

SENECA VALLEY SCHOOL DISTRICT

~~~~~

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

**SENECA VALLEY  
SCHOOL DISTRICT**  
BUTLER COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

AND

OTHER INFORMATION REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND UNIFORM GUIDANCE

WITH REPORTS OF

CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED  
JUNE 30, 2023**

**SENECA VALLEY SCHOOL DISTRICT**  
**BUTLER COUNTY, PENNSYLVANIA**  
**TABLE OF CONTENTS**

|                                            | <b><u>PAGE</u></b> |
|--------------------------------------------|--------------------|
| INDEPENDENT AUDITOR'S REPORT .....         | i-iii              |
| MANAGEMENT'S DISCUSSION AND ANALYSIS ..... | iv-xiii            |

**BASIC FINANCIAL STATEMENTS:**

|                                                                                                                                                                  |       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| EXHIBIT A - STATEMENT OF NET POSITION .....                                                                                                                      | 1     |
| EXHIBIT B - STATEMENT OF ACTIVITIES .....                                                                                                                        | 2     |
| EXHIBIT C - BALANCE SHEET - Governmental Funds .....                                                                                                             | 3     |
| EXHIBIT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET<br>TO THE STATEMENT OF NET POSITION .....                                                     | 4     |
| EXHIBIT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN<br>IN FUND BALANCES - Governmental Funds .....                                                    | 5     |
| EXHIBIT F - RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF<br>REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES<br>TO THE STATEMENT OF ACTIVITIES ..... | 6     |
| EXHIBIT G - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN<br>IN FUND BALANCES, BUDGET AND ACTUAL - General Fund.....                                        | 7     |
| EXHIBIT H - STATEMENT OF NET POSITION - Proprietary Funds .....                                                                                                  | 8     |
| EXHIBIT I - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND<br>NET POSITION - Proprietary Funds .....                                                        | 9     |
| EXHIBIT J - STATEMENT OF CASH FLOWS - Proprietary Funds .....                                                                                                    | 10    |
| EXHIBIT K - STATEMENT OF NET POSITION - Fiduciary Funds .....                                                                                                    | 11    |
| EXHIBIT L- STATEMENT OF CHANGES IN NET POSITION - Fiduciary Funds .....                                                                                          | 12    |
| NOTES TO THE FINANCIAL STATEMENTS .....                                                                                                                          | 13-49 |

**SUPPLEMENTARY INFORMATION:**

|                                                                                                                         |    |
|-------------------------------------------------------------------------------------------------------------------------|----|
| SCHEDULE 1 - COMBINING BALANCE SHEET - Capital Project Funds.....                                                       | 50 |
| SCHEDULE 2 - COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND<br>CHANGES IN FUND BALANCE - Capital Project Funds..... | 51 |

**SENECA VALLEY SCHOOL DISTRICT**  
**BUTLER COUNTY, PENNSYLVANIA**  
**TABLE OF CONTENTS**

**PAGE**

**SUPPLEMENTARY INFORMATION (Continued):**

|                                                                                                                                   |    |
|-----------------------------------------------------------------------------------------------------------------------------------|----|
| SCHEDULE 3 - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS.....                                                           | 52 |
| SCHEDULE 4 - COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND<br>CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL<br>FUNDS..... | 53 |
| SCHEDULE 5 - CASH SUMMARY - ACTIVITIES FUNDS. ....                                                                                | 54 |

**REQUIRED SUPPLEMENTARY INFORMATION:**

|                                                                                                                     |       |
|---------------------------------------------------------------------------------------------------------------------|-------|
| SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF NET PENSION<br>LIABILITY - DEFINED BENEFIT PENSION PLAN.....   | 55    |
| SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED CONTRIBUTIONS<br>- DEFINED BENEFIT PENSION PLAN.....           | 56    |
| SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF NET OPEB<br>LIABILITY - PSERS PLAN.....                        | 57    |
| SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED OPEB<br>CONTRIBUTIONS PLAN - PSERS PLAN.....                   | 58    |
| SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS<br>DISTRICT POST-RETIREMENT HEALTHCARE PLAN..... | 59    |
| NOTES TO REQUIRED SUPPLEMENTARY INFORMATION.....                                                                    | 60-62 |

**SUPPLEMENTARY INFORMATION AS REQUIRED BY GOVERNMENT AUDITING  
STANDARDS AND THE UNIFORM GUIDANCE:**

|                                                                                                                                                                                                                               |       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and<br>Other Matters Based on an Audit of Financial Statements Performed in Accordance with<br>Government Auditing Standards..... | 63-64 |
| Independent Auditor's Report on Compliance for Each Major Program and on Internal<br>Control over Compliance Required by Uniform Guidance.....                                                                                | 65-67 |
| Supplementary Schedule of Expenditures of Federal Awards .....                                                                                                                                                                | 68    |
| Notes to Schedule of Expenditures of Federal Awards .....                                                                                                                                                                     | 69    |
| Schedule of Findings and Questioned Costs.....                                                                                                                                                                                | 70-71 |
| Status of Prior Audit Findings.....                                                                                                                                                                                           | 72    |

**To the Management and Board of Education  
Seneca Valley School District  
Butler County, Pennsylvania**

## **Independent Auditor's Report**

### **Opinions**

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Seneca Valley School District, Butler, Pennsylvania as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Seneca Valley School District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Seneca Valley School District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **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 Seneca 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**

My 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 my 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*, I:

- 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 Seneca 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Seneca Valley School District's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

### **Required Supplementary Information**

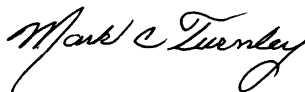
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv-xiii and the other required supplementary information on pages 55-62 be presented to supplement the basic financial statements. Such information is the responsibility 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Seneca Valley School District's basic financial statements. The accompanying supplementary information – Combining Balance Sheet (Capital Projects Fund), Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Capital Projects Funds), Combining Balance Sheet (Non Major Governmental Funds), Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Nonmajor Governmental Funds), and Cash Summary (Student Activity Custodial Funds), on pages 50-54, is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards on page 68 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Combining Balance Sheet (Capital Projects Fund), Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Capital Projects Funds), Combining Balance Sheet (Non Major Governmental Funds), Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Nonmajor Governmental Funds), and Cash Summary (Student Activity Custodial Funds) and 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*, I have also issued my report dated February 5, 2024 on my consideration of the Seneca Valley School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Seneca Valley School District's internal control over financial reporting and compliance.



Mark C. Turnley, CPA

February 5, 2024  
New Brighton, Pennsylvania

**SENECA VALLEY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
FISCAL YEAR ENDING JUNE 30, 2023**

## **INTRODUCTION**

The discussion and analysis of the Seneca Valley School District's financial performance provides an overall review of the district's financial activities for the fiscal year ended June 30, 2023. This discussion and analysis present the district's financial performance as a whole. The financial statements and the notes to the basic financial statements provide a more detailed look at the finances for the 2022-2023 school year.

The Management Discussion and Analysis (MD&A) is a requirement of the Annual Comprehensive Financial Report (ACFR) conforming to the model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. GASB 34 requires a comparison of certain information between the current year and the prior year.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2022-23 fiscal year are as follows:

- The District's total governmental and business-type activities liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources as of June 30, 2023 by \$92,979,496 (net position – deficit). The net position deficit is the result of the District's requirement to recognize their proportionate share of the Pennsylvania School Employees Retirement System (PSERS) overall net pension and OPEB obligation, and the District's OPEB obligation, as required by GASB Statement No. 68 *'Accounting and Financial Reporting for Pensions'* and GASB Statement No. 75 *'Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions'*. For the Seneca Valley School District, these combined liabilities stand at \$232,673,070 as of June 30, 2023.
- Total revenues were \$157,835,155 for all governmental funds (excluding other financing sources) of which the general fund accounted for \$156,739,255 worth of revenues.
- The School District had \$164,167,669 in expenditures for all governmental funds (excluding other financing uses) of which the general fund accounted for \$151,061,974 of those expenditures.
- At the end of the current fiscal year, the fund balance of the General Fund was \$45,770,469. This total is comprised of **1)** \$236,067 restricted for the District's Flexible Spending Account, **2)** \$1,000,000 committed for anticipated retirement increases, **3)** \$32,534,402 assigned for subsequent year deficit budget amounts, anticipated healthcare cost increases, as well as planned facility improvements, and **4)** \$12,000,000 which is considered unassigned.

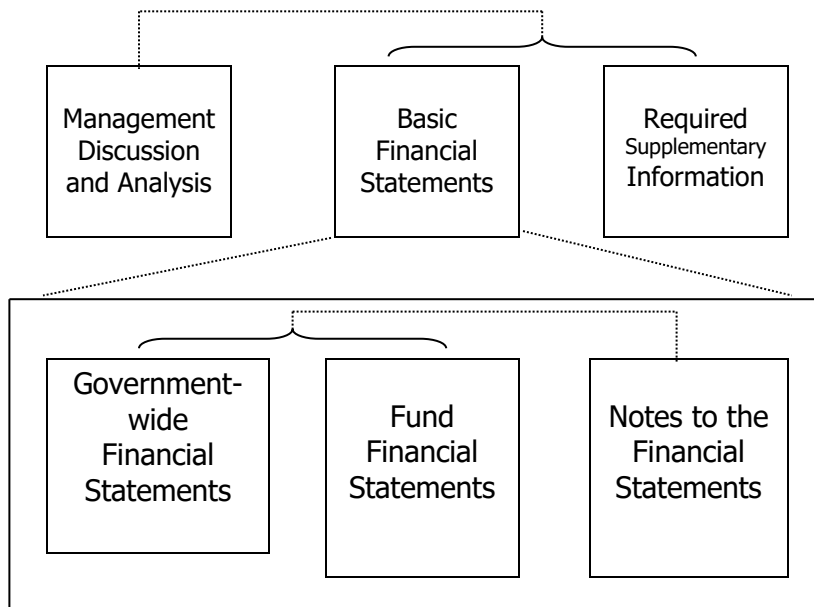
**SENECA VALLEY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
FISCAL YEAR ENDING JUNE 30, 2023**

**USING THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (GASB 34)**

The Annual Comprehensive Financial Report consists of this Management Discussion and Analysis and a series of financial statements and notes to those statements. The statements are organized so that the reader can understand Seneca Valley School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

Figure A-1  
Required components of  
Seneca Valley School District's  
Financial Report



**SENECA VALLEY SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**FISCAL YEAR ENDING JUNE 30, 2023**

**USING THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (GASB 34) (Continued)**

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

Figure A-2  
Major Features of Seneca Valley School District's  
Government-wide and Fund Financial Statements  
Fund Statements

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

**SENECA VALLEY SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**FISCAL YEAR ENDING JUNE 30, 2023**

**OVERVIEW OF FINANCIAL STATEMENTS**

**Government-wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, the reader needs to consider additional non-financial factors, such as changes in the District's property tax base and the performance of the students.

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

- **Governmental activities** – All of the District's basic services are included here, such as instruction, student support, administration and community services. Property taxes, state and federal subsidies, and grants finance most of these activities.
- **Business type activities** – The District operates a food service operation and charges fees to students, staff and visitors to help it cover the costs of the food service operation.

**Fund Financial Statements**

The District's fund financial statements, which begin on Page 3, provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be reported separately by state law and by bond requirements.

**Governmental funds** – Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Proprietary funds** – These funds are used to account for the District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides – whether to outside customers or to other units in the District – these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

**SENECA VALLEY SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**FISCAL YEAR ENDING JUNE 30, 2023**

**OVERVIEW OF FINANCIAL STATEMENTS (Continued)**

**Fund Financial Statements (Continued)**

**Fiduciary funds** - The District is the trustee, or fiduciary, for assets that belong to others, such as the District's student activity custodial funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by the those to whom the assets belong. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Net Position on Pages 11 and 12. The district excludes these activities from the district-wide statements because it cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

A comparative breakdown of assets, liabilities and net position of the District for the past two fiscal years is as follows:

Table A-1  
Fiscal Year Ended June 30, 2023 and 2022  
Net Position

|                                                                | -----JUNE 30, 2023-----    |                             |                        | JUNE 30, 2022           |
|----------------------------------------------------------------|----------------------------|-----------------------------|------------------------|-------------------------|
|                                                                | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL                  | TOTAL                   |
| Current Assets                                                 | \$ 99,781,363              | \$ 3,592,350                | \$ 103,373,713         | \$ 113,962,642          |
| Capital Assets                                                 | 154,487,022                | 799,702                     | 155,286,724            | 147,176,489             |
| Deferred Outflows of Resources                                 | 42,922,895                 | 737,447                     | 43,660,342             | 46,841,722              |
| <b>TOTAL ASSETS AND DEFERRED<br/>OUTFLOWS OF RESOURCES</b>     | <b>\$ 297,191,280</b>      | <b>\$ 5,129,499</b>         | <b>\$ 302,320,779</b>  | <b>\$ 307,980,853</b>   |
| Current Liabilities                                            | \$ 28,802,672              | \$ 161,878                  | \$ 28,964,550          | \$ 32,537,109           |
| Long-Term Liabilities                                          | 339,202,310                | 4,017,650                   | 343,219,960            | 353,881,543             |
| Deferred Inflows of Resources                                  | 22,978,565                 | 137,200                     | 23,115,765             | 40,144,667              |
| <b>TOTAL LIABILITIES AND DEFERRED<br/>INFLOWS OF RESOURCES</b> | <b>\$ 390,983,547</b>      | <b>\$ 4,316,728</b>         | <b>\$ 395,300,275</b>  | <b>\$ 426,563,319</b>   |
| Net Investment in Capital Assets                               | \$ 41,008,194              | \$ 799,702                  | \$ 41,807,896          | \$ 34,690,503           |
| Restricted                                                     | 297,879                    | -                           | 297,879                | 294,645                 |
| Unrestricted (Deficit)                                         | (135,098,340)              | 13,069                      | (135,085,271)          | (153,567,614)           |
| <b>TOTAL NET POSITION (Deficit)</b>                            | <b>\$ (93,792,267)</b>     | <b>\$ 812,771</b>           | <b>\$ (92,979,496)</b> | <b>\$ (118,582,466)</b> |

The results of this year's operations as a whole are reported in the Statement of Activities on Page 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

**SENECA VALLEY SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**FISCAL YEAR ENDING JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)**

The following Table A-2 takes the information from the Statement of Activities, rearranges it slightly, so you can see our total revenues, expenses, and change to the net position for the past two fiscal years.

Table A-2  
Fiscal Year Ended June 30, 2023 and June 30, 2022  
Changes in Net Position

|                                      | JUNE 30, 2023              |                             |                       | JUNE 30, 2022         |
|--------------------------------------|----------------------------|-----------------------------|-----------------------|-----------------------|
|                                      | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL                 | TOTAL                 |
| <b>REVENUES</b>                      |                            |                             |                       |                       |
| <b>Program Revenues:</b>             |                            |                             |                       |                       |
| Charges for Services                 | \$ 4,462,508               | \$ 2,031,362                | \$ 6,493,870          | \$ 5,198,741          |
| Grants and Contributions             | 26,076,872                 | 2,315,608                   | 28,392,480            | 30,681,492            |
| <b>General Revenues:</b>             |                            |                             |                       |                       |
| Property, Other Taxes                | 106,438,609                | -                           | 106,438,609           | 102,154,899           |
| Grants, Subsidies and Contributions  | 17,104,965                 | -                           | 17,104,965            | 15,939,768            |
| Investment Earnings                  | 3,489,166                  | 2,601                       | 3,491,767             | 232,789               |
| Miscellaneous                        | 263,033                    | -                           | 263,033               | 499,109               |
| Interfund Transfers                  | 25,179                     | (25,179)                    | -                     | -                     |
| <b>TOTAL REVENUES</b>                | <b>\$ 157,860,332</b>      | <b>\$ 4,324,392</b>         | <b>\$ 162,184,724</b> | <b>\$ 154,706,798</b> |
| <b>EXPENSES</b>                      |                            |                             |                       |                       |
| Instruction                          | \$ 88,319,459              | \$ -                        | \$ 88,319,459         | \$ 89,395,263         |
| Instructional Student Support        | 8,494,835                  | -                           | 8,494,835             | 8,586,534             |
| Administrative and Financial Support | 11,518,038                 | -                           | 11,518,038            | 12,930,980            |
| Operation and Maintenance of Plant   | 9,880,238                  | -                           | 9,880,238             | 8,560,493             |
| Pupil Transportation                 | 8,462,188                  | -                           | 8,462,188             | 8,394,267             |
| Student Activities                   | 2,399,694                  | -                           | 2,399,694             | 2,285,643             |
| Community Services                   | 2,060                      | -                           | 2,060                 | 2,219                 |
| Scholarships                         | 50                         | -                           | 50                    | 100                   |
| Interest on Long-term Debt           | 3,080,210                  | -                           | 3,080,210             | 2,643,020             |
| Capital Outlay                       | 312,203                    | -                           | 312,203               | 4,659,647             |
| Food Services                        | -                          | 4,112,780                   | 4,112,780             | 3,392,127             |
| <b>TOTAL EXPENSES</b>                | <b>\$ 132,468,975</b>      | <b>\$ 4,112,780</b>         | <b>\$ 136,581,755</b> | <b>\$ 140,850,293</b> |
| <b>CHANGE IN NET POSITION</b>        | <b>\$ 25,391,357</b>       | <b>\$ 211,612</b>           | <b>\$ 25,602,969</b>  | <b>\$ 13,856,505</b>  |

See the District Funds section of this report for further explanation of the major variances from the prior year.

Table A-3 shows the District's eight largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, long-term debt, as well as each program's net cost (total cost less revenues generated by the activities) for the past two fiscal years. This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

**SENECA VALLEY SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**  
**FISCAL YEAR ENDING JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)**

Table A-3  
Fiscal Year Ended June 30, 2023 and June 30, 2022  
Governmental Activities

|                                                            | -----JUNE 30, 2023-----          |                                | -----JUNE 30, 2022-----          |                                |
|------------------------------------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                                            | <u>TOTAL COST<br/>OF SERVICE</u> | <u>NET COST<br/>OF SERVICE</u> | <u>TOTAL COST<br/>OF SERVICE</u> | <u>NET COST<br/>OF SERVICE</u> |
| <b>EXPENSES</b>                                            |                                  |                                |                                  |                                |
| Instruction                                                | \$ 88,319,459                    | \$ 65,459,166                  | \$ 89,395,263                    | \$ 66,539,030                  |
| Instructional Student Support                              | 8,494,835                        | 7,136,280                      | 8,586,534                        | 7,148,890                      |
| Administrative and Financial Support                       | 11,518,038                       | 10,219,955                     | 12,930,980                       | 10,183,640                     |
| Operation and Maintenance of Plant                         | 9,880,238                        | 8,991,723                      | 8,560,493                        | 7,870,569                      |
| Pupil Transportation                                       | 8,462,188                        | 5,810,005                      | 8,394,267                        | 6,735,348                      |
| Student Activities                                         | 2,399,694                        | 1,701,556                      | 2,285,643                        | 1,533,344                      |
| Community Services                                         | 2,060                            | 2,060                          | 2,219                            | 2,219                          |
| Scholarships                                               | 50                               | 50                             | 100                              | 100                            |
| Capital Outlays                                            | 312,203                          | 312,203                        | 4,659,647                        | 4,659,647                      |
| Interest on Long-term Debt/Refunds                         | 3,080,210                        | 2,296,597                      | 2,643,020                        | 2,044,856                      |
| <b>TOTAL EXPENSES</b>                                      | <b>\$ 132,468,975</b>            | <b>\$ 101,929,595</b>          | <b>\$ 137,458,166</b>            | <b>\$ 106,717,643</b>          |
| <b>Less:</b>                                               |                                  |                                |                                  |                                |
| Unrestricted Grants, Subsidies                             |                                  | <u>15,563,536</u>              |                                  | <u>14,716,447</u>              |
| <b>TOTAL NEEDS FROM LOCAL TAXES<br/>AND OTHER REVENUES</b> |                                  | <b>\$ 86,366,059</b>           |                                  | <b>\$ 92,001,196</b>           |

Table A-4 reflects the activities of the Food Service program, the only Business-type activity of the District.

