

SCHUYLKILL VALLEY SCHOOL DISTRICT

FINANCIAL AND COMPLIANCE REPORT

Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

**To the Board of School Directors
Schuylkill Valley School District
Leesport, Pennsylvania**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Schuylkill Valley School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Schuylkill Valley School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Schuylkill Valley School District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Schuylkill Valley School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Schuylkill Valley School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the general fund, and the pension and other postemployment benefit information on pages 80 through 84, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Schuylkill Valley School District's basic financial statements. The accompanying individual general fund and capital projects fund schedules, combining nonmajor governmental funds financial statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual general fund and capital projects fund schedules, combining nonmajor governmental funds financial statements, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2025 on our consideration of Schuylkill Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Schuylkill Valley School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Schuylkill Valley School District's internal control over financial reporting and compliance.

Herbein + Company, Inc.

Reading, Pennsylvania
February 18, 2025

SCHUYLKILL VALLEY SCHOOL DISTRICT

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

(UNAUDITED)

For the Fiscal Year Ended June 30, 2024

The following is a discussion and analysis of the Schuylkill Valley School District's annual financial performance during the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Highlights

Total Net Position increased by \$4,948,043 for Governmental Activities to an ending net deficit of \$5,784,229 and increased by \$256,020 for Business-Type Activities to an ending net position of \$663,104.

Total Governmental Funds revenues and other financing sources were \$52,703,944 compared to expenditures and other financing uses in the amount of \$57,485,188. General Fund revenues were \$47,684,230 with other funds having total revenues of \$814,082. General Fund revenues consist of 72% local revenue, 24% state revenue, 4% federal revenues including grant funds. Proprietary funds consist of the Food Service Fund with revenues of \$1,473,326 and expenses of \$1,217,306, resulting in an increase in the net position of \$256,020.

At the close of the current year, the District's governmental funds reported combined ending fund balances of \$15,045,440 which is a \$4,781,244 decrease from the prior year driven by spending of 2020 GON of \$7,050,163 on capital projects. This resulted in a \$5,525,246 decrease in Capital Projects, a \$275,043 decrease in Debt Service, and a \$15,433 decrease in Non-major funds; offset by an increase of \$1,034,478 in the General Fund.

Overview of the Financial Statements

This annual report consists of the Management Discussion and Analysis, the basic financial statements, and required supplementary information. These statements are organized so that the reader can understand Schuylkill Valley School District as an entire entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

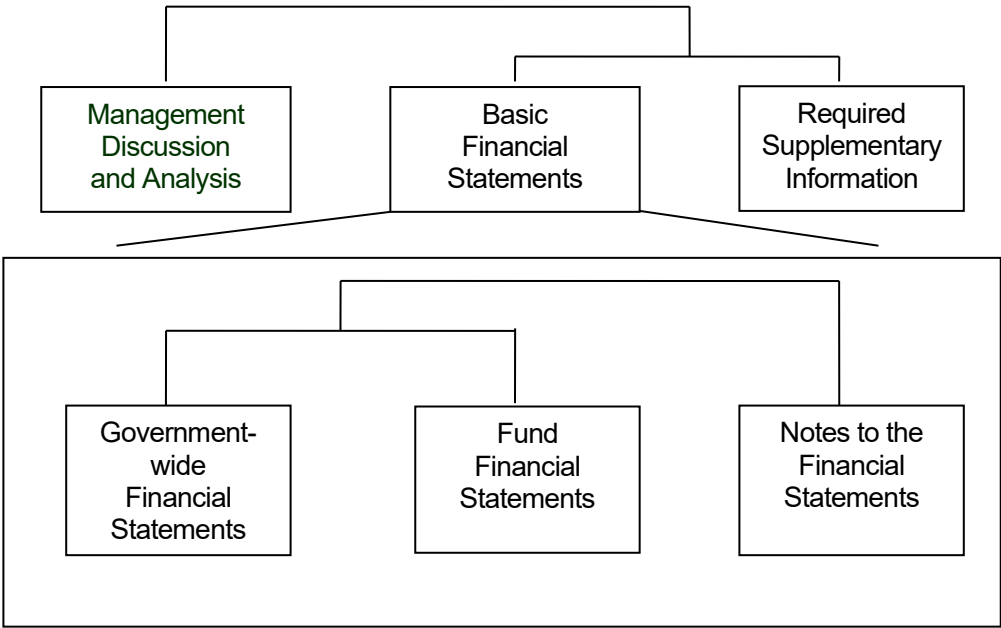
The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities that the District operates like a business. The only proprietary fund is the Food Service Fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements, as well as provide more detailed data. The statements also include a statement that further explains and supports the general fund with a comparison of the District's budget for the year.

SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

Figure A-1 shows how the various parts of the annual report are arranged and related to the other.

Figure A-1
Required Components of
Schuylkill Valley School District's
Financial Report



Summary<----->Detail

SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

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 the management discussion and analysis explains the structure and contents of each of the statements.

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

	Government-wide Statements	Governmental Funds	FUND STATEMENTS Proprietary 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 trustee or agent to someone else's resources
Required financial statements	-Statement of net position -Statement of activities	-Balance Sheet -Statement of revenues, expenditures, and changes in fund balance	-Statement of net position -Statement of revenues, expenses and changes in net position -Statement of cash flows	-Statement of fiduciary net position -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, and deferred outflows and inflows of resources, both financial and capital, and current and noncurrent	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, and deferred outflows and inflows of resources, both financial and capital, and current and noncurrent	All assets and liabilities, both financial and capital, and current and noncurrent
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

SCHUYLKILL VALLEY SCHOOL DISTRICT

Management's Discussion and Analysis

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, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities using the accrual basis of accounting. Current year revenues and expenditures are therefore considered regardless of when the cash is received or paid.

The statement of net position presents all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases and decreases in net position are one way to measure the District's financial health or position; and whether that position is improving or deteriorating.

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

The statement of activities presents information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some events that will result in cash flows in future periods, such as uncollected taxes, and unused vacation leave.

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

- *Governmental activities* - All of the District's basic services such as instruction, maintenance and operation of plant services, and administration are reported under this category. Taxes, state and federal subsidies, and grants finance most of these activities.
- *Business-type activities* - the only business-type activity in the District is food service operations. The sources of funding for operations consist of charges for meal purchases and federal and state subsidies.

Fund Financial Statements

The District's fund financial statements provide more detailed information about the major individual funds of the District, not the District as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to keep track of specific sources of funding and spending for particular programs. The District's funds are divided into two categories - (1) governmental and (2) proprietary.

- *Governmental Funds* - Most of the District's activities are reported in governmental funds that focus on how money flows into and out of these funds and the balances left at the year end. 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 and utilize the accrual accounting method. The Food Service Fund is the District's only 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.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports financial statements.

SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

Financial Analysis of the District as a Whole

Table A-3
Fiscal Year Ended June 30
Net Position

	<u>2023</u>			<u>2024</u>		
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current and other assets	\$ 25,625,697	\$ 1,134,246	\$ 26,759,943	\$ 20,131,746	\$ 1,328,713	\$ 21,460,459
Net Capital Assets	52,282,055	98,815	52,380,870	58,617,945	125,700	58,743,645
Total Assets	77,907,752	1,233,061	79,140,813	78,749,691	1,454,413	80,204,104
Deferred Outflows of Resources	8,837,385	194,215	9,031,600	9,770,458	183,645	9,954,103
Current and other liabilities	8,003,456	43,357	8,046,813	7,979,871	40,334	8,020,205
Long-term liabilities	85,902,347	933,640	86,835,987	83,748,384	906,415	84,654,799
Total Liabilities	93,905,803	976,997	94,882,800	91,728,255	946,749	92,675,004
Deferred Inflows of Resources	3,571,606	43,195	3,614,801	2,576,123	28,205	2,604,328
Net Position						
Net Investment in Capital Assets	29,750,076	98,815	29,848,891	30,385,404	125,700	30,511,104
Restricted	8,399,292	-	8,399,292	10,689,015	-	10,689,015
Unrestricted	(48,881,640)	308,269	(48,573,371)	(46,858,648)	537,404	(46,321,244)
Total Net Position (Deficit)	\$ (10,732,272)	\$ 407,084	\$ (10,325,188)	\$ (5,784,229)	\$ 663,104	\$ (5,121,125)

The District's Total Net Position as of June 30, 2024 is (\$5,121,125). The District's net position is reduced approximately \$51.6M due to net pension and other postemployment benefits liabilities and related inflows and outflows of resources. Most of the District's net position is invested in capital assets (building, lands, and equipment). The remaining net position is a combination of restricted and unrestricted amounts.

