD NUTRITION CLUSTER</b>						<u>1,950,332</u>	<u>132,511</u>	<u>2,076,739</u>	<u>2,076,739</u>	<u>258,918</u>	<b>3,4</b>
<b><u>PASSED THROUGH THE PDE</u></b>											
COVID-19 STATE PANDEMIC ELECTRONIC BENEFIT TRANSFER (P-EBT) ADMIN. COSTS	I	10.649	N/A	N/A	N/A	3,063	-	3,063	3,063	-	2
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>						<u>1,953,395</u>	<u>132,511</u>	<u>2,079,802</u>	<u>2,079,802</u>	<u>258,918</u>	
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>						<u>\$ 5,353,868</u>	<u>\$ 898,528</u>	<u>\$ 5,199,365</u>	<u>\$ 5,199,365</u>	<u>\$ 744,025</u>	

SOURCE: D -DIRECT; I -INDIRECT

**Pleasant Valley School District  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

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**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, 2022. 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 3.0% of its total general fund revenue in federal awards, and 83.2% 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	\$ 131,622	\$ 36
PA Department of Education	11,634,333	4,351,483
Colonial I.U.	1,325,934	680,854
PA Department of Public Welfare	N/A	39,554
PA Department of Agriculture	N/A	127,438
Totals	\$ 13,091,889	\$ 5,199,365

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$125,836, in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2021-22 fiscal year, the District used \$127,438 in commodities and established a year-end inventory of \$8,598 at June 30, 2022.



**Pleasant Valley School District  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

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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.

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**FINANCIAL STATEMENT RECONCILIATION**

General Fund Federal Source Revenues	\$ 3,219,188
Federal Grants in Local Sources	680,854
Food Service Fund Federal Revenue	<u>2,078,199</u>
<b>Total Federal Revenue, per financial statements</b>	5,978,241
Less: Medical Access Reimbursement	(780,479)
Add: Change in Donated Commodities	<u>1,603</u>
<b>Total Federal Revenue Reported on SEFA</b>	<b><u>\$ 5,199,365</u></b>

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

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 8, 2022.

**Report on 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.

**Report on 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,



Northampton, Pennsylvania  
December 8, 2022



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

**INDEPENDENT AUDITOR'S REPORT 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**

***Opinion on 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, 2022. 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.

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, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

***Report on Internal Control over Compliance***

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

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

**Pleasant Valley School District**

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Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

*Norman Associates, P.C.*

Northampton, Pennsylvania  
December 8, 2022

**Pleasant Valley School District  
Schedule of Findings and Questioned Costs  
For the Year Ended on June 30, 2022**

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**Section I - Summary of Auditor Results**

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**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
10.553, 10.555	Child Nutrition Cluster
84.425D, 84.425U, 84.425W	Education Stabilization

Percentage of programs tested to total awards 67.2%

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, 2022**

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**Section II - Financial Statement Findings**

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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**

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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.