Table A-4  
Fiscal Year ended June 30, 2023 and June 30, 2022  
Business-Type Activities

|                                       | ----- JUNE 30, 2023 -----        |                                | ----- JUNE 30, 2022 -----        |                                |
|---------------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                       | <u>TOTAL COST<br/>OF SERVICE</u> | <u>NET COST<br/>OF SERVICE</u> | <u>TOTAL COST<br/>OF SERVICE</u> | <u>NET COST<br/>OF SERVICE</u> |
| <b>EXPENSES</b>                       |                                  |                                |                                  |                                |
| Food Service                          | \$ 4,112,780                     | \$ 234,190                     | \$ 3,392,127                     | \$ 1,747,583                   |
| Investment Earnings                   |                                  | 2,601                          |                                  | 2,008                          |
| Transfer to General Fund              |                                  | <u>(25,179)</u>                |                                  | <u>1,751</u>                   |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES</b> |                                  |                                |                                  |                                |
| <b>NET INCOME &lt;LOSS&gt;</b>        |                                  | <b>\$ 211,612</b>              |                                  | <b>\$ 1,751,342</b>            |

**SENECA VALLEY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
FISCAL YEAR ENDING JUNE 30, 2023**

**THE DISTRICT FUNDS**

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$79,584,228 compared to \$85,891,563 for the year ended June 30, 2022. The general fund balance decreased by \$6,297,540. The capital project fund balance decreased by \$2,338. The non-major governmental funds fund balances decreased by \$7,457. The following is additional information concerning revenues, expenditures, and fund balance.

**REVENUES**

The revenues received into the general fund during 2022-2023 came from three major sources: local, state, and federal revenues. Of total revenues, local revenues account for 73.7%, state revenues are 25.4% and federal revenues only .9%.

Local revenues can be grouped into two major categories, tax revenues and non-tax revenues. Local real estate tax accounted for 83.0% of total tax revenues and 76.5% of total local revenues in 2022-2023. Other forms of tax revenue include earned income tax, flat occupation assessment tax, real estate transfer tax and delinquent tax collections. Tax revenue increased in the 2022-2023 fiscal year by approximately \$4,283,711. The increase was most notably in current real estate tax collections and wage tax collections, which increased by \$3,925,935 and \$1,091,997 respectively. Non-tax revenues, including federal monies received through the intermediate unit, athletic admissions and fees, interest earnings, tuition from other PA school districts and other miscellaneous revenues accounted for 7.9% of total local revenues.

Basic education subsidy and retirement subsidy are the two largest sources of state revenue with basic education subsidy providing 39.1% of the total, and retirement subsidy providing 29.3% of the total state subsidy revenue amount. State subsidies overall increased during 2022-2023 by \$3,530,333.

Federal revenues accounted for just 0.09% of the total revenues, a decrease from 2021-2022 by \$2,543,836. This decrease was mainly due to the decrease in Covid-19 funds (ESSER III) and Emergency Connectivity Funds during 22-23.

| <b>FUNCTION</b> | <b>REVENUES</b>       | <b>VARIANCE<br/>FROM<br/>PRIOR YEAR</b> | <b>%<br/>CHANGE</b> | <b>AMOUNT<br/>OVER (UNDER)<br/>2022-2023<br/>BUDGET</b> |
|-----------------|-----------------------|-----------------------------------------|---------------------|---------------------------------------------------------|
| Local Sources   | \$ 115,515,328        | \$ 6,252,584                            | 5.4%                | \$ 5,628,428                                            |
| State Sources   | 39,852,189            | 3,530,333                               | 8.9%                | 498,475                                                 |
| Federal Sources | 1,371,738             | (2,543,836)                             | -185.4%             | (829,262)                                               |
| <b>TOTAL</b>    | <b>\$ 156,739,255</b> | <b>\$ 7,239,081</b>                     |                     | <b>\$ 5,297,641</b>                                     |

**SENECA VALLEY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
FISCAL YEAR ENDING JUNE 30, 2023**

**THE DISTRICT FUNDS (Continued)**

**EXPENDITURES**

The revenues received during the 2022-2023 fiscal year were used to pay general fund expenditures of \$163,061,974. These expenditures were categorized into five major functions: instruction, support services, non-instructional operations, construction/improvements, and other financing uses. Additionally, the District expended \$13,098,237 for capital improvements funded through bond proceeds and its capital reserve fund.

The 2022-2023 general fund expenditures increased by \$21,037,692 or 14.81% from the past fiscal year.

| <b>FUNCTION</b>                   | <b>EXPENDITURES</b>   | <b>VARIANCE<br/>FROM<br/>PRIOR YEAR</b> | <b>%<br/>CHANGE</b> | <b>AMOUNT<br/>OVER (UNDER)<br/>2022-2023<br/>BUDGET</b> |
|-----------------------------------|-----------------------|-----------------------------------------|---------------------|---------------------------------------------------------|
| Instructional Services            | \$ 96,501,715         | \$ 5,771,997                            | 6.0%                | \$ (1,602,343)                                          |
| Support Services                  | 40,852,402            | 2,328,419                               | 5.7%                | (1,665,889)                                             |
| Non-instructional Services        | 2,612,540             | 307,200                                 | 11.8%               | 186,963                                                 |
| Construction/Site Improvements    | -                     | -                                       | -100.0%             | (160,000)                                               |
| Other Financing Uses/Debt Service | 23,095,317            | 12,630,076                              | 54.7%               | (109,933)                                               |
| <b>TOTAL</b>                      | <b>\$ 163,061,974</b> | <b>\$ 21,037,692</b>                    |                     | <b>\$ (3,351,202)</b>                                   |

**GENERAL FUND BUDGET**

During the fiscal year, the Board of School Directors (The Board) authorizes revisions to the original budget (transfers) to accommodate differences from the original budget to the actual expenditures of the District. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided on Page 7 of the financial statements.

The District applies for federal, state, and local grants and these grants cannot always be anticipated exactly during the budget development process.

The Budgetary Reserve includes amounts that may be used for unplanned opportunities and/or unexpected costs for improvements/repairs to the District. These amounts will only be appropriated into expenditure categories if the fiscal results of the current year warrant doing so, and the Board approves such transfers.

**SENECA VALLEY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
REQUIRED SUPPLEMENTARY INFORMATION (RSI)  
FISCAL YEAR ENDING JUNE 30, 2023**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

At June 30, 2023, the District had \$155,286,724 invested in a broad range of capital assets, including land, buildings and furniture and equipment, net of depreciation. This amount represents a net increase (including additions, deletions, and depreciation) of \$8,198,376 from 2021-2022 which is as a result of new asset additions exceeding depreciation expense.

**DEBT ADMINISTRATION**

As of July 1, 2022, the District had total outstanding debt principal of \$111,763,939. The District made payments against principal during the 2022-2023 year of \$6,936,670. At June 30, 2023, the District had outstanding indebtedness of \$104,827,269. The District is scheduled to make principal and interest payments totaling \$11,649,715 during the 2023-2024 fiscal year.

Other long-term obligations include accrued vacation pay and sick leave for specific employees of the District, as well as retirement incentive, retiree health insurance, and net pension obligations. More detailed information about our long-term liabilities is included in Notes 9, 10, and 11 to the financial statements.

**MAJOR FINANCIAL ISSUES**

The District has embarked on a major long-range capital improvement plan that includes facilities maintenance projects, buildings and grounds improvements, and new construction projects. This program has been funded through capital reserves and debt (bond issues). Additional borrowing will be needed prior to completion of the currently identified projects. A multi-year incremental financing plan that provides flexibility and affordability to the District has been reviewed with the Board of Education.

The District currently has contracts in place with all bargaining units.

**CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

The annual comprehensive financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to show the School District's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, please contact Ms. Dana Kirk, Business Manager at (724) 452-6040 ext. 1615 or Mrs. Celeste R. Foley, Assistant Business Manager at (724) 452-6040 ext. 1622 or by mail at Seneca Valley School District, Administrative Office, 124 Seneca School Road, Harmony, PA, 16037-9134. Additional information concerning District finances is available at [www.svsd.net](http://www.svsd.net) under the Busines/Finance Department tab.

**SENECA VALLEY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

**EXHIBIT A**

|                                                                           | Governmental<br>Activities | Business-Type<br>Activities | Total                  |
|---------------------------------------------------------------------------|----------------------------|-----------------------------|------------------------|
| <b>ASSETS</b>                                                             |                            |                             |                        |
| <b>Current Assets:</b>                                                    |                            |                             |                        |
| Cash and Cash Equivalents                                                 | \$ 40,001,306              | \$ 3,568,654                | \$ 43,569,960          |
| Investments                                                               | 53,191,669                 | -                           | 53,191,669             |
| Taxes Receivable, net                                                     | 297,608                    | -                           | 297,608                |
| Internal Balances                                                         | 16,464                     | (16,464)                    | -                      |
| Due From Other Governments                                                | 5,936,581                  | -                           | 5,936,581              |
| Other Receivables                                                         | 337,735                    | -                           | 337,735                |
| Inventories                                                               | -                          | 40,160                      | 40,160                 |
| <b>Total Current Assets</b>                                               | <b>\$ 99,781,363</b>       | <b>\$ 3,592,350</b>         | <b>\$ 103,373,713</b>  |
| <b>Noncurrent Assets:</b>                                                 |                            |                             |                        |
| Land (non-depreciable)                                                    | \$ 5,337,706               | \$ -                        | \$ 5,337,706           |
| Construction in Progress (non-depreciable)                                | 85,229,571                 | -                           | 85,229,571             |
| Site Improvements (net)                                                   | 6,883,667                  | -                           | 6,883,667              |
| Building & Building Improvements (net)                                    | 54,620,126                 | -                           | 54,620,126             |
| Furniture & Equipment (net)                                               | 1,554,354                  | 799,702                     | 2,354,056              |
| Infrastructure (net)                                                      | 334,946                    | -                           | 334,946                |
| Intangible Right-To-Use-Asset (net)                                       | 526,652                    | -                           | 526,652                |
| <b>Total Noncurrent Assets</b>                                            | <b>\$ 154,487,022</b>      | <b>\$ 799,702</b>           | <b>\$ 155,286,724</b>  |
| <b>TOTAL ASSETS</b>                                                       | <b>\$ 254,268,385</b>      | <b>\$ 4,392,052</b>         | <b>\$ 258,660,437</b>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                                    |                            |                             |                        |
| Deferred Outflows Related to Pension                                      | \$ 34,171,123              | \$ 697,370                  | \$ 34,868,493          |
| Deferred Outflows Related to OPEB                                         | 8,751,772                  | 40,077                      | 8,791,849              |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                               | <b>\$ 42,922,895</b>       | <b>\$ 737,447</b>           | <b>\$ 43,660,342</b>   |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                    | <b>\$ 297,191,280</b>      | <b>\$ 5,129,499</b>         | <b>\$ 302,320,779</b>  |
| <b>LIABILITIES</b>                                                        |                            |                             |                        |
| <b>Current Liabilities:</b>                                               |                            |                             |                        |
| Due to Other Governments                                                  | \$ 2,476                   | \$ -                        | \$ 2,476               |
| Accounts Payable                                                          | 4,314,481                  | 20,485                      | 4,334,966              |
| Accrued Interest                                                          | 1,423,474                  | -                           | 1,423,474              |
| Accrued Salaries and Benefits                                             | 9,478,744                  | -                           | 9,478,744              |
| Payroll Deductions and Withholdings                                       | 6,326,928                  | -                           | 6,326,928              |
| Bonds Payable - Current Portion                                           | 6,830,000                  | -                           | 6,830,000              |
| Lease Payable - Current Portion                                           | 352,063                    | -                           | 352,063                |
| Unearned Revenues                                                         | 74,506                     | 15,296                      | 89,802                 |
| Other Current Liabilities                                                 | -                          | 126,097                     | 126,097                |
| <b>Total Current Liabilities</b>                                          | <b>\$ 28,802,672</b>       | <b>\$ 161,878</b>           | <b>\$ 28,964,550</b>   |
| <b>Noncurrent Liabilities:</b>                                            |                            |                             |                        |
| Bonds Payable - Long-Term Portion (Net)                                   | \$ 109,129,139             | \$ -                        | \$ 109,129,139         |
| Lease Payable - Long-Term Portion                                         | 200,206                    | -                           | 200,206                |
| Compensated Absences                                                      | 1,213,695                  | 3,850                       | 1,217,545              |
| Net Pension Liability                                                     | 188,874,420                | 3,854,580                   | 192,729,000            |
| Net OPEB Obligation                                                       | 39,784,850                 | 159,220                     | 39,944,070             |
| <b>Total Noncurrent Liabilities</b>                                       | <b>\$ 339,202,310</b>      | <b>\$ 4,017,650</b>         | <b>\$ 343,219,960</b>  |
| <b>TOTAL LIABILITIES</b>                                                  | <b>\$ 368,004,982</b>      | <b>\$ 4,179,528</b>         | <b>\$ 372,184,510</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                     |                            |                             |                        |
| Deferred Inflows Related to Pension                                       | \$ 4,838,260               | \$ 98,740                   | \$ 4,937,000           |
| Deferred Inflows Related to OPEB                                          | 18,140,305                 | 38,460                      | 18,178,765             |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                | <b>\$ 22,978,565</b>       | <b>\$ 137,200</b>           | <b>\$ 23,115,765</b>   |
| <b>NET POSITION</b>                                                       |                            |                             |                        |
| Net Investment in Capital Assets                                          | \$ 41,008,194              | \$ 799,702                  | \$ 41,807,896          |
| Restricted                                                                | 297,879                    | -                           | 297,879                |
| Unrestricted (Deficit)                                                    | (135,098,340)              | 13,069                      | (135,085,271)          |
| <b>TOTAL NET POSITION (Deficit)</b>                                       | <b>\$ (93,792,267)</b>     | <b>\$ 812,771</b>           | <b>\$ (92,979,496)</b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> | <b>\$ 297,191,280</b>      | <b>\$ 5,129,499</b>         | <b>\$ 302,320,779</b>  |

The accompanying notes are an integral part of these financial statements

**SENECA VALLEY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

| Functions/Programs                                | Expenses              | Program Revenues        |                                          |                                        | Net (Expense) Revenue and<br>Changes in Net Position |                             |                         |
|---------------------------------------------------|-----------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------|-----------------------------|-------------------------|
|                                                   |                       | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-Type<br>Activities | Total                   |
| <b>Governmental Activities:</b>                   |                       |                         |                                          |                                        |                                                      |                             |                         |
| Instruction                                       | \$ 88,319,459         | \$ 3,847,038            | \$ 19,013,255                            | \$ -                                   | \$ (65,459,166)                                      |                             | \$ (65,459,166)         |
| Instructional Student Support                     | 8,494,835             | -                       | 1,358,555                                | -                                      | (7,136,280)                                          |                             | (7,136,280)             |
| Administrative and Financial Support Services     | 11,518,038            | -                       | 1,298,083                                | -                                      | (10,219,955)                                         |                             | (10,219,955)            |
| Operation and Maintenance of Plant Services       | 9,880,238             | 180,073                 | 708,442                                  | -                                      | (8,991,723)                                          |                             | (8,991,723)             |
| Pupil Transportation                              | 8,462,188             | -                       | 2,652,183                                | -                                      | (5,810,005)                                          |                             | (5,810,005)             |
| Student Activities                                | 2,399,694             | 435,397                 | 262,741                                  | -                                      | (1,701,556)                                          |                             | (1,701,556)             |
| Community Services                                | 2,060                 | -                       | -                                        | -                                      | (2,060)                                              |                             | (2,060)                 |
| Scholarships                                      | 50                    | -                       | -                                        | -                                      | (50)                                                 |                             | (50)                    |
| Capital Outlays                                   | 312,203               | -                       | -                                        | -                                      | (312,203)                                            |                             | (312,203)               |
| Interest on Long-Term Debt/Refunds                | 3,080,210             | -                       | -                                        | 783,613                                | (2,296,597)                                          |                             | (2,296,597)             |
| <b>Total Governmental Activities</b>              | <b>\$ 132,468,975</b> | <b>\$ 4,462,508</b>     | <b>\$ 25,293,259</b>                     | <b>\$ 783,613</b>                      | <b>\$ (101,929,595)</b>                              |                             | <b>\$ (101,929,595)</b> |
| <b>Business-Type activities:</b>                  |                       |                         |                                          |                                        |                                                      |                             |                         |
| Food Service                                      | \$ 4,112,780          | \$ 2,031,362            | \$ 2,315,608                             | \$ -                                   | \$ -                                                 | \$ 234,190                  | \$ 234,190              |
| <b>Total Business-Type Activities</b>             | <b>\$ 4,112,780</b>   | <b>\$ 2,031,362</b>     | <b>\$ 2,315,608</b>                      | <b>\$ -</b>                            | <b>\$ -</b>                                          | <b>\$ 234,190</b>           | <b>\$ 234,190</b>       |
| <b>Total Primary Government</b>                   | <b>\$ 136,581,755</b> | <b>\$ 6,493,870</b>     | <b>\$ 27,608,867</b>                     | <b>\$ 783,613</b>                      | <b>\$ (101,929,595)</b>                              | <b>\$ 234,190</b>           | <b>\$ (101,695,405)</b> |
| <b>General Revenues:</b>                          |                       |                         |                                          |                                        |                                                      |                             |                         |
| Taxes:                                            |                       |                         |                                          |                                        |                                                      |                             |                         |
| Property Taxes, Levied for General Purposes (net) |                       |                         |                                          |                                        | \$ 88,358,443                                        | \$ -                        | \$ 88,358,443           |
| Taxes Levied for Specific Purposes                |                       |                         |                                          |                                        | 18,080,166                                           | -                           | 18,080,166              |
| Basic Subsidy                                     |                       |                         |                                          |                                        | 15,563,536                                           | -                           | 15,563,536              |
| Property Tax Relief Payment                       |                       |                         |                                          |                                        | 1,541,429                                            |                             | 1,541,429               |
| Investment Earnings                               |                       |                         |                                          |                                        | 3,489,166                                            | 2,601                       | 3,491,767               |
| Miscellaneous Income                              |                       |                         |                                          |                                        | 263,034                                              | -                           |                         |
| Interfund Transfers                               |                       |                         |                                          |                                        | 25,179                                               | (25,179)                    | -                       |
| <b>Total General Revenues</b>                     |                       |                         |                                          |                                        | <b>\$ 127,320,953</b>                                | <b>\$ (22,578)</b>          | <b>\$ 127,035,341</b>   |
| <b>Change in Net Position</b>                     |                       |                         |                                          |                                        | <b>\$ 25,391,358</b>                                 | <b>\$ 211,612</b>           | <b>\$ 25,339,936</b>    |
| Net Position — July 1, 2022 - Restated (Deficit)  |                       |                         |                                          |                                        | (119,375,002)                                        | 601,159                     | (118,773,843)           |
| Prior Period Adjustment                           |                       |                         |                                          |                                        | 191,377                                              | -                           | 191,377                 |
| <b>Net Position — June 30, 2023 (Deficit)</b>     |                       |                         |                                          |                                        | <b>\$ (93,792,267)</b>                               | <b>\$ 812,771</b>           | <b>\$ (93,242,530)</b>  |

The accompanying notes are an integral part of these financial statements

**SENECA VALLEY SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

**EXHIBIT C**

|                                            | <b>GENERAL<br/>FUND</b>     | <b>CAPITAL<br/>PROJECT<br/>FUNDS</b> | <b>NON-MAJOR<br/>GOVERNMENTAL<br/>FUNDS</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--------------------------------------------|-----------------------------|--------------------------------------|---------------------------------------------|-----------------------------------------|
| <b>ASSETS:</b>                             |                             |                                      |                                             |                                         |
| Cash and Cash Equivalents                  | \$ 9,220,127                | \$ 30,719,367                        | \$ 61,812                                   | \$ 40,001,306                           |
| Investments                                | 49,009,546                  | 4,182,123                            | -                                           | 53,191,669                              |
| Taxes Receivable, net                      | 297,608                     | -                                    | -                                           | 297,608                                 |
| Due From Other Funds                       | 385,703                     | -                                    | -                                           | 385,703                                 |
| Due From Other Governments                 | 5,936,581                   | -                                    | -                                           | 5,936,581                               |
| Other Receivables                          | 337,735                     | -                                    | -                                           | 337,735                                 |
| <b>TOTAL ASSETS</b>                        | <b><u>\$ 65,187,300</u></b> | <b><u>\$ 34,901,490</u></b>          | <b><u>\$ 61,812</u></b>                     | <b><u>\$ 100,150,602</u></b>            |
| <b>LIABILITIES AND FUND BALANCES:</b>      |                             |                                      |                                             |                                         |
| <b>LIABILITIES:</b>                        |                             |                                      |                                             |                                         |
| Accounts Payable                           | \$ 3,164,938                | 1,149,543                            | \$ -                                        | \$ 4,314,481                            |
| Due To Other Funds                         | 369,239                     | -                                    | -                                           | 369,239                                 |
| Due to Other Governments                   | 2,476                       | -                                    | -                                           | 2,476                                   |
| Accrued Salaries and Benefits              | 9,478,744                   | -                                    | -                                           | 9,478,744                               |
| Payroll Deductions and Withholdings        | 6,326,928                   | -                                    | -                                           | 6,326,928                               |
| Unearned Revenues                          | 74,506                      | -                                    | -                                           | 74,506                                  |
| <b>TOTAL LIABILITIES</b>                   | <b><u>\$ 19,416,831</u></b> | <b><u>\$ 1,149,543</u></b>           | <b><u>\$ -</u></b>                          | <b><u>\$ 20,566,374</u></b>             |
| <b>FUND BALANCES:</b>                      |                             |                                      |                                             |                                         |
| Restricted                                 | \$ 236,067                  | \$ 3,032,580                         | \$ 61,812                                   | \$ 3,330,459                            |
| Committed                                  | 1,000,000                   | -                                    | -                                           | 1,000,000                               |
| Assigned                                   | 32,534,402                  | 30,719,367                           | -                                           | 63,253,769                              |
| Unassigned                                 | 12,000,000                  | -                                    | -                                           | 12,000,000                              |
| <b>TOTAL FUND BALANCES</b>                 | <b><u>\$ 45,770,469</u></b> | <b><u>\$ 33,751,947</u></b>          | <b><u>\$ 61,812</u></b>                     | <b><u>\$ 79,584,228</u></b>             |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b><u>\$ 65,187,300</u></b> | <b><u>\$ 34,901,490</u></b>          | <b><u>\$ 61,812</u></b>                     | <b><u>\$ 100,150,602</u></b>            |

The accompanying notes are an integral part of these financial statements

**SENECA VALLEY SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

**Total Fund Balances - Governmental Funds** **\$ 79,584,228**

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$268,583,273, and the accumulated depreciation is \$114,096,251. 154,487,022

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions 34,171,123

Deferred outflows of resources related to OPEB 8,751,772

Deferred inflows of resources related to pensions (4,838,260)

Deferred inflows of resources related to OPEB (18,140,305)

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

|                              |                |               |
|------------------------------|----------------|---------------|
| Bonds Payable, Net           | \$ 115,959,139 |               |
| Lease Payable                | 552,269        |               |
| Accrued Interest on Debt     | 1,423,474      |               |
| Accrued Compensated Absences | 1,213,695      |               |
| Net Pension Liability        | 188,874,420    |               |
| Net OPEB Liability           | 39,784,850     | (347,807,847) |
|                              |                |               |

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (Deficit)** **\$ (93,792,267)**

The accompanying notes are an integral part of these financial statements

**SENECA VALLEY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                                              | <b><u>GENERAL FUND</u></b> | <b><u>CAPITAL<br/>PROJECT<br/>FUNDS</u></b> | <b><u>NON-MAJOR<br/>GOVERNMENTAL<br/>FUNDS</u></b> | <b><u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u></b> |
|--------------------------------------------------------------|----------------------------|---------------------------------------------|----------------------------------------------------|------------------------------------------------|
| <b><u>REVENUES</u></b>                                       |                            |                                             |                                                    |                                                |
| Local Sources                                                | \$ 115,515,328             | \$ 1,095,899                                | \$ 1                                               | \$ 116,611,228                                 |
| State Sources                                                | 39,852,189                 | -                                           | -                                                  | 39,852,189                                     |
| Federal Sources                                              | 1,371,738                  | -                                           | -                                                  | 1,371,738                                      |
| <b>Total Revenue</b>                                         | <b>\$ 156,739,255</b>      | <b>\$ 1,095,899</b>                         | <b>\$ 1</b>                                        | <b>\$ 157,835,155</b>                          |
| <b><u>EXPENDITURES</u></b>                                   |                            |                                             |                                                    |                                                |
| Instruction                                                  | \$ 96,501,715              | \$ -                                        | \$ -                                               | \$ 96,501,715                                  |
| Support Services                                             | 40,852,402                 | -                                           | 7,408                                              | 40,859,810                                     |
| Noninstructional Services                                    | 2,612,540                  | -                                           | 50                                                 | 2,612,590                                      |
| Capital Outlay                                               | -                          | 12,424,737                                  | -                                                  | 12,424,737                                     |
| Debt Service                                                 | 11,095,317                 | 673,500                                     | -                                                  | 11,768,817                                     |
| <b>Total Expenditures</b>                                    | <b>\$ 151,061,974</b>      | <b>\$ 13,098,237</b>                        | <b>7,458</b>                                       | <b>\$ 164,167,669</b>                          |
| <b>Excess ( Deficiency) of Revenue<br/>over Expenditures</b> | <b>\$ 5,677,281</b>        | <b>\$ (12,002,338)</b>                      | <b>\$ (7,457)</b>                                  | <b>\$ (6,332,514)</b>                          |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>                 |                            |                                             |                                                    |                                                |
| Operating Transfers Out                                      | \$ (12,000,000)            | \$ -                                        | \$ -                                               | \$ (12,000,000)                                |
| Operating Transfers In                                       | 25,179                     | 12,000,000                                  | -                                                  | 12,025,179                                     |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>\$ (11,974,821)</b>     | <b>\$ 12,000,000</b>                        | <b>\$ -</b>                                        | <b>\$ 25,179</b>                               |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>\$ (6,297,540)</b>      | <b>\$ (2,338)</b>                           | <b>\$ (7,457)</b>                                  | <b>\$ (6,307,335)</b>                          |
| FUND BALANCE - JULY 1, 2022                                  | 51,964,773                 | 33,754,285                                  | 69,269                                             | 85,788,327                                     |
| Prior Period Adjustment                                      | 103,236                    | -                                           | -                                                  | 103,236                                        |
| <b>FUND BALANCE - JUNE 30, 2023</b>                          | <b>\$ 45,770,469</b>       | <b>\$ 33,751,947</b>                        | <b>\$ 61,812</b>                                   | <b>\$ 79,584,228</b>                           |

The accompanying notes are an integral part of these financial statements

**SENECA VALLEY SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENT FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ (6,307,335)**

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

Capital outlays are reported in governmental funds 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 capital outlays (\$12,367,243) exceeded depreciation expense (\$4,873,590) during the fiscal year. 7,493,653

Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. 5,245,465

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. 6,936,670

Deferred interest on bond refundings is recognized in the government-wide financial statements when bonds are refunded and amortized over the life of the bond issue as interest expense. (6,704)

Bond premiums are reported in governmental funds as revenues. However, in the statement of activities, this amount is capitalized and is accreted over the life of the bond issue as interest expense. 1,706,910

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, however, interest expense is recognized as the interest accrues, regardless of when it is due. 51,731

In the statement of activities, certain operating expenses - compensated absences and retiree benefits - 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 (paid). This is the amount by which compensated absences and retiree health benefits paid exceeded the amount earned. 10,270,967

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 25,391,357**

**SENECA VALLEY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                              | Budgeted Amounts       |                        | Actual                 | Variance with<br>Final Budget |
|----------------------------------------------|------------------------|------------------------|------------------------|-------------------------------|
|                                              | Original               | Final                  | (Budgetary Basis)      | Positive<br>(Negative)        |
| <b><u>REVENUES</u></b>                       |                        |                        |                        |                               |
| Local Sources                                | \$ 109,886,900         | \$ 109,886,900         | \$ 115,515,328         | \$ 5,628,428                  |
| State Sources                                | 39,353,714             | 39,353,714             | 39,852,189             | 498,475                       |
| Federal Sources                              | 2,201,000              | 2,201,000              | 1,371,738              | (829,262)                     |
| <b>Total Revenues</b>                        | <b>\$ 151,441,614</b>  | <b>\$ 151,441,614</b>  | <b>\$ 156,739,255</b>  | <b>\$ 5,297,641</b>           |
| <b><u>EXPENDITURES</u></b>                   |                        |                        |                        |                               |
| Regular Programs                             | \$ 69,840,148          | \$ 68,174,591          | \$ 67,152,905          | \$ 1,021,686                  |
| Special Programs                             | 24,891,782             | 24,869,492             | 24,536,758             | 332,734                       |
| Vocational Programs                          | 4,633,883              | 4,635,083              | 4,396,865              | 238,218                       |
| Other Instructional Programs                 | 351,712                | 414,662                | 390,887                | 23,775                        |
| Nonpublic School Programs                    | -                      | 10,230                 | 24,300                 | (14,070)                      |
| Pupil Personnel Services                     | 5,217,039              | 5,234,168              | 5,097,551              | 136,617                       |
| Instructional Staff Services                 | 3,012,788              | 3,011,253              | 2,893,009              | 118,244                       |
| Administrative Services                      | 8,066,298              | 8,070,120              | 7,554,886              | 515,234                       |
| Pupil Health                                 | 1,429,442              | 1,431,815              | 1,391,245              | 40,570                        |
| Business Services                            | 711,263                | 712,463                | 697,091                | 15,372                        |
| Operation & Maintenance of Plant Services    | 9,638,819              | 10,794,357             | 10,499,354             | 295,003                       |
| Student Transportation Services              | 8,969,546              | 9,001,046              | 8,512,734              | 488,312                       |
| Central Services                             | 1,171,686              | 1,317,406              | 1,272,702              | 44,704                        |
| Other Support Services                       | 2,902,663              | 2,945,663              | 2,933,830              | 11,833                        |
| Student Activities                           | 2,327,753              | 2,420,577              | 2,610,480              | (189,903)                     |
| Community Services                           | 5,000                  | 5,000                  | 2,060                  | 2,940                         |
| Capital Outlay                               | 160,000                | 160,000                | -                      | 160,000                       |
| Debt Service (Principal & Interest)          | 10,531,750             | 11,205,250             | 11,095,317             | 109,933                       |
| <b>Total Expenditures</b>                    | <b>\$ 153,861,572</b>  | <b>\$ 154,413,176</b>  | <b>\$ 151,061,974</b>  | <b>\$ 3,351,202</b>           |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b> |                        |                        |                        |                               |
| Interfund Transfers - In                     | \$ -                   | \$ -                   | \$ 25,179              | \$ 25,179                     |
| Interfund Transfers - Out                    | (12,000,000)           | (12,000,000)           | (12,000,000)           | -                             |
| Refund Prior Year Revenues                   | -                      | (200,000)              | -                      | 200,000                       |
| Budgetary Reserve                            | (1,000,000)            | (248,396)              | -                      | 248,396                       |
| <b>Total Other Financing Sources (Uses)</b>  | <b>\$ (13,000,000)</b> | <b>\$ (12,448,396)</b> | <b>\$ (11,974,821)</b> | <b>\$ 473,575</b>             |
| <b>NET CHANGE IN FUND BALANCES</b>           | <b>\$ (15,419,958)</b> | <b>\$ (15,419,958)</b> | <b>\$ (6,297,540)</b>  | <b>\$ 9,122,418</b>           |
| FUND BALANCE - JULY 1, 2022                  | 48,000,000             | 48,000,000             | 51,964,773             | 3,964,773                     |
| Prior Period Adjustment                      | -                      | -                      | 103,236                | 103,236                       |
| <b>FUND BALANCE - JUNE 30, 2023</b>          | <b>\$ 32,580,042</b>   | <b>\$ 32,580,042</b>   | <b>\$ 45,770,469</b>   | <b>\$ 13,190,427</b>          |

The accompanying notes are an integral part of these financial statements

**SENECA VALLEY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2023**

|                                                                               |                            |
|-------------------------------------------------------------------------------|----------------------------|
|                                                                               | <b>FOOD<br/>SERVICES</b>   |
| <b>ASSETS</b>                                                                 |                            |
| <b>Current Assets:</b>                                                        |                            |
| Cash and Cash Equivalents                                                     | \$ 3,568,654               |
| Due from General Fund                                                         | 369,239                    |
| Inventories                                                                   | 40,160                     |
| <b>TOTAL CURRENT ASSETS</b>                                                   | <b><u>\$ 3,978,053</u></b> |
| <b>Noncurrent Assets:</b>                                                     |                            |
| Furniture and Equipment (Net)                                                 | \$ 799,702                 |
| <b>TOTAL NONCURRENT ASSETS</b>                                                | <b><u>\$ 799,702</u></b>   |
| <b>TOTAL ASSETS</b>                                                           | <b><u>\$ 4,777,755</u></b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                         |                            |
| Deferred Outflows Related to Pension                                          | \$ 697,370                 |
| Deferred Outflows Related to OPEB                                             | 40,077                     |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                                   | <b><u>\$ 737,447</u></b>   |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                        | <b><u>\$ 5,515,202</u></b> |
| <b>LIABILITIES</b>                                                            |                            |
| <b>Current Liabilities:</b>                                                   |                            |
| Due to Other Funds                                                            | \$ 385,703                 |
| Accounts Payable                                                              | 20,485                     |
| Due to Students                                                               | 126,097                    |
| Unearned Revenues                                                             | 15,296                     |
| <b>TOTAL CURRENT LIABILITIES</b>                                              | <b><u>\$ 547,581</u></b>   |
| <b>Noncurrent Liabilities:</b>                                                |                            |
| Compensated Absences                                                          | \$ 3,850                   |
| Net OPEB Liability                                                            | 159,220                    |
| Net Pension Liability                                                         | 3,854,580                  |
| <b>TOTAL NONCURRENT LIABILITIES</b>                                           | <b><u>\$ 4,017,650</u></b> |
| <b>TOTAL LIABILITIES</b>                                                      | <b><u>\$ 4,565,231</u></b> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                          |                            |
| Deferred Inflows Related to Pension                                           | \$ 98,740                  |
| Deferred Inflows Related to OPEB                                              | 38,460                     |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                    | <b><u>\$ 137,200</u></b>   |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>                    | <b><u>\$ 4,702,431</u></b> |
| <b>NET POSITION</b>                                                           |                            |
| Net Investment in Capital Assets                                              | \$ 799,702                 |
| Unrestricted                                                                  | 13,069                     |
| <b>TOTAL NET POSITION</b>                                                     | <b><u>\$ 812,771</u></b>   |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND NET POSITION</b> | <b><u>\$ 5,515,202</u></b> |

The accompanying notes are an integral part of these financial statements

**SENECA VALLEY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                                |                                 |
|------------------------------------------------|---------------------------------|
|                                                | <b><u>FOOD SERVICES</u></b>     |
| <b><u>OPERATING REVENUES</u></b>               |                                 |
| Food Services Revenue                          | \$ 2,031,362                    |
| <b>Total Operating Revenues</b>                | <b><u>\$ 2,031,362</u></b>      |
| <b><u>OPERATING EXPENSES</u></b>               |                                 |
| Salaries                                       | \$ 1,246,226                    |
| Employee Benefits                              | 431,807                         |
| Purchased Professional Services                | 6,535                           |
| Purchased Property Services                    | 101,252                         |
| Other Purchased Services                       | 1,497,043                       |
| Supplies                                       | 423,424                         |
| Property/Equipment                             | 236,669                         |
| Dues and Fees                                  | 1,617                           |
| Depreciation Expense                           | 87,604                          |
| <b>Total Operating Expenses</b>                | <b><u>\$ 4,032,177</u></b>      |
| <b>OPERATING INCOME/(LOSS)</b>                 | <b><u>\$ (2,000,815)</u></b>    |
| <b><u>NONOPERATING REVENUES (EXPENSES)</u></b> |                                 |
| Earnings on Investments                        | \$ 2,601                        |
| State Sources                                  | 655,498                         |
| Federal Sources                                | 1,660,110                       |
| Refund Prior Year Revenues                     | (80,603)                        |
| Transfer to General Fund                       | (25,179)                        |
| <b>Total Nonoperating Revenues (Expenses)</b>  | <b><u>\$ 2,212,427</u></b>      |
| <b>CHANGE IN NET POSITION</b>                  | <b><u>\$ 211,612</u></b>        |
| NET POSITION - JULY 1, 2022                    | <u>601,159</u>                  |
| <b>NET POSITION - JUNE 30, 2023</b>            | <b><u><u>\$ 812,771</u></u></b> |

The accompanying notes are an integral part of these financial statements

**SENECA VALLEY SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                                                                                                  | <b>FOOD<br/>SERVICES</b>     |
|------------------------------------------------------------------------------------------------------------------|------------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                                                               |                              |
| Cash Received from Users                                                                                         | \$ 2,025,444                 |
| Cash Payments to Employees for Services                                                                          | (1,788,435)                  |
| Cash Payments to Suppliers for Goods and Services                                                                | (1,409,954)                  |
| <b>Net Cash Provided (Used) by Operating Activities</b>                                                          | <b><u>\$ (1,172,945)</u></b> |
| <b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>                                                   |                              |
| State Sources                                                                                                    | \$ 656,888                   |
| Federal Sources                                                                                                  | 1,459,578                    |
| Operating Transfer Out                                                                                           | (25,179)                     |
| <b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>                                              | <b><u>\$ 2,091,287</u></b>   |
| <b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>                                           |                              |
| Capital Outlay                                                                                                   | \$ (704,187)                 |
| Refund Prior Year Revenues                                                                                       | (80,604)                     |
| <b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>                                      | <b><u>\$ (784,791)</u></b>   |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                                                               |                              |
| Earnings on Investments                                                                                          | \$ 2,601                     |
| <b>Net Cash Provided (Used) by Investing Activities</b>                                                          | <b><u>\$ 2,601</u></b>       |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                                      | <b>\$ 136,152</b>            |
| CASH AND CASH EQUIVALENTS - JULY 1, 2022                                                                         | <u>3,432,502</u>             |
| <b>CASH AND CASH EQUIVALENTS - JUNE 30, 2023</b>                                                                 | <b><u>\$ 3,568,654</u></b>   |
| <b>Reconciliation of Operating Income (Loss) to Net Cash<br/>Provided (Used) by Operating Activities:</b>        |                              |
| <b>Operating Income (Loss)</b>                                                                                   | <b>\$ (2,000,815)</b>        |
| <b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |                              |
| Depreciation                                                                                                     | 87,604                       |
| Donated Commodities                                                                                              | 245,265                      |
| (Increase) Decrease in Deferred Outflows of Resources                                                            | 72,078                       |
| (Increase) Decrease in Inventories                                                                               | (21)                         |
| Increase (Decrease) in Advances to Other Funds                                                                   | (122,619)                    |
| (Increase) Decrease in Advances from Other Funds                                                                 | 714,398                      |
| Increase (Decrease) in Accounts Payable                                                                          | 20,485                       |
| Increase (Decrease) in Unearned Revenues                                                                         | (922)                        |
| Increase (Decrease) in Student Prepayments                                                                       | (5,918)                      |
| Increase (Decrease) in Net Pension Liability                                                                     | 334,380                      |
| Increase (Decrease) in Net OPEB Liability                                                                        | (43,580)                     |
| Increase (Decrease) in Deferred Inflows of Resources                                                             | (472,080)                    |
| Increase (Decrease) in Compensated Absences                                                                      | (1,200)                      |
| <b>Total Adjustments</b>                                                                                         | <b><u>\$ 827,870</u></b>     |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>                                                          | <b><u>\$ (1,172,945)</u></b> |
| <b>NONCASH NONCAPITAL FINANCING ACTIVITIES:</b>                                                                  |                              |
| During the year, the District received \$245,265 of food commodities<br>from the U.S. Department of Agriculture  |                              |

The accompanying notes are an integral part of these financial statements

**SENECA VALLEY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2023**

|                                           | <b><u>STUDENT<br/>ACTIVITY<br/>CUSTODIAL<br/>FUNDS</u></b> |
|-------------------------------------------|------------------------------------------------------------|
| <b>ASSETS</b>                             |                                                            |
| Cash and Cash Equivalents                 | \$ 373,145                                                 |
| <b>TOTAL ASSETS</b>                       | <b><u>\$ 373,145</u></b>                                   |
| <b>LIABILITIES</b>                        |                                                            |
| Other Current Liabilities                 | \$ -                                                       |
| <b>TOTAL LIABILITIES</b>                  | <b><u>\$ -</u></b>                                         |
| <b>NET POSITION</b>                       |                                                            |
| Restricted                                | \$ 373,145                                                 |
| <b>TOTAL NET POSITION</b>                 | <b><u>\$ 373,145</u></b>                                   |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b><u>\$ 373,145</u></b>                                   |

The accompanying notes are an integral part of these financial statements

**SENECA VALLEY SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                         | <b>STUDENT<br/>ACTIVITY<br/>CUSTODIAL<br/>FUNDS</b> |
|-----------------------------------------|-----------------------------------------------------|
|                                         | <hr/>                                               |
| <b>ADDITIONS</b>                        |                                                     |
| Student Club Organization Receipts      | \$ 500,007                                          |
| <b>TOTAL ADDITIONS</b>                  | <hr/> <b>\$ 500,007</b> <hr/>                       |
| <b>DEDUCTIONS</b>                       |                                                     |
| Student Club Organization Disbursements | 470,614                                             |
| <b>TOTAL DEDUCTIONS</b>                 | <hr/> <b>\$ 470,614</b> <hr/>                       |
| <b>CHANGE IN NET POSITION</b>           | <b>\$ 29,393</b>                                    |
| NET POSITION - JULY 1, 2022             | <hr/> 343,752                                       |
| <b>NET POSITION - JUNE 30, 2023</b>     | <hr/> <b>\$ 373,145</b> <hr/>                       |

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Seneca Valley School District was established under the authority of an act of the state legislature that designated a school board as the governing body. The District serves the following municipalities:

**Cranberry Township  
Forward Township  
Jackson Township  
Lancaster Township**

**Evans City Borough  
Harmony Borough  
Seven Fields Borough  
Zelienople Borough  
Callery Borough**

The School District operates under a locally elected nine-member Board form of government and provides educational services as mandated by the Commonwealth of Pennsylvania and selected federal agencies. The Board of Education has complete authority over the operations and administration of the School District's activities.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Seneca Valley School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. Generally accepted accounting principles define component units as legally separate entities that are included in the School District's reporting entity because of the significance of their operating or financial relationships with the School District. Based on the application of these criteria, the Seneca Valley School District has no component units.

The School District is associated with two jointly governed organizations (Note 12) and one public entity risk pool (Note 13). These organizations are:

- Jointly Governed Organizations:
  - Midwestern Intermediate Unit IV
  - Butler County Area Vocational Technical School
- Public Entity Risk Pool:
  - Midwestern Health Combine

The financial statements of the Seneca Valley School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The most significant of the School District's accounting policies are as follows:

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FINANCIAL STATEMENT PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** – The statement of net position (Exhibit A) and the statement of activities (Exhibit B) 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 government-wide statements are prepared using the economic resources measurement focus. That is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations (Exhibit D and F) with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities (Exhibit B) presents a comparison between direct expenses and program revenues for the District's business-type activities (food service operations) and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants, subsidies and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which the business-type activity or government function is self-financing or draws from the general revenues of the School District.

**FUND FINANCIAL STATEMENTS** – Fund financial statements report detailed information about the School District. Under generally accepted accounting standards, the focus of fund financial statements is on major funds rather than reporting funds by type. Major funds represent the District's most important funds and are determined based on percentages of assets, liabilities, revenues, and expenditures/expenses. For the Seneca Valley School District, the General Fund is always considered a major fund. Each major fund is presented in a separate column. Non-major funds, if any, would be segregated and presented in a single column. Fiduciary funds are reported by fund type.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Government funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)**

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities 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 (revenues) and decreases (expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. The fair value of donated commodities used during the year is reported in the operating statements as an expense with a like amount reported as part of federal source revenue.

Fiduciary funds are reported using the economic resources measurement focus.

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 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. For the School District, available means expected to be received within sixty days of fiscal year-end.

Revenue resulting from non-exchange transactions, in which the School District receives value without directly giving equal value in return, includes property taxes, grants and contributions. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be 'available' before it can be recognized.

The management of the Seneca Valley School District has determined that the revenues most susceptible to accrual (measurable and available) at June 30, 2023 under the modified accrual basis are **1)** certain Act 511 taxes, **2)** federal and state subsidies earned in the fiscal year 2022-2023, and **3)** other miscellaneous revenues earned in fiscal year 2022-2023 but received subsequent to June 30, 2023. On the governmental fund financial statements, receivables that will not be collected within the 'available' period have been reported as 'deferred inflows of resources'.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at June 30, 2023 are those for which the Board of Education's intention was to expense these items as budgeted for the 2022-2023 official budget, and for which the District has incurred an obligation, but has not paid as of June 30, 2023.

Allocations of cost such as depreciation and amortization, are not recognized in governmental funds but are included as part of expenses in the government-wide statement of activities.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING**

The School District uses funds to report on its financial position and the results of its operations during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Fund categories are defined as follows:

**Governmental Funds** – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major and non-major governmental funds:

**MAJOR GOVERNMENTAL FUNDS:**

**GENERAL FUND** - The General Fund is used to account for all financial resources not required to be accounted for in some other fund. The General Fund balance is available for any purpose provided it is expended according to the Commonwealth of Pennsylvania Public School Code.

**CAPITAL PROJECT FUND** - The Capital Project Fund is used to account for financial resources used for the acquisition, construction, or improvement of capital facilities and other assets financed through the issuance of general obligation bonds. This Fund includes Capital Reserve Fund monies transferred from the General Fund restricted for capital purposes as restricted by the Municipal Code Section 1431 or the Pa. Public School Code Section 690.

**NONMAJOR GOVERNMENTAL FUNDS:**

**MUSIC SCHOLARSHIP FUND (Special Revenue)** - The music scholarship fund was established to provide scholarships to eligible District students funded by private donor.

**LEGAL SETTLEMENT FUND (Special Revenue)** – The fund was established to account for compensatory education expenses for an individual special needs student established to comply with an administrative adjudication and was funded by a one-time transfer of monies from the School District's General Fund.

**Proprietary Funds** - used to account for activities similar to those found in the private sector, where the determination of net income is necessary and useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies within the school district (internal service funds). The School District's major and sole enterprise fund is its Food Service Fund, which accounts for the financial transactions related to the food service operations of the District.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING (Continued)**

**Fiduciary Funds** – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Custodial funds report fiduciary activities that are not held in a Trust or equivalent arrangement that meets specific criteria. The District's Custodial Fund is comprised of the various student organization activity accounts administered by the District on behalf of the various student organizations.

**BUDGETS**

On June 13, 2022, the Seneca Valley School District adopted its fiscal year June 30, 2023 annual budget for the General Fund totaling \$166,861,572 in accordance with the provisions of the Pennsylvania School Code. The budget is prepared utilizing the modified accrual basis of accounting in accordance with generally accepted accounting principles. The original and final budgetary amounts are reflected in these financial statements (Exhibit G). All annual appropriations of the General Fund lapse at year-end.

The School District uses the following procedures in establishing this budgetary data:

- a. Prior to May of the preceding fiscal year, the school district prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the revenues and other sources of funds used to finance these expenditures.
- b. At least 20 days prior to the date set for budget adoption, the budget is made available for public inspection.
- c. A meeting of the Board of Education is then held for the purpose of adopting the proposed budget. The meeting may only be held after 10 days of public notification.
- d. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board of Education.
- e. The budget must be filed with the Commonwealth of Pennsylvania, Department of Education by July 15 of the fiscal year or within 30 days of adoption.

Budgetary transfers are permitted after the first 90 days of the school district's fiscal year.

**CASH AND CASH EQUIVALENTS**

For the purpose of these basic financial statements, cash and cash equivalents include amounts in demand deposit accounts, and any other highly liquid, short-term investments, with original maturity terms of less than three months. For financial reporting purposes, certificates of deposit in 'pooled flex' investment options, regardless of maturity, are reflected as investments in the accompanying financial statements.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**INVESTMENTS**

Under Section 440.1 of the Pennsylvania Public School Code of 1949, as amended, and PA Act 10 of 2016, Seneca Valley School District is permitted to invest funds consistent with sound business practices in the following types of investments:

- I. Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- II. Deposits in savings accounts, time deposits and share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral, as provided by law, is pledged by the depository.
- III. U.S. government obligations, short-term commercial paper issued by a public corporation, and banker's acceptances.

Investments of the Seneca Valley School District include deposits pooled for investment purposes with the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT). Investments are reported at fair value.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the governmental funds balance sheet. For the purposes of the government-wide statement of net position, governmental interfund receivables and payables have been eliminated. Amounts due between governmental activities and business-type activities, if any, are presented as off-setting internal balances on the statement of net position.

**INVENTORIES**

Inventories on the government-wide statement of net position (Exhibit A) and the proprietary fund statement of net position (Exhibit H) are recorded at a combination of actual cost and fair value on a first-in first-out basis. This inventory consists of purchased food and supplies and donated commodities from the U.S. Department of Agriculture as part of the food service program. The School District does not inventory the cost of such items as books and supplies, but rather records these items as an expenditure in the governmental funds and an expense in the government-wide statement of activities at the time of purchase.

**CAPITAL ASSETS AND DEPRECIATION**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental-activities column of the government-wide statement of net position. Capital assets used by the proprietary fund are reported in both the business-type activity column of the government-wide statement of net position and on the proprietary fund statement of net position.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CAPITAL ASSETS AND DEPRECIATION (Continued)**

All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The School District maintains a capitalization threshold of \$5,000. The cost of infrastructure is included as part of site improvements in the government-wide statement of net position. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities.

All reported capital assets, except land and construction in progress, are depreciated using the straight-line method over the following useful lives:

| <b><u>CATEGORY</u></b>     | <b><u>GOVERNMENTAL<br/>ACTIVITIES</u></b> | <b><u>BUSINESS<br/>TYPE<br/>ACTIVITIES</u></b> |
|----------------------------|-------------------------------------------|------------------------------------------------|
| Site Improvements          | 20 years                                  | N/A                                            |
| Buildings and Improvements | 30 Years                                  | N/A                                            |
| Furniture and Equipment    | 5-20 years                                | 5-12 years                                     |
| Vehicles                   | 8 Years                                   | N/A                                            |

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements (Exhibit E).

The results of capitalizing fixed assets net of depreciation on the government-wide statement of net position and statement of activities, as opposed to recording these same assets as an expenditure in the fund financial statements (Exhibit E), is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

The School District has recorded intangible right-to-use assets as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 87. The right-to-use assets are initially measured at an amount equal to the present value of future lease payments. The right-to-use assets are amortized on a straight-line basis over the life of the related lease. The amortization expense is combined with the depreciation expense in Note 8 – Capital Assets.

**LONG-TERM DEBT FINANCING COSTS**

Bond and note issuance costs are recorded as expenditures in the governmental fund financial statements in the year paid. The School District did not incur any bond/note closing costs during the 2022-2023 fiscal year.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**COMPENSATED ABSENCES**

The School District reports compensated absences in accordance with the provisions of applicable GASB Statements. Sick leave benefits are accrued as a liability for teachers at the time of superannuation retirement, or retirement with 25 years of public-school service and the age of 55 years, at the rate of \$40 per day if the District is notified prior to November 1 for mid-year or March 1 for year-end retirements. Teachers are eligible for \$15 per unused sick day severance with 7 years of District service and 75 days' notice. Secretaries with 10 years of service with the district are reimbursed for unused sick days at the rate of \$22 per day (\$27 per day at the time of superannuation or any retirement under PSERS). Paraprofessionals with 10 years of service with the district are reimbursed for unused sick days at the rate of \$13 per day (\$18 per day at the time of superannuation or any retirement under PSERS).

Custodians with at least ten consecutive years of service to the District are reimbursed at the rate of \$38 per day, provided written notice of retirement is made no later than September 1 of the last school year of service or at least 90 days prior to retirement (\$28 per day if employee does not meet notification requirements). Administrators with 8 years of service with the District are reimbursed for unused sick days at the rate of \$10 per day (\$25 per day at the time of superannuation retirement with less than 90 calendar days' notice to the District, \$35 per day if notice is received by November 15). Act 93 participants with 8 years of service with the District are reimbursed for unused sick days at the rate of \$50 per day (\$100 per day at the time of superannuation retirement if notice is received by November 15).

The entire compensated absences liability of \$1,217,545 is shown as a non-current liability in the government-wide statement of net position. For governmental fund financial statements, compensated absences are recorded as expenditures when paid rather than accrued when earned as the likelihood of payment in the immediate fiscal year with available expendable resources is not assured.

**PENSIONS**

For the 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's 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. Investment assets are reported at fair value. More information on pension activity is included in Note 10.

**OTHER POSTEMPLOYMENT BENEFITS**

For the 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 (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value. More information on other postemployment benefits activity is included in Note 11.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. For the business-type activities, these obligations and all similar obligations are reported again on the proprietary fund statement of net position (Exhibit H).

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of compensated absences and retiree health benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been paid with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. The District's General Fund is typically used to liquidate long-term liability obligations.

The results of recognizing these long-term obligations as liabilities on the government-wide statement of net position and statement of activities, as opposed to recording these same obligations as an expenditure in the fund financial statements (Exhibit E) only when paid, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**UNEARNED REVENUE**

Unearned Revenue arises when the District receives resources before it has legal claim to them. This occurs when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent balance periods, when both revenue recognition criteria are met, or when the School District has a legal claim to the resources, the unearned revenue liability is removed, and revenue is recognized.

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has three items that qualify for reporting in this category. They are deferred outflows related to the School District's pension and OPEB plans and deferred interest on refunding of bonds, reported on the governmental funds statement of net position (Exhibit A).

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The School District has two items that qualify for reporting in this category. They are deferred inflows related to the School District's pension and OPEB plans, reported on the governmental funds statement of net position (Exhibit A).

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**NET POSITION**

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy District obligations. Net position is classified as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets.
- Unrestricted – Consists of net position that does not meet the definition of ‘restricted’ or ‘net investment in capital assets’. As of June 30, 2023, the District’s governmental activities had a deficit unrestricted net position of \$135,098,340.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the School District’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**FUND EQUITY**

In the Balance Sheet – Governmental Funds (Exhibit C), fund balances are reported in specific categories to make the nature and extent of the constraints placed on any entity’s fund balance more transparent in accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. As of June 30, 2023, the District has \$236,067 set aside in a separate ‘Flexible Savings Account’, \$3,032,580 of capital reserve funds restricted in accordance with the Section 1431 of the Municipal Code Section 1431, and restricted funds totaling \$806 and \$61,006 respectively for the District’s music scholarship and legal settlement funds.
- Committed fund balance – amounts constrained to specific purposes by the School District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest-level action to remove or change the constraint. The Board of Education has committed \$1,000,000 of the District’s overall General fund balance per Board policy, for the purpose of migrating the budgetary impact of increasing PSERS rates.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND EQUITY (Continued)**

- Assigned fund balance – amounts the School District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The District has assigned 1) \$32,534,402 of the General Fund balance for subsequent year deficit budget amounts, anticipated healthcare cost increases, as well as planned facilities improvements, and 2) \$30,719,367 of the Capital Project Fund balance for capital related acquisitions and improvements.
- Unassigned fund balance – amounts that are available for any purpose.

The School District establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. The Board of Education has given authority to assign fund balance to the Business Manager.

When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend the committed resources first, followed by assigned amounts.

Act 48 of 2003 prohibits school districts from increasing real property taxes beyond the annual index increase permitted by law, unless the school district has adopted a budget for such school year that includes an estimated ending unassigned fund balance which is not more than a specified percentage of the district's total budgeted expenditures. For the Seneca Valley School District, estimated ending unassigned fund balance must not exceed 8.0% of total budgeted expenditures.

**ESTIMATES**

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

**OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Seneca Valley School District, these revenues are food service charges for lunch and breakfast service. Operating expenses are the necessary costs incurred to provide the aforementioned food service. Non-operating revenues of the District's food service proprietary fund are comprised of **1)** earnings on investments and **2)** state and federal subsidies, including donated commodities, received from the U.S. Department of Agriculture. Non-operating expenses consist of **1)** refund of prior year revenues and **2)** a transfer to the general fund.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ADOPTION OF GASB PRONOUNCEMENTS**

The requirements of the following GASB Statements were adopted for the School District's 2022-2023 financial statements. Except where noted, the adoption of these pronouncements did not have a significant impact on Seneca Valley School District's financial statements.

- **GASB issued Statement No. 91**, *'Conduit Debt Obligations'*.
- **GASB issued Statement No. 94**, *'Public-Private and Public-Public Partnerships and Availability Payment Arrangements'*.
- **GASB issued Statement No. 96**, *'Subscription-Based Information Technology Arrangements'*.

**PENDING GASB PRONOUNCEMENTS**

- **GASB issued Statement No 99**, *'Omnibus 2022'*. The provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments are effective for the School's June 30, 2024 financial statements.
- **GASB issued Statement No 100**, *'Accounting Changes and Error Correction'*. The provisions of this Statement are effective for the School's June 30, 2024 financial statements.
- **GASB issued Statement No 101**, *'Compensated Absences'*. The provisions of this Statement are effective for the School's June 30, 2025 financial statements.

The School District has not yet determined the impact of the adoption of the above pending GASB pronouncements on its financial statements.

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS:**

At June 30, 2023, the Seneca Valley School District had the following carrying values on its cash and cash equivalents accounts:

|                       | <b>BANK<br/>BALANCE</b>     | <b>CARRYING<br/>VALUE</b>   |
|-----------------------|-----------------------------|-----------------------------|
| General Fund          | \$ 9,285,052                | \$ 9,220,127                |
| General Fund CD       | 27,423,353                  | 27,423,353                  |
| Capital Project Funds | 30,774,807                  | 30,719,367                  |
| Nonmajor Funds        | 61,862                      | 61,812                      |
| Enterprise Fund       | 3,745,957                   | 3,568,654                   |
| Custodial Funds       | 389,799                     | 373,145                     |
|                       | <b><u>\$ 71,680,830</u></b> | <b><u>\$ 71,366,458</u></b> |

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**CASH DEPOSITS (Continued):**

Cash deposits for the General Fund include a certificate of deposit. Due to its maturity term, the certificates totaling \$27,423,353 are shown as investments in the accompanying financial statements. The difference between the bank balance and carrying value represents year-end reconciling items such as deposits in transit and outstanding checks. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposits accounts, and certificates of deposit.

**Custodial Credit Risk:**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The District does not have a separate policy for custodial credit risk in addition to the requirements of State Law. As of June 30, 2023, \$71,180,830 of the School District's bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the School District's name. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**INVESTMENTS:**

The amortized cost and fair value of the District's investments as of June 30, 2023 is as follows:

|                          | <b><u>Amortized<br/>Cost/Fair Value</u></b> |
|--------------------------|---------------------------------------------|
| PSDLAF                   | \$ 25,763,015                               |
| PLGIT                    | 42,752                                      |
| Less: Outstanding Checks | (37,451)                                    |
|                          | <b><u>\$ 25,768,316</u></b>                 |

The purpose of the Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania School District Liquid Asset Fund (PSDLAF) for Local Governments is to enable governmental units to pool their available funds for investments authorized under the Intergovernmental Cooperation Act of 1972. The funds operate in a manner consistent with the SEC's Rule 2(a) 7 of the Investment Company Act of 1940. The funds use amortized cost to report net position to compute share prices. These funds maintain net asset values of \$1 per share. Accordingly, the fair value of the position in these funds is the same as the value of these shares.

**Custodial Credit Risk:**

For an investment, custodial credit risk is the risk that in the event of the counterparty, the School 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's investments in PLGIT and PSDLAF are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**INVESTMENTS (Continued):**

**Interest Rate Risk:**

The District has no 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:**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District has no formal policy, in addition to the requirements of the Pennsylvania School Code that limits its investment choices based on credit ratings by nationally recognized rating organizations. As of June 30, 2023, PLGIT and PSDLAF were rated AAAM by the Standard and Poors nationally recognized statistical rating organization.

**NOTE 3 - PROPERTY TAXES**

The Seneca Valley School District levies property taxes July 1 of each fiscal year. The tax millage assessment for the 2022-2023 fiscal year was 130.45 mills, which represents \$130.45 of revenue for every \$1,000 of assessed property value. Taxpayers are entitled to a 2% discount if taxes are paid prior to October 1. Collections beginning December 1 are assessed a 10% penalty. Tax collectors are required under Act 169 of the Commonwealth of Pennsylvania to submit a reconciliation of their tax duplicate to the District by January 15<sup>th</sup> of the year following levy. Unpaid taxes are submitted to the Butler County Tax Claim Bureau for collection (See Note 14).

The final tax collector reconciliations reflected \$642,154 in unpaid 2023 property taxes, which represent .007% of the total assessed property taxes (\$88,988,968) for the current fiscal year.

Taxes receivable are comprised of the following at June 30, 2023:

|                            |                          |
|----------------------------|--------------------------|
| Real Estate Transfer Taxes | \$ 275,673               |
| Real Estate (Interim)      | 3,980                    |
| Wage Taxes                 | 16,193                   |
| Occupation Assessment Tax  | 1,762                    |
|                            | <b><u>\$ 297,608</u></b> |

**NOTE 4 – DUE FROM OTHER GOVERNMENTS**

The amount of 'due from other governments', as reflected on the government-wide statement of net position (Exhibit A), the governmental funds balance sheet (Exhibit C), and the proprietary fund statement of net position (Exhibit H), is comprised of the following:

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 4 – DUE FROM OTHER GOVERNMENTS (Continued)**

|                                                                                   | <b>GOVERNMENTAL<br/>ACTIVITIES</b> |
|-----------------------------------------------------------------------------------|------------------------------------|
| Midwestern Intermediate Unit IV (IDEA)                                            | \$ 535,491                         |
| Tuition/Transportation from other LEA's<br>and other Miscellaneous Reimbursements | 475,299                            |
| Commonwealth of Pennsylvania:                                                     |                                    |
| State Subsidies                                                                   | 4,853,762                          |
| Federal Subsidies                                                                 | 62,504                             |
| Federal Pass-Through Grants                                                       | 9,525                              |
|                                                                                   | <b><u>\$ 5,936,581</u></b>         |

**NOTE 5 – OTHER RECEIVABLES**

The amount of 'other receivables', as reflected on the government-wide statement of net position (Exhibit A) and the governmental funds balance sheet (Exhibit C) is comprised of the following:

|                          | <b>GOVERNMENTAL<br/>ACTIVITIES</b> |
|--------------------------|------------------------------------|
| Due from Students (Café) | \$ 43,297                          |
| Miscellaneous            | 294,438                            |
|                          | <b><u>\$ 337,735</u></b>           |

**NOTE 6 – INTER-FUND OBLIGATIONS AND TRANSFERS**

Inter-fund receivables and payables as reflected on the governmental funds balance sheet (Exhibit C) are operating funds due to the General Fund from the District's Food Service Fund and monies due the Food Service Fund from the General Fund for subsidies deposited to the General Fund account. These inter-fund obligations have been eliminated in the government-wide statement of net position. At June 30, 2023 the Food Service Fund owed the General Fund a net amount of \$16,464.

**NOTE 7 - UNEARNED REVENUES**

Unearned revenues as of June 30, 2023, as reflected on the government-wide statement of net position (Exhibit A), the governmental funds balance sheet (Exhibit C), and the proprietary fund statement of net position (Exhibit H), is comprised of the following:

|                               | <b>GOVERNMENTAL<br/>ACTIVITIES</b> | <b>BUSINESS-TYPE<br/>ACTIVITIES</b> |
|-------------------------------|------------------------------------|-------------------------------------|
| Grants                        | \$ 31,638                          | \$ -                                |
| Miscellaneous                 | 42,868                             | -                                   |
| Donated Commodities Inventory | -                                  | 15,296                              |
|                               | <b><u>\$ 74,506</u></b>            | <b><u>\$ 15,296</u></b>             |

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8 - CAPITAL ASSETS**

A summary of the governmental and business-type fixed asset activity for the 2022-2023 fiscal year was as follows:

|                                                    | <u>Balance 7/1/2022</u> | <u>Additions</u>      | <u>Deductions</u>   | <u>Balance 6/30/2023</u> |
|----------------------------------------------------|-------------------------|-----------------------|---------------------|--------------------------|
| <b>Governmental Activities</b>                     |                         |                       |                     |                          |
| <b>Capital Assets, not being depreciated</b>       |                         |                       |                     |                          |
| Land                                               | \$ 5,337,706            | \$ -                  | \$ -                | \$ 5,337,706             |
| Construction in Progress                           | 74,455,089              | 13,451,043            | 2,676,561           | 85,229,571               |
| <b>Total Capital Assets, not being depreciated</b> | <b>\$ 79,792,795</b>    | <b>\$ 13,451,043</b>  | <b>\$ 2,676,561</b> | <b>\$ 90,567,277</b>     |
|                                                    |                         |                       |                     |                          |
| Site Improvements                                  | \$ 11,939,748           | \$ 1,154,170          | \$ 4,601            | \$ 13,089,317            |
| Buildings & Building Improvements                  | 146,422,956             | 45,767                | -                   | 146,468,723              |
| Furniture and Equipment                            | 14,967,303              | 382,267               | -                   | 15,349,570               |
| Infrastructure                                     | 1,405,961               | 15,158                | -                   | 1,421,119                |
| Intangible Right-To-Use Asset                      | 1,687,267               | -                     | -                   | 1,687,267                |
| <b>Total Capital Assets, being depreciated</b>     | <b>\$ 176,423,235</b>   | <b>\$ 1,597,362</b>   | <b>\$ 4,601</b>     | <b>\$ 178,015,996</b>    |
|                                                    |                         |                       |                     |                          |
| <b>Less: Accumulated depreciation</b>              |                         |                       |                     |                          |
| Site Improvements                                  | \$ (5,827,413)          | \$ (378,237)          | \$ -                | \$ (6,205,650)           |
| Buildings                                          | (88,167,915)            | (3,680,682)           | -                   | (91,848,597)             |
| Furniture and Equipment                            | (13,350,583)            | (444,633)             | -                   | (13,795,216)             |
| Infrastructure                                     | (1,053,588)             | (32,584)              | -                   | (1,086,173)              |
| Intangible Right-To-Use Asset                      | (823,161)               | (337,454)             | -                   | (1,160,615)              |
| <b>Total Accumulated Depreciation</b>              | <b>\$ (109,222,660)</b> | <b>\$ (4,873,590)</b> | <b>\$ -</b>         | <b>\$ (114,096,251)</b>  |
| <b>Governmental Activities Capital Assets, Net</b> | <b>\$ 146,993,370</b>   | <b>\$ 10,174,815</b>  | <b>\$ 2,681,162</b> | <b>\$ 154,487,022</b>    |

|                                                     | <u>Balance 7/1/2022</u> | <u>Additions</u>  | <u>Deletions</u> | <u>Balance 6/30/2023</u> |
|-----------------------------------------------------|-------------------------|-------------------|------------------|--------------------------|
| <b>Business-Type Activities</b>                     |                         |                   |                  |                          |
| <b>Capital Assets, being depreciated</b>            |                         |                   |                  |                          |
| Furniture and Equipment                             | \$ 1,112,909            | \$ 704,187        | \$ -             | \$ 1,817,096             |
| Less: Accumulated Depreciation                      | (929,790)               | (87,604)          | -                | (1,017,394)              |
| <b>Business-Type Activities Capital Assets, Net</b> | <b>\$ 183,119</b>       | <b>\$ 616,583</b> | <b>\$ -</b>      | <b>\$ 799,702</b>        |

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8 - CAPITAL ASSETS (Continued)**

Depreciation expense was charged to governmental functions as follows:

|                                               |                            |
|-----------------------------------------------|----------------------------|
| Instruction                                   | \$ 3,851,120               |
| Instructional Student Support                 | 362,813                    |
| Administrative and Financial Support Services | 405,152                    |
| Operation and Maintenance of Plant Services   | 157,488                    |
| Transportation                                | 12,979                     |
| Student Activities                            | 84,038                     |
|                                               | <u><u>\$ 4,873,590</u></u> |

**NOTE 9 - LONG-TERM LIABILITIES**

**GENERAL OBLIGATION BONDS – SERIES A, B, AND C OF 2015**

In April of 2015, the Seneca Valley School District issued General Obligation Bonds – Series A, B, and C of 2015 in the amount of \$27,195,000, \$1,960,000, and \$26,935,000 respectively. The purpose of Series A of 2015 was to currently refund the School District's Series of 2005 General Obligation Bonds, and payment of the costs of the issuance of the Bonds. The purpose of Series B of 2015 was to currently refund a portion of the School District's Series A of 2010 General Obligation Bonds, and payment of the costs of the issuance of the Bonds. The purpose of Series C of 2015 was to provide the School District with funds for various capital improvements within the School District and payment of the costs of the issuance of the Bonds. The bonds were issued in denominations of \$5,000 with interest payable on March 1 and September 1 each year through maturity. The Series A and B interest rates range between 1.5% and 5.0% with maturity scheduled for March 1, 2026 and March 1, 2027 respectively. The Series C interest rates range between 3.25 and 5.0% with maturity scheduled for March 1, 2030. The bonds provide for early redemption options as detailed in the official statement of issue.

**GENERAL OBLIGATION BONDS – SERIES OF 2018**

In July of 2018, the Seneca Valley School District issued General Obligation Bonds – Series of 2018 in the amount of \$17,495,000. The purpose of the bonds was to provide the School District with funds the required for a portion of the cost of the design, acquisition, and construction of a new K-6 elementary/middle school facility and payment of the costs of the issuance of the Bonds. The bonds were issued in denominations of \$5,000 with interest payable on April 1 and October 1 each year through maturity. The bond issue interest rates range between 1.50% and 4.0% with maturity scheduled for April 1, 2032. The bonds provide for early redemption options as detailed in the official statement of issue.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**GENERAL OBLIGATION BONDS – SERIES OF 2020**

In January of 2020, the Seneca Valley School District issued General Obligation Bonds – Series of 2020 in the amount of \$14,355,000. The purpose of the bonds was to pay the costs of **1)** to refunding, on a current refunding basis, the School District's Series A of 2012, **2)** refunding, on a current refunding basis, the School District's General Obligation Bonds, Series B of 2012, **3)** refunding, on a current refunding basis, the School District's General Obligation, Series D of 2012, **4)** refunding, on a current refunding basis, the School District's General Obligation Bonds, Series of 2014, and **5)** issuing the Bonds. The bonds were issued in denominations of \$5,000 with interest payable on April 1 and October 1 each year through maturity. The bond issue interest rates range between 3.00% and 4.0% with maturity scheduled for April 1, 2025. The bonds provide for early redemption options as detailed in the official statement of issue.

**GENERAL OBLIGATION BONDS – SERIES OF 2021**

In January of 2021, the Seneca Valley School District issued General Obligation Bonds – Series of 2021 in the amount of \$20,920,000. The purpose of the bonds was to pay the costs of **1)** financing various capital projects of the school district, including but not limited to the construction and equipping of a new K-6 elementary school/middle school facility **2)** funding a deposit to a capitalized interest fund account, and **3)** issuing the Bonds. The bonds were issued in denominations of \$5,000 with interest payable on January 15 and July 15 each year through maturity. The bond issue interest rates range between 3.00% and 4.0% with maturity scheduled for July 15, 2033. The bonds provide for early redemption options as detailed in the official statement of issue.

**GENERAL OBLIGATION BONDS – SERIES OF 2022**

In January of 2022, the Seneca Valley School District issued General Obligation Bonds – Series of 2022 in the amount of \$18,700,000. The purpose of the bonds was to pay the costs of **1)** financing various capital projects of the school district, including but not limited to the construction and equipping of a new K-6 elementary school/middle school facility **2)** funding a deposit to a capitalized interest fund account, and **3)** issuing the Bonds. The bonds were issued in denominations of \$5,000 with interest payable on April 1 and October 1 each year through maturity. The bond issue interest rates range between 3.00% and 4.0% with maturity scheduled for April 1, 2036. The bonds provide for early redemption options as detailed in the official statement of issue.

**DEFAULT PROVISIONS – GENERAL OBLIGATION BONDS**

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Notes, as the same becomes due and payable, the holders of the Notes shall be entitled to certain remedies provided by the Local Government Unit Debt Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Notes shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of Butler County. The Act provides any judgement shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Act also provides that upon a default of at least 30 days, holders of at least 25 percent of the Bonds may appoint a trustee to represent them. The Act provides certain other remedies in the event of default, and further qualifies the remedies described.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

A summary of the Seneca Valley School District's general obligation bonds outstanding at June 30, 2023 is as follows:

| <b>YEAR END<br/>JUNE 30,</b> | <b>SERIES OF<br/>2015A<br/>PRINCIPAL</b> | <b>SERIES OF<br/>2015B<br/>PRINCIPAL</b> | <b>SERIES OF<br/>2015C<br/>PRINCIPAL</b> | <b>SERIES OF<br/>2018<br/>PRINCIPAL</b> | <b>SERIES OF<br/>2020<br/>PRINCIPAL</b> |
|------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|-----------------------------------------|-----------------------------------------|
| 2024                         | \$ 5,000                                 | \$ -                                     | \$ -                                     | \$ 5,000                                | \$ 6,810,000                            |
| 2025                         | 960,000                                  | -                                        | -                                        | 5,000                                   | 5,975,000                               |
| 2026                         | 5,390,000                                | 1,835,000                                | -                                        | 5,000                                   | -                                       |
| 2027                         | -                                        | 125,000                                  | 7,460,000                                | 5,000                                   | -                                       |
| 2028                         | -                                        | -                                        | 7,965,000                                | 5,000                                   | -                                       |
| 2029-2032                    | -                                        | -                                        | 11,510,000                               | 16,605,000                              | -                                       |
|                              | <b><u>\$ 6,355,000</u></b>               | <b><u>\$ 1,960,000</u></b>               | <b><u>\$ 26,935,000</u></b>              | <b><u>\$16,630,000</u></b>              | <b><u>\$ 12,785,000</u></b>             |

| <b>YEAR END<br/>JUNE 30,</b> | <b>SERIES OF<br/>2021<br/>PRINCIPAL</b> | <b>SERIES<br/>2022<br/>PRINCIPAL</b> | <b>TOTAL<br/>INTEREST</b>   | <b>TOTAL</b>                 |
|------------------------------|-----------------------------------------|--------------------------------------|-----------------------------|------------------------------|
| 2024                         | \$ 5,000                                | \$ 5,000                             | \$ 4,455,899                | \$ 11,285,899                |
| 2025                         | 5,000                                   | 5,000                                | 4,182,937                   | 11,132,937                   |
| 2026                         | 5,000                                   | 5,000                                | 3,895,487                   | 11,135,487                   |
| 2027                         | 5,000                                   | 5,000                                | 3,533,787                   | 11,133,787                   |
| 2028                         | 5,000                                   | 5,000                                | 3,154,087                   | 11,134,087                   |
| 2029-2033                    | 17,885,000                              | 25,000                               | 9,640,899                   | 55,665,899                   |
| 2034-2036                    | 3,005,000                               | 18,645,000                           | 1,204,750                   | 22,854,750                   |
|                              | <b><u>\$ 20,915,000</u></b>             | <b><u>\$ 18,695,000</u></b>          | <b><u>\$ 30,067,846</u></b> | <b><u>\$ 134,342,846</u></b> |

The School District's various general obligation bond issues were issued at premiums totaling \$23,585,050. The un-accreted amount of bond premiums totaling \$11,684,139, is added to the long-term portion of bonds payable on the government-wide statement of net position. Premium accretion for the year ended June 30, 2023 was \$1,706,910. This amount is included as part of interest on long-term debt in the statement of activities.

**LEASE AGREEMENT**

In June of 2019, the Seneca Valley School District entered into a financing lease agreement for copier equipment with ComDoc. The terms of the lease call for 60 monthly payments of \$15,748 beginning in July of 2019. The lease agreement qualifies as other than short-term lease under GASB 87 and, therefore, has been recorded at present value of the future minimum lease payments as of the date of the inception. For purposes of discounting future payments, the Seneca Valley School District determined an interest rate of 3.0% to be an appropriate discount rate. An initial lease liability was recorded in the amount of \$876,413.

In September of 2020, the Seneca Valley School District entered into a financing lease agreement for copier equipment with ComDoc. The terms of the lease call for 60 monthly payments of \$14,570 beginning in September of 2020. The lease agreement qualifies as other than short-term lease under GASB 87 and, therefore, has been recorded at present value of the future minimum lease payments as of the date of the inception. For purposes of discounting future payments, the School District determined an interest rate of 3.0% to be an appropriate discount rate. An initial lease liability was recorded in the amount of \$810,855.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**DEFAULT PROVISIONS – LEASE AGREEMENT**

Upon the occurrence of an event of default, lessor may do any or all of the following: **1)** require immediate payment of the remaining payments under this agreement, plus, at option of lessor, an amount equal to the residual value of the equipment, **2)** use any remedies available under the UCC, **3)** require payment of attorney's fees and court costs if default is turned over for collection, and **4)** in the event that equipment is repossessed, the lessee would be required to pay the associated costs of repossession.

A summary of the Seneca Valley School District's debt service requirements for the lease outstanding at June 30, 2023 is as follows:

| <b>YEAR END<br/>JUNE 30,</b> | <b>2019<br/>PRINCIPAL</b> | <b>2020<br/>PRINCIPAL</b> | <b>INTEREST</b>  | <b>TOTAL</b>      |
|------------------------------|---------------------------|---------------------------|------------------|-------------------|
| 2024                         | \$ 185,941                | \$ 166,122                | \$ 11,753        | \$ 363,816        |
| 2025                         | -                         | 171,175                   | 3,665            | 174,840           |
| 2026                         | -                         | 29,031                    | 109              | 29,140            |
|                              | <b>\$ 185,941</b>         | <b>\$ 366,328</b>         | <b>\$ 15,527</b> | <b>\$ 567,796</b> |

The following represents the changes in the District's governmental and business-type activities long-term liabilities during the 2022-2023 fiscal year:

|                                       | <b>Balance<br/>7/1/2022</b> | <b>Additions</b>     | <b>Reductions</b>    | <b>Balance<br/>6/30/2023</b> | <b>Due Within<br/>One Year</b> |
|---------------------------------------|-----------------------------|----------------------|----------------------|------------------------------|--------------------------------|
| <b>Governmental Activities:</b>       |                             |                      |                      |                              |                                |
| General Obligation Bonds              | \$ 110,870,000              | \$ -                 | \$ 6,595,000         | \$ 104,275,000               | \$ 6,830,000                   |
| Lease Agreement                       | 893,939                     | -                    | 341,670              | 552,269                      | 352,063                        |
| Compensated Absences                  | 1,235,666                   | 59,314               | 81,285               | 1,213,695                    | -                              |
| Net Pension Liability                 | 172,489,800                 | 16,384,620           | -                    | 188,874,420                  | -                              |
| Net OPEB Liability                    | 58,209,710                  | -                    | 18,424,860           | 39,784,850                   | -                              |
| <b>Total Governmental Activities</b>  | <b>\$ 343,699,115</b>       | <b>\$ 16,443,934</b> | <b>\$ 25,442,815</b> | <b>\$ 334,700,234</b>        | <b>\$ 7,182,063</b>            |
| <b>Business-Type Activities:</b>      |                             |                      |                      |                              |                                |
| Compensated Absences                  | \$ 5,050                    | \$ -                 | \$ 1,200             | \$ 3,850                     | \$ -                           |
| Net Pension Liability                 | 3,520,200                   | 334,380              | -                    | 3,854,580                    | -                              |
| Net OPEB Liability                    | 202,800                     | -                    | 43,580               | 159,220                      | -                              |
| <b>Total Business-Type Activities</b> | <b>\$ 3,728,050</b>         | <b>\$ 334,380</b>    | <b>\$ 44,780</b>     | <b>\$ 4,017,650</b>          | <b>\$ -</b>                    |

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10 – PENSION PLAN**

The Seneca Valley School District participates in the Public School Employees' Retirement System (PSERS). PSERS is a component unit of the Commonwealth of Pennsylvania. A brief description of the plan, and summary of the plan's provisions, are as follows:

**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.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between 1% 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.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10 – PENSION PLAN (Continued)**

**Benefits Provided (Continued)**

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

**Contributions**

**Member Contributions:**

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

| <b>Member Contribution Rates</b> |                                    |                                               |                             |                                              |
|----------------------------------|------------------------------------|-----------------------------------------------|-----------------------------|----------------------------------------------|
| <b>Membership Class</b>          | <b>Continuous Employment Since</b> | <b>Defined Benefit (DB) Contribution Rate</b> | <b>DC Contribution Rate</b> | <b>Total Contribution Rate</b>               |
| <b>T-C</b>                       | Prior to July 22, 1983             | 5.25%                                         | N/A                         | 5.25% / 6.25%                                |
| <b>T-C</b>                       | On or After July 22, 1983          | 6.25%                                         | N/A                         | 6.25%                                        |
| <b>T-D</b>                       | Prior to July 22, 1983             | 6.50%                                         | N/A                         | 6.50%                                        |
| <b>T-D</b>                       | On or after July 22, 1983          | 7.50%                                         | N/A                         | 7.50%                                        |
| <b>T-E</b>                       | On or after July 1, 2011           | 7.50% base rate with shared risk provision    | N/A                         | Prior to 7/1/21-7.50%<br>After 7/1/21-8.00%  |
| <b>T-F</b>                       | On or after July 1, 2011           | 10.30% base rate with shared risk provision   | N/A                         | Prior to 7/1/21-10.30%<br>After 7/1/21-10.8% |
| <b>T-G</b>                       | On or after July 1, 2019           | 5.50% base rate with shared risk provision    | 2.75%                       | Prior to 7/1/21-8.25%<br>After 7/1/21-9.00%  |
| <b>T-H</b>                       | On or after July 1, 2019           | 4.50% base rate with shared risk provision    | 3.00%                       | Prior to 7/1/21-7.50%<br>After 7/1/21-8.25%  |
| <b>DC</b>                        | On or after July 1, 2019           | N/A                                           | 7.50%                       | 7.50%                                        |
|                                  |                                    |                                               |                             |                                              |

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10 – PENSION PLAN (Continued)**

**Contributions (Continued)**

**Member Contributions (Continued):**

| Shared Risk Program Summary |                                 |                       |         |         |
|-----------------------------|---------------------------------|-----------------------|---------|---------|
| Membership Class            | Definite 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, 2023 was 34.31%\* 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 \$23,138,493 for the year ended June 30, 2023.

\*The defined contribution rate of 0.20% is an estimated rate. It is recommended employers use the actual defined contributions made to the PSERS defined contribution plan. This may impact contributions made to the pension plan.

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

At June 30, 2023, the School District reported a liability of \$192,729,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021 to June 30, 2022. The School 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, 2023 the School District's proportion was .4335% which was an increase of .0048% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of \$18,084,020. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10 – PENSION PLAN (Continued)**

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

|                                                                 | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|-----------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Difference between expected and actual experience               | \$ 87,000                                        | \$ 1,667,000                                    |
| Changes in assumptions                                          | 5,755,000                                        | -                                               |
| Net difference between projected and actual investment earnings | -                                                | 3,270,000                                       |
| Changes in proportion                                           | 5,888,000                                        | -                                               |
| Contributions subsequent to the measurement date                | 23,138,493                                       | -                                               |
|                                                                 | <b><u>\$ 34,868,493</u></b>                      | <b><u>\$ 4,937,000</u></b>                      |

The \$23,138,493 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ended June 30, 2023.

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><u>Measurement<br/>Date<br/>Year ended<br/>June 30,</u></b> | <b><u>Reporting<br/>Date<br/>Year ended<br/>June 30,</u></b> | <b><u>Amortization<br/>Amount</u></b> |
|----------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------|
| 2023                                                           | 2024                                                         | \$ 3,797,000                          |
| 2024                                                           | 2025                                                         | 2,900,000                             |
| 2025                                                           | 2026                                                         | (4,468,000)                           |
| 2026                                                           | 2027                                                         | 4,564,000                             |

**Changes in Actuarial Assumptions**

The Total Pension Liability as of June 30, 2022, was determined by rolling forward the System's Total Pension Liability as of the June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2021
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.00%, includes inflation at 2.75%
- 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.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10 – PENSION PLAN (Continued)**

**Changes in Actuarial Assumptions (Continued)**

- 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 was 7.00% as of June 30, 2021 and as of June 30, 2022.
- 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, 2022 valuation were based on the results of an actuarial experience study that was performed for the five-year 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.

| <u>Asset Class</u>   | <u>Target<br/>Allocation</u> | <u>Long-Term</u>                        |
|----------------------|------------------------------|-----------------------------------------|
|                      |                              | <u>Expected Real<br/>Rate of Return</u> |
| Global public equity | 28.0%                        | 5.30%                                   |
| Private equity       | 12.0%                        | 8.00%                                   |
| Fixed Income         | 33.0%                        | 2.30%                                   |
| Commodities          | 9.0%                         | 2.30%                                   |
| Infrastructure/MLP's | 9.0%                         | 5.40%                                   |
| Real estate          | 11.0%                        | 4.60%                                   |
| Absolute return      | 6.0%                         | 3.50%                                   |
| Cash                 | 3.0%                         | 0.50%                                   |
| Leverage             | -11.0%                       | 0.50%                                   |
|                      | <u>100%</u>                  |                                         |

The above table 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, 2022.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10 – PENSION PLAN (Continued)**

**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 School 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:

**Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate (Continued)**

|                                                                       | <b>1%<br/>Decrease<br/>6.00%</b> | <b>Current<br/>Discount<br/>Rate<br/>7.00%</b> | <b>1%<br/>Increase<br/>8.00%</b> |
|-----------------------------------------------------------------------|----------------------------------|------------------------------------------------|----------------------------------|
| School District's proportionate share of<br>the net pension liability | <u>\$ 249,281,000</u>            | <u>\$ 192,729,000</u>                          | <u>\$ 145,048,000</u>            |

**Pension plan fiduciary net position**

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

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM**

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

PSERS 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, 2022, there were no assumed future benefit increases to participating eligible retirees.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Premium Assistance Eligibility Criteria**

Retirees of the System (PSERS) 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.

For Class DC members to become eligible for premium assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

**Plan Description**

Seneca Valley School District employees participate in the PSERS – Health Insurance Premium Assistance program, which 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 coverage through either their school employer or PSERS' Health Options Program.

**Employer Contributions**

The District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% 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 \$502,866 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$7,961,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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, 2021 to June 30, 2022. 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.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

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

At June 30, 2023, the District's proportion was 0.4325%, which is an increase of .0047% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, Seneca Valley School District recognized OPEB expense of \$401,721. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                 | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|-----------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Difference between expected and actual experience               | \$ 73,000                                        | \$ 43,000                                       |
| Changes in assumptions                                          | 884,000                                          | 1,880,000                                       |
| Net difference between projected and actual investment earnings | 22,000                                           | -                                               |
| Changes in proportion                                           | 522,000                                          | -                                               |
| Contributions subsequent to the measurement date                | 502,866                                          | -                                               |
|                                                                 | <b><u>\$ 2,003,866</u></b>                       | <b><u>\$ 1,923,000</u></b>                      |

The \$502,866 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 for the measurement year ended June 30, 2023. 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><u>Measurement<br/>Date<br/>Year ended<br/>June 30,</u></b> | <b><u>Reporting<br/>Date<br/>Year ended<br/>June 30,</u></b> | <b><u>Amortization<br/>Amount</u></b> |
|----------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------|
| 2023                                                           | 2024                                                         | \$ (37,000)                           |
| 2024                                                           | 2025                                                         | (19,000)                              |
| 2025                                                           | 2026                                                         | (62,000)                              |
| 2026                                                           | 2027                                                         | (126,000)                             |
| 2027                                                           | 2028                                                         | (178,000)                             |
| Thereafter                                                     | Thereafter                                                   | -                                     |

**Actuarial Assumptions**

The Total OPEB Liability as of June 30, 2022, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Actuarial Assumptions (Continued)**

- Actuarial Cost Method – Entry Age Normal – level % of pay.
- Investment Return – 4.09% based on the S&P 20 Year Municipal Bond Rate.
- Salary Increases – Effective average of 4.50%, 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 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, 2021 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- 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: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- 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 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.

| <u>OPEB - Asset Class</u> | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|---------------------------|------------------------------|-------------------------------------------------------|
| Cash                      | 100.0%                       | 0.5%                                                  |
|                           | <u>100.0%</u>                |                                                       |

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Actuarial Assumptions (Continued)**

The above table 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, 2022.

**Discount Rate**

The discount rate used to measure the Total OPEB Liability was 4.09%. 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 4.09% which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

**Sensitivity of the 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, 2022, 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, 2022, 93,293 retirees were receiving the maximum amount allowed of \$1,200 per year and 582 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 net OPEB liability for June 30, 2022, calculated using current Healthcare cost trends as well as what the District net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rate:

|                    | <b>1%</b>           | <b>Current</b>      | <b>1%</b>           |
|--------------------|---------------------|---------------------|---------------------|
|                    | <b>Decrease</b>     | <b>Trend</b>        | <b>Increase</b>     |
|                    |                     | <b>Rates</b>        |                     |
| Net OPEB Liability | <u>\$ 7,961,000</u> | <u>\$ 7,961,000</u> | <u>\$ 7,962,000</u> |

**Sensitivity of the 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 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Sensitivity of the proportionate share of the Net OPEB liability to changes in the Discount Rate (Continued)**

|                    | 1%<br>Decrease<br>3.09% | Current Discount<br>Rate<br>4.09% | 1%<br>Increase<br>5.09% |
|--------------------|-------------------------|-----------------------------------|-------------------------|
| Net OPEB Liability | <u>\$ 9,003,000</u>     | <u>\$ 7,961,000</u>               | <u>\$ 7,089,000</u>     |

**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).

**DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN**

**PLAN DESCRIPTION**

The Seneca Valley School District provides post-retirement healthcare benefits, for eligible employees, and their spouse, who elect early retirement.

The single-employer retiree benefit plan ('the Plan') was established by the authority of the collective bargaining agreements between the Seneca Valley School District Board of Education and the various unions. The program entitles the School District teachers, who meet retirement eligibility criteria, to receive health care benefits for a period of 7 ½ years regardless of age or Medicare eligibility. School District administrators receive health care benefits up to a maximum of 10 years, or until Medicare eligible, whichever occurs first.

Any increase in the premium costs for the aforementioned insurance that occurs after retirement, shall be borne by the retired employee. The plan is unfunded and does not issue a publicly available financial report. These benefits are accounted for in accordance with GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.

**FUNDING POLICY**

The contribution requirements of plan members and the School District are negotiated between the District and the union representatives and may be amended by the Seneca Valley Board of Education. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid to fund the health care benefits provided to current retirees. There are no assets that have been segregated and restricted to provide for retiree medical benefits. During the 2022-2023 fiscal year, the Seneca Valley School District contributed \$901,237 for 56 participants. Total retiree contributions made by plan members were \$79,336 for the year ending June 30, 2023.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**FUNDING POLICY (Continued)**

**Participant Data**

Employees covered by benefit terms as of July 1, 2022 actuarial valuation were as follows:

|                  | <b><u>PARTICIPANT<br/>DATA</u></b> |
|------------------|------------------------------------|
| Active employees | 735                                |
| Retirees         | 72                                 |
| Total            | <b><u>807</u></b>                  |

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

The District's total OPEB liability of \$31,983,070 was measured as of July 1, 2022, and was determined by an actuarial valuation performed as of July 1, 2022. The July 1, 2022 valuation reflected the following change in total OPEB liability:

|                                                    |                             |
|----------------------------------------------------|-----------------------------|
| Balance at July 1, 2022                            | \$ 48,272,510               |
| Changes for the year:                              |                             |
| Service cost                                       | 2,961,430                   |
| Interest                                           | 1,146,814                   |
| Changes of benefit terms                           | (11,512,548)                |
| Differences between expected and actual experience | 1,225,075                   |
| Changes in assumptions or other inputs             | (8,383,987)                 |
| Benefit payments                                   | (1,726,224)                 |
| Net Changes                                        | <b><u>(16,289,440)</u></b>  |
| Balance at June 30, 2023                           | <b><u>\$ 31,983,070</u></b> |

For the year ended June 30, 2023, Seneca Valley School District recognized OPEB expense (revenue) of (\$9,242,293). At June 30, 2023, the District report deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|----------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Benefit payments subsequent to the measurement date - (7/1/22) | \$ 1,498,265                                     | \$ -                                            |
| Difference between expected and actual experience              | 1,122,985                                        | 5,037,959                                       |
| Changes in assumptions                                         | 4,166,733                                        | 11,217,806                                      |
|                                                                | <b><u>\$ 6,787,983</u></b>                       | <b><u>\$ 16,255,765</u></b>                     |

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

The \$1,498,265 amount reported as deferred outflows of resources related to OPEB resulted from the District's contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability for the measurement year ended June 30, 2022.

The amount reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Date<br>Year ended<br>June 30, | Date<br>Year ended<br>June 30, | Amortization<br>Amount |
|--------------------------------|--------------------------------|------------------------|
| 2023                           | 2024                           | \$ (1,240,961)         |
| 2024                           | 2025                           | (1,240,961)            |
| 2025                           | 2026                           | (1,240,961)            |
| 2026                           | 2027                           | (1,240,961)            |
| 2027                           | 2028                           | (1,240,961)            |
| Thereafter                     | Thereafter                     | (4,761,242)            |

**Actuarial Assumptions and Other Inputs to Calculate the Total OPEB Liability**

- Discount rate – 4.06% based on S & P Municipal Bond 20 Year High Grade Rate Index at 7/1/22.
- Salary – An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75 to 0%.
- Withdrawal – Rates of withdrawal vary by age, gender and years of service and PSERS Pension class. Rates for new employees start at 25.93% for men and 27.46% for women and decrease with age and service.
- Mortality – PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees.
- Disability – No disability assumed.
- Retirement – Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.
- Percent of eligible retirees electing coverage in plan – 90% of Teachers and Administrators and 50% of the Support Staff are assumed to elect coverage.
- Percent married at retirement – 65% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.
- Spouse age – Wives are assumed to be two years younger than their husbands.
- Per capita claims cost – making use of weighted averages for various plan design, the per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**Actuarial Assumptions and Other Inputs to Calculate the Total OPEB Liability (Continued)**

- Retiree contributions – retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rates.
- Health Care Cost Trend Rate – 6.5% in 2022, 6.0% in 2023, and 5.5% in 2024 through 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Actuarial Value of Assets – Equal to the market value of assets.
- Actuarial cost method – Entry age normal
- Participant data – based on census information as of September 2022.

**Sensitivity of the Total OPEB liability to Changes in the Discount Rate**

The following presents the Total OPEB liability to the district, as well as the Total OPEB Liability using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

|                      | <b>1%<br/>Decrease<br/>3.06%</b> | <b>Current<br/>Discount<br/>Rate<br/>4.06%</b> | <b>1%<br/>Increase<br/>5.06%</b> |
|----------------------|----------------------------------|------------------------------------------------|----------------------------------|
| Total OPEB Liability | <u>\$ 34,422,239</u>             | <u>\$ 31,983,070</u>                           | <u>\$ 29,678,210</u>             |

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

The following presents the Total OPEB Liability of the District, as well as the Total OPEB Liability using healthcare cost trends that 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rates:

|                      | <b>1%<br/>Decrease</b> | <b>Current<br/>Trend<br/>Rates</b> | <b>1%<br/>Increase</b> |
|----------------------|------------------------|------------------------------------|------------------------|
| Total OPEB Liability | <u>\$ 29,033,681</u>   | <u>\$ 31,983,070</u>               | <u>\$ 35,375,482</u>   |

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS**

**MIDWESTERN INTERMEDIATE UNIT IV**

The Seneca Valley School District participates with 26 other School Districts located in the Counties of Butler, Lawrence and Mercer in the Midwestern Intermediate Unit IV (IU IV). The IU IV was established in 1971 by Act 102 of the Commonwealth of Pennsylvania to function as a regional educational service agency for 27 school districts, as well as nonpublic schools and other institutions, located within the aforementioned counties. The IU IV provides services relative to curriculum development, continuing education, educational planning, instructional materials, pupil personnel, state and federal agency liaison and managerial oversight. The Midwestern Intermediate Unit IV is governed by a thirteen (13) member board appointed by the 27 participating school districts on a rotating basis. The School District contributed \$154,041 to IU IV through state subsidy withholdings for the year-ended June 30, 2023. Midwestern Intermediate Unit IV issues separate financial statements annually which can be obtained by contacting the IU IV directly.

**BUTLER COUNTY AREA VOCATIONAL TECHNICAL SCHOOL**

The Seneca Valley School District, in conjunction with six other Western Pennsylvania School Districts, fund the operating and capital budget of the Butler County Area Vocational Technical School. The technical school is designed to teach students trade related professions. Each district's share of the operating budget is based on its' average daily membership. Each district's share of the capital budget is based on the ratio of the district's market valuation to the total market valuation of all participating districts. The Butler County Area Vocational Technical School issues separate financial statements annually which can be obtained by contacting the Vo-Tech directly.

**NOTE 13 - RISK AND UNCERTAINTIES**

**INSURANCE**

The Seneca Valley School District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

**HEALTH INSURANCE**

The Seneca Valley School District is a member of the Midwestern Health Combine. The Consortium is a public entity risk pool designed to administer health and medical insurance risks on a pooled risk basis. The Consortium elected to finance these health care benefits using a self-insured approach known as an Administrative Service Contract (ASC) arrangement. Under this arrangement, the consortium contracts for an insurer (Highmark Blue Cross/Blue Shield) to settle the payment for benefits at their provider discounted contract amounts plus a fee for administration rather than paying for benefits at non-discounted claims rates. The Reschini Group performs billing and collection services for the Consortium's deposit (medical) and premium (supplemental) amounts. Billing administration is provided through Crown Benefits Administration who also monitors and submits to Highmark all enrollment and eligibility changes for all coverages. Contributions from participating schools are determined annually in advance by the Consortium's operating committee. These contributions are based on amounts required to fund anticipated benefits and claims, as well as operational costs. The monthly payments of each member are determined by the terms of the medical benefit chosen by such members.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 13 - RISK AND UNCERTAINTIES (Continued)**

**HEALTH INSURANCE (Continued)**

Participating school districts are permitted to withdraw from the Consortium and are entitled to a vested interest in the Consortium fund balance after settlement of all claims related to that district over a period of 12 months from the date of withdrawal. As of June 30, 2023, the Consortium net position available for benefits reflected a balance of a deficit of (\$1,512,025). During the 2022-2023 fiscal year, the Seneca Valley School District contributed \$13,006,257 to the Midwestern Health Combine.

**STATE AND FEDERAL SUBSIDIES**

The Seneca Valley School District's state and federally funded programs are subject to program compliance audits by various governmental agencies. The audit scopes of these program compliance audits are different than the scope of financial audits performed by an outside, independent certified public accounting firm. The District is potentially liable for any expenditure disallowed by the results of these program compliance audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**LEGAL MATTERS**

The Seneca Valley School District, in the normal course of operations, is party to various legal matters normally associated with school districts such as real estate tax assessment appeals, personnel wage and benefits, student education and athletics, construction projects, and other miscellaneous legal matters. The District is not aware of any current claims, litigation or assessments against the District that would adversely impact the financial position of the District as of the date of this report.

**SALE OF TAX CLAIMS**

On July 1, 2011, the Seneca Valley School District sold its outstanding delinquent real estate tax liens through June 30, 2011 to the Northwest Pennsylvania Incubator Association (NPIA). The District has continued to sell its outstanding delinquent real estate tax liens through June 30, 2023. NPIA borrowed the necessary funds from Firsttrust Savings Bank. Section 3.02 of the agreement of sale between the District and NPIA provides for a mandatory repurchase clause by the District in the event of default by NPIA on its loan obligation to Firsttrust Savings Bank. In the event of default, the District would be responsible for the outstanding balance due Firsttrust Savings Bank by NPIA.

**CONSTRUCTION RETAINAGE**

The Seneca Valley School District, is involved in several construction projects as of June 30, 2023. Each construction contract provides for an amount to be retained by the School District on completed work to date to be eventually paid to the construction contractors once both parties agree and settle on all final construction-related issues. As of June 30, 2023, outstanding retainage totals \$540,355.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 14 – PRIOR PERIOD ADJUSTMENT**

The prior period adjustment of \$103,236 to the July 1, 2022 General Fund 'fund balance' represents the reallocation of certain ESSER III federal funding to the 2021-2022 fiscal year. The \$191,377 prior period adjustment to the July 1, 2022 Governmental Activities net position represents a combination of **1)** the aforementioned \$103,236 ESSER III reallocation and **2)** an \$88,141 adjustment to the net fixed assets of the District based on updated fixed asset information provided by the School District.

**NOTE 15 – SUBSEQUENT EVENTS**

Management has determined that there are no events, subsequent to June 30, 2023 through the February 5, 2024 date of the 'Independent Auditor's Report', which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.

***SUPPLEMENTARY***  
***INFORMATION***

**SENECA VALLEY SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECT FUNDS**  
**JUNE 30, 2023**

**SCHEDULE 1**

|                                            | <b>CAPITAL<br/>RESERVE<br/>FUND</b> | <b>OTHER<br/>CAPITAL<br/>PROJECT<br/>FUNDS</b> | <b>TOTAL</b>         |
|--------------------------------------------|-------------------------------------|------------------------------------------------|----------------------|
| <b>ASSETS:</b>                             |                                     |                                                |                      |
| Cash and Cash Equivalents                  | \$ 30,719,367                       | \$ -                                           | \$ 30,719,367        |
| Investments                                | -                                   | 4,182,122                                      | 4,182,122            |
| <b>TOTAL ASSETS</b>                        | <b>\$ 30,719,367</b>                | <b>\$ 4,182,122</b>                            | <b>\$ 34,901,489</b> |
| <br><b>LIABILITIES AND FUND BALANCES</b>   |                                     |                                                |                      |
| <b>LIABILITIES:</b>                        |                                     |                                                |                      |
| Accounts Payable                           | \$ -                                | \$ 1,149,542                                   | \$ 1,149,542         |
| <b>TOTAL LIABILITIES</b>                   | <b>\$ -</b>                         | <b>\$ 1,149,542</b>                            | <b>\$ 1,149,542</b>  |
| <b>FUND BALANCES:</b>                      |                                     |                                                |                      |
| Restricted                                 | \$ -                                | \$ 3,032,580                                   | \$ 3,032,580         |
| Assigned                                   | 30,719,367                          | -                                              | 30,719,367           |
| <b>TOTAL FUND BALANCES</b>                 | <b>\$ 30,719,367</b>                | <b>\$ 3,032,580</b>                            | <b>\$ 33,751,947</b> |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 30,719,367</b>                | <b>\$ 4,182,122</b>                            | <b>\$ 34,901,489</b> |

The accompanying notes are an integral part of these financial statements

**SENECA VALLEY SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                                              | <b><u>CAPITAL<br/>RESERVE<br/>FUND</u></b> | <b><u>OTHER<br/>CAPITAL<br/>PROJECT<br/>FUNDS</u></b> | <b><u>TOTAL</u></b>                |
|--------------------------------------------------------------|--------------------------------------------|-------------------------------------------------------|------------------------------------|
| <b><u>REVENUES</u></b>                                       |                                            |                                                       |                                    |
| Local Sources                                                | \$ 840,133                                 | \$ 255,766                                            | \$ 1,095,899                       |
| <b>Total Revenue</b>                                         | <b><u>\$ 840,133</u></b>                   | <b><u>\$ 255,766</u></b>                              | <b><u>\$ 1,095,899</u></b>         |
| <b><u>EXPENDITURES</u></b>                                   |                                            |                                                       |                                    |
| Capital Outlay                                               | \$ 34                                      | \$ 12,424,703                                         | \$ 12,424,737                      |
| Debt Service                                                 | -                                          | 673,500                                               | 673,500                            |
| <b>Total Expenditures</b>                                    | <b><u>\$ 34</u></b>                        | <b><u>\$ 13,098,203</u></b>                           | <b><u>\$ 13,098,237</u></b>        |
| <b>Excess ( Deficiency) of Revenue<br/>over Expenditures</b> | <b><u>\$ 840,099</u></b>                   | <b><u>\$ (12,842,437)</u></b>                         | <b><u>\$ (12,002,338)</u></b>      |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>                 |                                            |                                                       |                                    |
| Operating Transfers In                                       | \$ 8,966,613                               | \$ 3,033,387                                          | \$ 12,000,000                      |
| <b>Total Other Financing Sources (Uses)</b>                  | <b><u>\$ 8,966,613</u></b>                 | <b><u>\$ 3,033,387</u></b>                            | <b><u>\$ 12,000,000</u></b>        |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b><u>\$ 9,806,712</u></b>                 | <b><u>\$ (9,809,050)</u></b>                          | <b><u>\$ (2,338)</u></b>           |
| FUND BALANCE - JULY 1, 2022                                  | <u>20,912,655</u>                          | <u>12,841,630</u>                                     | <u>33,754,285</u>                  |
| <b>FUND BALANCE - JUNE 30, 2023</b>                          | <b><u><u>\$ 30,719,367</u></u></b>         | <b><u><u>\$ 3,032,580</u></u></b>                     | <b><u><u>\$ 33,751,947</u></u></b> |

The accompanying notes are an integral part of these financial statements

**SENECA VALLEY SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

**SCHEDULE 3**

|                                            | <b>MUSIC<br/>SCHOLARSHIP<br/>FUND</b> | <b>LEGAL<br/>SETTLEMENT<br/>FUND</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--------------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------------|
| <b>ASSETS:</b>                             |                                       |                                      |                                         |
| Cash and Cash Equivalents                  | \$ 806                                | \$ 61,006                            | \$ 61,812                               |
| <b>TOTAL ASSETS</b>                        | <b>\$ 806</b>                         | <b>\$ 61,006</b>                     | <b>\$ 61,812</b>                        |
| <b>LIABILITIES AND FUND BALANCES:</b>      |                                       |                                      |                                         |
| <b>LIABILITIES:</b>                        |                                       |                                      |                                         |
| Accounts Payable                           | \$ -                                  | \$ -                                 | \$ -                                    |
| <b>TOTAL LIABILITIES</b>                   | <b>\$ -</b>                           | <b>\$ -</b>                          | <b>\$ -</b>                             |
| <b>FUND BALANCES:</b>                      |                                       |                                      |                                         |
| Restricted                                 | \$ 806                                | \$ 61,006                            | \$ 61,812                               |
| <b>TOTAL FUND BALANCES</b>                 | <b>\$ 806</b>                         | <b>\$ 61,006</b>                     | <b>\$ 61,812</b>                        |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 806</b>                         | <b>\$ 61,006</b>                     | <b>\$ 61,812</b>                        |

The accompanying notes are an integral part of these financial statements

**SENECA VALLEY SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                                              | <b>MUSIC<br/>SCHOLARSHIP<br/>FUND</b> | <b>LEGAL<br/>SETTLEMENT<br/>FUND</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--------------------------------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------------|
| <b><u>REVENUES</u></b>                                       |                                       |                                      |                                         |
| Local Sources                                                | \$ 1                                  | \$ -                                 | \$ 1                                    |
| <b>Total Revenue</b>                                         | <b>\$ 1</b>                           | <b>\$ -</b>                          | <b>\$ 1</b>                             |
| <b><u>EXPENDITURES</u></b>                                   |                                       |                                      |                                         |
| Support Services                                             | \$ -                                  | \$ 7,408                             | \$ 7,408                                |
| Noninstructional Services                                    | 50                                    | -                                    | 50                                      |
| <b>Total Expenditures</b>                                    | <b>\$ 50</b>                          | <b>\$ 7,408</b>                      | <b>\$ 7,458</b>                         |
| <b>Excess ( Deficiency) of Revenue<br/>over Expenditures</b> | <b>\$ (49)</b>                        | <b>\$ (7,408)</b>                    | <b>\$ (7,457)</b>                       |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>\$ (49)</b>                        | <b>\$ (7,408)</b>                    | <b>\$ (7,457)</b>                       |
| FUND BALANCE - JULY 1, 2022                                  | 855                                   | 68,414                               | 69,269                                  |
| <b>FUND BALANCE - JUNE 30, 2023</b>                          | <b>\$ 806</b>                         | <b>\$ 61,006</b>                     | <b>\$ 61,812</b>                        |

The accompanying notes are an integral part of these financial statements

**SENECA VALLEY SCHOOL DISTRICT**  
**CASH SUMMARY - ACTIVITIES FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                   | <b><u>BALANCE</u></b><br><b><u>6/30/2022</u></b> | <b><u>RECEIPTS</u></b>   | <b><u>DISBURSEMENTS</u></b> | <b><u>BALANCE</u></b><br><b><u>6/30/2023</u></b> |
|-----------------------------------|--------------------------------------------------|--------------------------|-----------------------------|--------------------------------------------------|
| Senior High Activity Fund         | \$ 190,472                                       | \$ 242,624               | \$ 227,923                  | \$ 205,173                                       |
| Middle School Activity Fund       | 94,984                                           | 214,330                  | 204,146                     | 105,168                                          |
| Intermediate School Activity Fund | 58,296                                           | 43,053                   | 38,545                      | 62,804                                           |
|                                   | <b><u>\$ 343,752</u></b>                         | <b><u>\$ 500,007</u></b> | <b><u>\$ 470,614</u></b>    | <b><u>\$ 373,145</u></b>                         |

The accompanying notes are an integral part of these financial statements

***REQUIRED***

***SUPPLEMENTARY***

***INFORMATION***

**SENECA VALLEY SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**DEFINED BENEFIT PENSION PLAN**  
**JUNE 30,**

| <b>As of the measurement date of June 30,</b>                                                         | <b><u>2022</u></b> | <b><u>2021</u></b> | <b><u>2020</u></b> | <b><u>2019</u></b> | <b><u>2018</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> | <b><u>2015</u></b> | <b><u>2014</u></b> | <b><u>2013</u></b> |
|-------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| District's proportion of the net pension liability                                                    | 0.4335%            | 0.4287%            | 0.4149%            | 0.4073%            | 0.3978%            | 0.3950%            | 0.3789%            | 0.3689%            | 0.3590%            | 0.3508%            |
| District's proportionate share of the net pension liability                                           | \$ 192,729,000     | \$ 176,010,000     | \$ 204,293,000     | \$ 190,546,000     | \$ 190,964,000     | \$ 195,084,000     | \$ 187,771,000     | \$ 159,790,000     | \$ 142,094,000     | \$ 143,604,000     |
| District's covered payroll                                                                            | \$ 63,603,280      | \$ 60,650,484      | \$ 58,175,976      | \$ 56,168,988      | \$ 53,563,226      | \$ 52,592,473      | \$ 49,068,659      | \$ 47,317,622      | \$ 45,819,197      | \$ 45,022,245      |
| District's proportionate share of the net pension liability<br>as a percentage of its covered payroll | 303.02%            | 290.20%            | 351.16%            | 339.24%            | 356.52%            | 370.94%            | 382.67%            | 337.70%            | 310.12%            | 318.96%            |
| Plan fiduciary net position as a percentage of<br>the total pension liability                         | 61.34%             | 63.67%             | 54.32%             | 55.66%             | 54.00%             | 51.84%             | 50.14%             | 54.36%             | 57.24%             | 54.39%             |

The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the preceding fiscal year.  
This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as  
information becomes available.

**SENECA VALLEY SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED CONTRIBUTIONS**  
**DEFINED BENEFIT PENSION PLAN**  
**JUNE 30,**

|                                                                     | <b><u>2023</u></b>     | <b><u>2022</u></b>     | <b><u>2021</u></b>     | <b><u>2020</u></b>     | <b><u>2019</u></b>  | <b><u>2018</u></b>  | <b><u>2017</u></b>  | <b><u>2016</u></b>  | <b><u>2015</u></b>  | <b><u>2014</u></b> |
|---------------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| Contractually Required Contributions                                | \$ 23,138,493          | \$ 21,171,898          | \$ 20,376,949          | \$ 19,385,158          | \$ 18,262,245       | \$ 16,877,815       | \$ 15,545,300       | \$ 12,057,476       | \$ 10,038,468       | \$ 7,757,190       |
| Contribution in relation to the contractually required contribution | <u>\$ (23,138,493)</u> | <u>\$ (21,171,898)</u> | <u>\$ (20,376,949)</u> | <u>\$ (19,385,158)</u> | <u>(18,262,245)</u> | <u>(16,877,815)</u> | <u>(15,545,300)</u> | <u>(12,057,476)</u> | <u>(10,038,468)</u> | <u>(7,757,190)</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>            | <u>\$ -</u>            | <u>\$ -</u>            | <u>\$ -</u>            | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>        |
| District's covered payroll                                          | \$ 67,130,341          | \$ 63,603,280          | \$ 60,650,484          | \$ 58,175,976          | \$ 56,168,988       | \$ 53,563,226       | \$ 52,592,473       | \$ 49,068,659       | \$ 47,317,622       | \$ 45,819,197      |
| Contributions as a percentage of covered payroll                    | 34.47%                 | 33.29%                 | 33.60%                 | 33.32%                 | 32.51%              | 31.51%              | 29.56%              | 24.57%              | 21.22%              | 16.93%             |

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

Note: Beginning in 2018 with the implementation of GASB 75, contributions as reported above reflect the pension portion of the contribution only. The premium assistance (OPEB) portion of the contribution is reflected on a separate RSI schedule. Prior year contributions reflect both the pension and premium assistance amounts combined.

**SENECA VALLEY SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**PSERS PLAN**  
**JUNE 30,**

| <b>As of the measurement date of June 30,</b>                                                      | <b><u>2022</u></b> | <b><u>2021</u></b> | <b><u>2020</u></b> | <b><u>2019</u></b> | <b><u>2018</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> |
|----------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| District's proportion of the net OPEB liability                                                    | 0.4325%            | 0.4278%            | 0.4145%            | 0.4073%            | 0.3978%            | 0.3950%            | 0.3789%            |
| District's proportionate share of the net OPEB liability                                           | \$ 7,961,000       | \$ 10,140,000      | \$ 8,956,000       | \$ 8,663,000       | \$ 8,294,000       | \$ 8,048,000       | \$ 8,161,000       |
| District's covered payroll                                                                         | \$ 63,603,280      | \$ 60,650,484      | \$ 58,175,976      | \$ 56,168,988      | \$ 53,563,226      | \$ 52,592,473      | \$ 49,068,659      |
| District's proportionate share of the net OPEB liability<br>as a percentage of its covered payroll | 12.52%             | 16.72%             | 15.39%             | 15.42%             | 15.48%             | 15.30%             | 16.63%             |
| Plan fiduciary net position as a percentage of<br>the total OPEB liability                         | 6.86%              | 5.30%              | 5.69%              | 5.56%              | 5.56%              | 5.73%              | N/A                |

The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the preceding fiscal year.  
This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as  
information becomes available.

**SENECA VALLEY SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED OPEB CONTRIBUTIONS**  
**PSERS PLAN**  
**JUNE 30,**

|                                                                     | <b><u>2023</u></b> | <b><u>2022</u></b> | <b><u>2021</u></b> | <b><u>2020</u></b> | <b><u>2019</u></b> | <b><u>2018</u></b> | <b><u>2017</u></b> |
|---------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually Required Contributions                                | \$ 502,866         | \$ 496,120         | \$ 495,965         | \$ 486,801         | \$ 464,959         | \$ 441,355         | \$ 429,657         |
| Contribution in relation to the contractually required contribution | <u>(502,866)</u>   | <u>(496,120)</u>   | <u>(495,965)</u>   | <u>(486,801)</u>   | <u>(464,959)</u>   | <u>(441,355)</u>   | <u>(429,657)</u>   |
| Contribution deficiency (excess)                                    | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| District's covered payroll                                          | \$ 67,130,341      | \$ 63,603,280      | \$ 60,650,484      | \$ 58,175,976      | \$ 56,168,988      | \$ 53,563,226      | \$ 52,592,473      |
| Contributions as a percentage of covered payroll                    | 0.75%              | 0.78%              | 0.82%              | 0.84%              | 0.83%              | 0.82%              | 0.82%              |

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

**SENECA VALLEY SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**DISTRICT POST-RETIREMENT HEALTHCARE PLAN**  
**JUNE 30,**

|                                                                  | <b><u>2023</u></b>          | <b><u>2022</u></b>          | <b><u>2021</u></b>          | <b><u>2020</u></b>          | <b><u>2019</u></b>          | <b><u>2018</u></b>          |
|------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Service cost                                                     | \$ 2,961,430                | \$ 3,033,873                | \$ 2,397,726                | \$ 2,430,698                | \$ 2,455,102                | \$ 2,668,538                |
| Interest                                                         | 1,146,814                   | 927,273                     | 1,507,572                   | 1,316,063                   | 1,463,197                   | 1,194,438                   |
| Change of Benefit Terms                                          | (11,512,548)                | -                           | -                           | -                           | -                           | -                           |
| Difference between expected and actual                           | 1,225,075                   | -                           | (3,150,104)                 | -                           | (4,586,367)                 | -                           |
| Changes of assumptions or other inputs                           | (8,383,987)                 | (1,564,327)                 | 5,435,193                   | (1,307,682)                 | 154,864                     | (2,714,186)                 |
| Benefit payments                                                 | (1,716,224)                 | (2,059,441)                 | (1,583,553)                 | (1,839,975)                 | (2,291,109)                 | (1,999,004)                 |
| <b>Net Change in Total OPEB Liability</b>                        | <b>\$ (16,279,440)</b>      | <b>\$ 337,378</b>           | <b>\$ 4,606,834</b>         | <b>\$ 599,104</b>           | <b>\$ (2,804,313)</b>       | <b>\$ (850,214)</b>         |
| <b>Total OPEB Liability - Beginning of Year</b>                  | <b><u>48,272,510</u></b>    | <b><u>47,935,132</u></b>    | <b><u>43,328,298</u></b>    | <b><u>42,729,194</u></b>    | <b><u>45,533,507</u></b>    | <b><u>46,383,721</u></b>    |
| <b>Total OPEB Liability - End of Year</b>                        | <b><u>\$ 31,993,070</u></b> | <b><u>\$ 48,272,510</u></b> | <b><u>\$ 47,935,132</u></b> | <b><u>\$ 43,328,298</u></b> | <b><u>\$ 42,729,194</u></b> | <b><u>\$ 45,533,507</u></b> |
| Covered-employee payroll                                         | \$ 61,192,262               | \$ 55,372,708               | \$ 55,372,708               | \$ 49,590,981               | \$ 49,590,981               | \$ 45,707,076               |
| Total OPEB liability as a percentage of covered-employee payroll | 52.28%                      | 87.18%                      | 86.57%                      | 87.37%                      | 86.16%                      | 99.62%                      |

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2023**

**NOTE 1 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR PSERS PENSION BENEFITS**

**Changes in Benefit Terms**

None

**Changes in Assumptions used in the Measurement of PSERS' Total Pension Liability Beginning June 30, 2022**

None

**Changes in Assumptions used in the Measurement of PSERS' Total Pension Liability Beginning June 30, 2021**

- Investment return went from 7.25% including inflation at 2.75% to 7.00% including inflation at 2.50%
- Salary growth rate decreased from 5.00% to 4.50%
- Real growth rate 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 discount rate decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

None

**NOTE 2 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE PSERS POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)**

**Changes in Benefit Terms**

None

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2023**

**NOTE 2 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE PSERS POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)**  
(Continued)

**Changes in Assumptions used in the Measurement of PSERS' Total OPEB Liability Beginning June 30, 2022**

- Investment return went from 2.18% S&P 20 Year Municipal Bond Rate to 4.09% S&P 20 Year Municipal Bond Rate
- The discount rate decreased from 2.18% to 4.09%

**Changes in Assumptions used in the Measurement of PSERS' Total OPEB Liability Beginning June 30, 2021**

- Investment return went from 2.66% S&P 20 Year Municipal Bond Rate to 2.18% S&P 20 Year Municipal Bond Rate
- Salary growth rate decreased from 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases to 4.50%, comprised of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- 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 discount rate decreased from 2.66% to 2.18%

**Changes in Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

None

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

The following actuarial methods and assumptions were used to determine contribution rates reported in the OPEB required supplementary schedules:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- 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: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2023**

**NOTE 3 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE RETIREE OPEB SCHOOL PLAN**

**Changes in Benefit Terms**

- Administrators now need 30 years of PSERS service and either 15 years with the district or 10 years as an administrator to receive the subsidy. Administrators can continue coverage past medicare age if they are still within the 10 year subsidy. Directors now need 15 years of district service to be eligible for the subsidy. The PSERS service requirement for Teachers was decreased from 30 years to 25 years. Teachers are no longer covered past Medicare age. The Superintendent and Assistant Superintendent are now assumed to receive the administrator benefit.

**Changes in Assumptions**

- Discount Rate – from 2.28% as of June 30, 2022 to 4.06% as of June 30, 2023
- The trend assumption was updated
- Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS experience study.

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

The actuarial plan does not disclose actuarial assumptions, if applicable, used in the calculations of Actuarially Determined Contributions.

**SENECA VALLEY  
SCHOOL DISTRICT**

***SUPPLEMENTARY INFORMATION***

***AS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND UNIFORM GUIDANCE***

**Mark C. Turnley**

---

Certified Public Accountant

**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**

**Management and Board of Education  
Seneca Valley School District**

I 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 Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Seneca Valley School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Seneca Valley School District's basic financial statements, and have issued my report thereon dated February 5, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Seneca Valley School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Seneca Valley School District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Seneca 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 Seneca Valley School District'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.

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

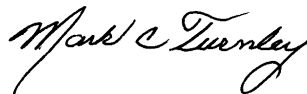
**Management and Board of Education  
Seneca Valley School District**

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Seneca Valley School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Seneca Valley School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Seneca Valley School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mark C. Turnley  
Certified Public Accountant

February 5, 2024  
New Brighton, Pennsylvania

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

**To the Board of Education  
Seneca Valley School District**

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

**Opinion on Each Major Federal Program**

I have audited Seneca Valley School District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Seneca Valley School District's major federal programs for the year ended June 30, 2023. Seneca 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 my opinion, Seneca Valley School District complied, in all material aspects, 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, 2023.

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

I conducted my 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Seneca Valley School District and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Seneca 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 Seneca Valley School District's federal programs.

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

My 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 Seneca Valley School District's compliance based on my 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 judgement made by a reasonable user of the report on compliance about Seneca Valley School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement 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 Seneca Valley School District's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Seneca 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 Seneca Valley School District's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.

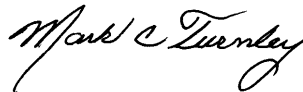
## **Report on Internal Control over Compliance**

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is 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.

My 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 my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My 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 my 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.

A handwritten signature in black ink, reading "Mark C. Turnley". The signature is written in a cursive, flowing style.

Mark C. Turnley  
Certified Public Accountant

February 5, 2024  
New Brighton, Pennsylvania

**SENECA VALLEY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

| FEDERAL GRANTOR / PROJECT TITLE                                                         | FUNDING SOURCE | ASSISTANCE LISTING NUMBER | PASS-THROUGH GRANTOR NUMBER | GRANT PERIOD BEGINNING / ENDING DATE | PROGRAM AWARD AMOUNT | 2022-2023 PASSED THROUGH TO SUBRECIPIENTS | TOTAL RECEIVED THIS PERIOD | ACCRUED (UNEARNED) REVENUE JULY 1 | REVENUE RECOGNIZED  | EXPENDITURES        | ACCRUED (UNEARNED) REVENUE JUNE 30 |
|-----------------------------------------------------------------------------------------|----------------|---------------------------|-----------------------------|--------------------------------------|----------------------|-------------------------------------------|----------------------------|-----------------------------------|---------------------|---------------------|------------------------------------|
| <b>U.S. DEPARTMENT OF EDUCATION:</b>                                                    |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| <b>Passed through Pa. Department of Education:</b>                                      |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| Title I                                                                                 | Indirect       | 84.010                    | 013-230411                  | 8/10/22-9/30/23                      | \$ 263,804           | \$ -                                      | \$ 266,280                 | \$ -                              | \$ 263,804          | \$ 263,804          | \$ (2,476)                         |
| Title I                                                                                 | Indirect       | 84.010                    | 013-220411                  | 8/10/21-9/30/22                      | 273,504              | -                                         | 8,381                      | -                                 | 8,381               | 8,381               | -                                  |
| Title II - Improving Teacher Quality                                                    | Indirect       | 84.367                    | 020-230411                  | 8/10/22-9/30/23                      | 108,312              | -                                         | 76,950                     | -                                 | 92,279              | 92,279              | 15,329                             |
| Title II - Improving Teacher Quality                                                    | Indirect       | 84.367                    | 020-220411                  | 8/10/21-9/30/22                      | 113,002              | -                                         | -                          | (31,465)                          | 33,682              | 33,682              | 2,217                              |
| Title IV                                                                                | Indirect       | 84.424                    | 144-230411                  | 8/10/22-9/30/23                      | 21,363               | -                                         | 20,350                     | -                                 | 21,363              | 21,363              | 1,013                              |
| Title IV                                                                                | Indirect       | 84.424                    | 144-220411                  | 8/10/21-9/30/22                      | 21,995               | -                                         | 13                         | -                                 | 13                  | 13                  | -                                  |
| COVID-19 - ESSER II Fund Local                                                          | Indirect       | 84.425D                   | 200-210411                  | 3/13/20-9/30/23                      | 1,080,075            | -                                         | 703,305                    | 345,577 (2)                       | 357,728             | 357,728 (1)         | -                                  |
| COVID-19 - ARP ESSER III Fund Local                                                     | Indirect       | 84.425U                   | 223-210411                  | 3/13/20-9/30/24                      | 2,184,678            | -                                         | 1,549,135                  | 1,334,056 (3)                     | 247,978             | 247,978 (1)         | 32,899                             |
| COVID-19 - ARP ESSER 7% (Learning Loss)                                                 | Indirect       | 84.425U                   | 225-210411                  | 3/13/20-9/30/24                      | 121,284              | -                                         | 11,026                     | (29,984) (2)                      | 29,396              | 29,396 (1)          | (11,614)                           |
| COVID-19 - ARP ESSER 7% (Summer School)                                                 | Indirect       | 84.425U                   | 225-210411                  | 3/13/20-9/30/24                      | 24,257               | -                                         | 2,205                      | (11,467)                          | -                   | -                   | (13,672)                           |
| COVID-19 - ARP ESSER 7% (After School)                                                  | Indirect       | 84.425U                   | 225-210411                  | 3/13/20-9/30/24                      | 24,257               | -                                         | 2,205                      | 12,790                            | -                   | -                   | 10,585                             |
| COVID-19 - ARP ESSER (Homeless Children & Youth)                                        | Indirect       | 84.425W                   | 181-212387                  | 7/1/21-9/30/24                       | 33,851               | -                                         | 868                        | (2,604)                           | 3,933               | 3,933 (1)           | 461                                |
| <b>Total Passed through Pa. Department of Education</b>                                 |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 2,640,718</b>        | <b>\$ 1,616,903</b>               | <b>\$ 1,058,557</b> | <b>\$ 1,058,557</b> | <b>\$ 34,742</b>                   |
| <b>Passed through Pa. Commission on Crime and Delinquency:</b>                          |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| COVID-19 - ESSER I Fund Local                                                           | Indirect       | 84.425D                   | 2020-ES-01-35333            | 3/13/20-9/30/22                      | \$ 222,131           | \$ -                                      | \$ 9,893                   | \$ 2,063                          | \$ 7,830            | \$ 7,830 (1)        | \$ -                               |
| <b>Total passed through Pa. Commission on Crime and Delinquency</b>                     |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 9,893</b>            | <b>\$ 2,063</b>                   | <b>\$ 7,830</b>     | <b>\$ 7,830</b>     | <b>\$ -</b>                        |
| <b>Passed through Allegheny Intermediate Unit:</b>                                      |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| Title III - Immigrant Funds                                                             | Indirect       | 84.365                    | 10-23-0603                  | 7/1/22-9/30/23                       | \$ 23,014            | \$ -                                      | \$ 23,014                  | \$ -                              | \$ 16,662           | \$ 16,662           | \$ (6,352)                         |
| Title III - Immigrant Funds                                                             | Indirect       | 84.365                    | 10-22-0603                  | 7/1/21-9/30/22                       | 4,000                | -                                         | 4,000                      | 4,000                             | -                   | -                   | -                                  |
| Title III                                                                               | Indirect       | 84.365                    | 10-23-0603                  | 7/1/22-9/30/23                       | 4,599                | -                                         | -                          | -                                 | 4,599               | 4,599               | 4,599                              |
| Title III                                                                               | Indirect       | 84.365                    | 10-22-0603                  | 7/1/21-9/30/22                       | 5,507                | -                                         | 68                         | 68                                | -                   | -                   | -                                  |
| <b>Total Passed through Allegheny Intermediate Unit</b>                                 |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 27,082</b>           | <b>\$ 4,068</b>                   | <b>\$ 21,261</b>    | <b>\$ 21,261</b>    | <b>\$ (1,753)</b>                  |
| <b>Passed through Midwestern Intermediate Unit IV: (Special Education Cluster)</b>      |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| IDEA                                                                                    | Indirect       | 84.027                    | 062-220004                  | 7/1/22-6/30/23                       | \$ 1,654,836         | \$ -                                      | \$ 1,309,679               | \$ -                              | \$ 1,654,836        | \$ 1,654,836 (1)    | \$ 345,157                         |
| IDEA - Section 619                                                                      | Indirect       | 84.173                    | 131-220004                  | 7/1/22-6/30/23                       | 15,477               | -                                         | -                          | -                                 | 15,477              | 15,477 (1)          | 15,477                             |
| IDEA                                                                                    | Indirect       | 84.027                    | 062-210004                  | 7/1/21-6/30/22                       | 1,556,073            | -                                         | 425,458                    | 425,458                           | -                   | -                   | -                                  |
| COVID-19 - IDEA ARP                                                                     | Indirect       | 84.027X                   | 062-210004                  | 7/1/21-9/30/22                       | 316,323              | -                                         | 316,323                    | 141,466                           | 174,857             | 174,857 (1)         | -                                  |
| <b>Total Passed through Midwestern Intermediate Unit IV (Special Education Cluster)</b> |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 2,051,460</b>        | <b>\$ 566,924</b>                 | <b>\$ 1,845,170</b> | <b>\$ 1,845,170</b> | <b>\$ 360,634</b>                  |
| <b>Total Special Education Cluster</b>                                                  |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 2,051,460</b>        | <b>\$ 566,924</b>                 | <b>\$ 1,845,170</b> | <b>\$ 1,845,170</b> | <b>\$ 360,634</b>                  |
| <b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>                                               |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 4,729,153</b>        | <b>\$ 2,189,958</b>               | <b>\$ 2,932,818</b> | <b>\$ 2,932,818</b> | <b>\$ 393,623</b>                  |
| <b>U.S. FEDERAL COMMUNICATIONS COMMISSION:</b>                                          |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| COVID-19 - ARP Emergency Connectivity Fund                                              | Direct         | 32.009                    | ECF2190013392               | 7/1/21-6/30/22                       | \$ 1,107,392         | \$ -                                      | \$ 14,157                  | \$ -                              | \$ 14,157           | \$ 14,157           | \$ -                               |
| <b>TOTAL U.S. FEDERAL COMMUNICATIONS COMMISSION</b>                                     |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 14,157</b>           | <b>\$ -</b>                       | <b>\$ 14,157</b>    | <b>\$ 14,157</b>    | <b>\$ -</b>                        |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>                                    |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| <b>Passed through Pa. Department of Human Services:</b>                                 |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| Title 19                                                                                |                | 93.778                    | 044-007411                  | 7/1/22-6/30/23                       | N/A                  | \$ -                                      | \$ 1,471                   | \$ -                              | \$ 4,284            | \$ 4,284            | \$ 2,813                           |
| Title 19                                                                                |                | 93.778                    | 044-007411                  | 7/1/21-6/30/22                       | N/A                  | \$ -                                      | 4,734                      | 4,734                             | -                   | -                   | -                                  |
| <b>Total Passed through Pa. Department of Human Services</b>                            |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 6,205</b>            | <b>\$ 4,734</b>                   | <b>\$ 4,284</b>     | <b>\$ 4,284</b>     | <b>\$ 2,813</b>                    |
| <b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                               |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 6,205</b>            | <b>\$ 4,734</b>                   | <b>\$ 4,284</b>     | <b>\$ 4,284</b>     | <b>\$ 2,813</b>                    |
| <b>U.S. DEPARTMENT OF AGRICULTURE:</b>                                                  |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| <b>Passed through Pa. Department of Education: (Child Nutrition Cluster)</b>            |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| National School                                                                         |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| Lunch Program                                                                           | Indirect       | 10.555                    | N/A                         | 7/1/22-6/30/23                       | N/A                  | \$ -                                      | \$ 1,043,430               | \$ -                              | \$ 1,043,430        | \$ 1,043,430        | \$ -                               |
| Lunch Program                                                                           | Indirect       | 10.555                    | N/A                         | 7/1/21-6/30/22                       | N/A                  | -                                         | 33,147                     | 33,147                            | -                   | -                   | -                                  |
| Breakfast Program                                                                       | Indirect       | 10.553                    | N/A                         | 7/1/22-6/30/23                       | N/A                  | -                                         | 179,778                    | -                                 | 179,778             | 179,778             | -                                  |
| Breakfast Program                                                                       | Indirect       | 10.553                    | N/A                         | 7/1/21-6/30/22                       | N/A                  | -                                         | 11,587                     | 11,587                            | -                   | -                   | -                                  |
| Supply Chain Assistance                                                                 | Indirect       | 10.555                    | N/A                         | 7/1/22-6/30/23                       | N/A                  | -                                         | 191,009                    | -                                 | 191,009             | 191,009             | -                                  |
| <b>Total Passed through Pa. Department of Education</b>                                 |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 1,458,951</b>        | <b>\$ 44,734</b>                  | <b>\$ 1,414,217</b> | <b>\$ 1,414,217</b> | <b>\$ -</b>                        |
| <b>Passed through Pa. Department of Agriculture: (Child Nutrition Cluster)</b>          |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| National School Lunch Program                                                           | Indirect       | 10.555                    | N/A                         | 7/1/22-6/30/23                       | N/A                  | \$ -                                      | \$ 245,265                 | * \$ (16,219) **                  | \$ 246,188          | \$ 246,188          | \$ (15,296) ***                    |
| <b>Total Passed through Pa. Department of Agriculture</b>                               |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 245,265</b>          | <b>\$ (16,219)</b>                | <b>\$ 246,188</b>   | <b>\$ 246,188</b>   | <b>\$ (15,296)</b>                 |
| <b>TOTAL U.S. DEPARTMENT OF AGRICULTURE (Child Nutrition Cluster)</b>                   |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 1,704,216</b>        | <b>\$ 28,515</b>                  | <b>\$ 1,660,405</b> | <b>\$ 1,660,405</b> | <b>\$ (15,296)</b>                 |
| <b>Passed through Pa. Department of Education:</b>                                      |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| P-EBT Local Admin Funds                                                                 | Indirect       | 10.649                    | N/A                         | 7/1/22-6/30/23                       | N/A                  | \$ -                                      | \$ 628                     | \$ -                              | \$ 628              | \$ 628              | \$ -                               |
| <b>Total passed through Pa. Department of Education</b>                                 |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 628</b>              | <b>\$ -</b>                       | <b>\$ 628</b>       | <b>\$ 628</b>       | <b>\$ -</b>                        |
| <b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>                                             |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 1,704,844</b>        | <b>\$ 28,515</b>                  | <b>\$ 1,661,033</b> | <b>\$ 1,661,033</b> | <b>\$ (15,296)</b>                 |
| <b>U.S. DEPARTMENT OF DEFENSE:</b>                                                      |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| Department of Army ROTC                                                                 | Direct         | N/A                       | N/A                         | 7/1/22-6/30/23                       | N/A                  | \$ -                                      | \$ 87,284                  | \$ -                              | \$ 93,996           | \$ 93,996           | \$ 6,712                           |
| Department of Army ROTC                                                                 | Direct         | N/A                       | N/A                         | 7/1/21-6/30/22                       | N/A                  | -                                         | 3,234                      | 3,234                             | -                   | -                   | -                                  |
| <b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>                                                 |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 90,518</b>           | <b>\$ 3,234</b>                   | <b>\$ 93,996</b>    | <b>\$ 93,996</b>    | <b>\$ 6,712</b>                    |
| <b>TOTAL FEDERAL ASSISTANCE</b>                                                         |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 6,544,877</b>        | <b>\$ 2,226,441</b>               | <b>\$ 4,706,288</b> | <b>\$ 4,706,288</b> | <b>\$ 387,882</b>                  |

**# Reconciliation with federal subsidy confirmation:**

|                                               |                     |
|-----------------------------------------------|---------------------|
| Per above                                     | \$ 6,544,877        |
| School Lunch/Breakfast matching state subsidy | 306,375             |
| Donated commodities                           | (245,265)           |
| Title III - Allegheny IU                      | (27,082)            |
| IDEA - MWIU IV and Lancaster-Lebanon IU 13    | (2,051,460)         |
| Covid-19-ESSERS Fund Local - PCCD             | (9,893)             |
| ARP Emergency Connectivity Fund               | (14,157)            |
| Title 19                                      | (6,205)             |
| National School Lunch Refund                  | (74,707)            |
| Medical Assistance - Access                   | 192,912             |
| Department of Army - ROTC                     | (90,518)            |
| <b>Per confirmation</b>                       | <b>\$ 4,524,877</b> |

**\* Total USDA Commodity Received**

**\*\* Represents beginning inventory - 7/1/22**

**\*\*\* Represents ending inventory - 6/30/23**

**(1) Denotes Major Programs**

**(2) Prior Period Adjustment to move \$25,837 from ARP**

**ESSER Learning Loss to ESSER II**

**(3) Prior year accrued revenue was increased by 103,237 to reflect updated ARP ESSER III expenditures for the 21-22 fiscal year**

**SENECA VALLEY SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2023**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the 'Schedule') includes the federal grant activity administered by the Seneca Valley School District for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grant Guidance – UGG)*. Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the Seneca Valley School District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

Expenditures reported on the Schedule are presented using the accrual method of accounting. Under this method, grant revenue is recognized to the extent expenditures are incurred. Expenditures are recognized when the liability for the expenditure is incurred rather than when the disbursement is actually made.

The federal expenditures are recognized, as applicable, under the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or limited to reimbursement.

**NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS**

Federal financial award revenues are included in the financial statements as 'local source' and 'federal source' revenues.

**NOTE 4 – RECEIVABLES AND UNEARNED REVENUE**

Federal grants receivable are included as part of 'due from other governments' in Exhibit A and Exhibit C as referenced in Note 4 to the Financial Statements. Unearned federal grant revenue, if any, is included as part of 'unearned revenue' in Exhibit A and Exhibit C, and is referenced in Note 7 to the Financial Statements.

**NOTE 5 - NON-CASH ASSISTANCE**

The Seneca Valley School District received donated commodities from the Department of Agriculture in connection with its food service program. The amount of non-cash assistance expended in the accompanying schedule of expenditures of federal awards reflects the fair market value of the commodities used during the 2022-2023 fiscal year.

**NOTE 6 – INDIRECT COST RATE**

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**SENECA VALLEY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

**Financial Statements**

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

- |                                           |          |             |
|-------------------------------------------|----------|-------------|
| • Material weakness(es) identified?       | _____yes | ____X____no |
| • Significant deficiency(ies) identified? | _____yes | ____X____no |

Noncompliance material to financial statements noted?

\_\_\_\_\_yes      \_\_\_\_X\_\_\_\_no

**Federal Awards**

Internal control over major programs:

- |                                           |          |             |
|-------------------------------------------|----------|-------------|
| • Material weakness(es) identified?       | _____yes | ____X____no |
| • Significant deficiency(ies) identified? | _____yes | ____X____no |

Type of auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in  
accordance with 2 CFR 200.516(a)?

\_\_\_\_\_yes      \_\_\_\_X\_\_\_\_no

Identification of major programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

|         |                                                          |
|---------|----------------------------------------------------------|
| 84.027  | IDEA – Section 611 (Special Education Cluster)           |
| 84.027X | COVID 19- IDEA – Section 611 (Special Education Cluster) |
| 84.173  | IDEA – Section 619 (Special Education Cluster)           |
| 84.425D | COVID-19 – ESSER I Fund Local                            |
| 84.425D | COVID-19 – ESSER II Fund Local                           |
| 84.425U | COVID-19 – ARP ESSER III Fund Local                      |
| 84.425U | COVID-19 – ARP ESSER 7% (Learning Loss)                  |
| 84.425W | COVID-19 – ARP ESSER (Homeless Children and Youth)       |

The dollar threshold for distinguishing type A and type B programs:

|                |                        |
|----------------|------------------------|
| Type A Program | \$750,000-\$25,000,000 |
| Type B Program | Less than \$750,000    |

Auditee qualified as low-risk auditee?

\_\_\_\_X\_\_\_\_yes      \_\_\_\_\_no

**SENECA VALLEY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**Section II – Financial Statement Findings**

Findings related to the financial statements which are required to be report in accordance with Government Auditing Standards.

None

**Section III – Federal Award Findings and Questioned Costs**

Findings and questioned costs related to Federal Awards which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a):

None

**SENECA VALLEY SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

There were no findings in the audit report of the Seneca Valley School District for the year ended June 30, 2022, dated February 6, 2023.