The restricted balances are amounts set aside to fund future purchases for capital projects as planned by the District as well as restricted balances of the District's special revenue funds. Over the past few years the Board of Directors and Administration have prudently followed a strategy of transferring funds from the general fund into the capital project fund in order to fund capital projects and improvements.

SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

The results of this year's operation as a whole are reported in the Statement of Activities. 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 local property taxes and the Basic Education Subsidy provided by the Commonwealth of Pennsylvania.

Table A-4 takes the information from the Statement of Activities, rearranges it slightly, so you can see our total revenues for the year.

Table A-4
Fiscal Year Ended June 30
Changes in Net Position

	2023			2024		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
<u>REVENUES</u>						
<i>Program Revenues</i>						
Charges for services	\$ 553,054	\$ 475,045	\$ 1,028,099	\$ 609,671	\$ 459,757	\$ 1,069,428
Operating grants and contributions	7,705,219	960,558	8,665,777	8,806,416	983,212	9,789,628
Capital grants and contributions	124,853	-	124,853	28,447	-	28,447
<i>General Revenues</i>						
Property taxes	27,911,671	-	27,911,671	29,261,922	-	29,261,922
Other taxes	3,285,415	-	3,285,415	3,492,626	-	3,492,626
Grants, subsidies, and contributions	4,526,398	-	4,526,398	4,868,452	-	4,868,452
Other	706,954	9,230	716,184	1,392,603	30,357	1,422,960
TOTAL REVENUES	44,813,564	1,444,833	46,258,397	48,460,137	1,473,326	49,933,463
<u>EXPENSES</u>						
Instruction	24,670,704	-	24,670,704	26,165,066	-	26,165,066
Instructional student support	2,380,598	-	2,380,598	2,956,848	-	2,956,848
Administrative and financial support	4,269,874	-	4,269,874	4,020,527	-	4,020,527
Operation & maintenance						
of plant services	4,555,237	-	4,555,237	4,934,071	-	4,934,071
Pupil transportation	2,519,424	-	2,519,424	2,847,671	-	2,847,671
Student activities	1,574,205	-	1,574,205	2,089,729	-	2,089,729
Community services	7,159	-	7,159	5,162	-	5,162
Interest on long-term debt	464,531	-	464,531	493,020	-	493,020
Food services	-	1,061,131	1,061,131	-	1,217,306	1,217,306
TOTAL EXPENSES	40,441,732	1,061,131	41,502,863	43,512,094	1,217,306	44,729,400
Increase in Net Position	4,371,832	383,702	4,755,534	4,948,043	256,020	5,204,063
Net Position (Deficit) - Beginning of Year	(15,104,104)	23,382	(15,080,722)	(10,732,272)	407,084	(10,325,188)
Net Position (Deficit) - End of Year	\$ (10,732,272)	\$ 407,084	\$ (10,325,188)	\$ (5,784,229)	\$ 663,104	\$ (5,121,125)

SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

The tables below present the expenses of both the Governmental Activities and the Business-type Activities of the District.

Tables A-5 and A-6 show the cost of the District's functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, interest, depreciation, and food service as well as each program's net cost (total cost less revenues generated by the functions). These tables also show 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.

Table A-5
Fiscal Year Ended June 30
Governmental Activities

Functions/Programs	2023		2024	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 24,670,704	\$ 19,400,627	\$ 26,165,066	\$ 19,865,388
Instructional student support	2,380,598	1,965,999	2,956,848	2,223,803
Administrative	4,269,874	3,875,606	4,020,527	3,289,054
Operation and maintenance	4,555,237	3,743,864	4,934,071	4,742,789
Pupil transportation	2,519,424	1,558,952	2,847,671	1,848,578
Student activities	1,574,205	1,167,103	2,089,729	1,629,049
Community services	7,159	6,777	5,162	4,326
Interest-long-term debt	464,531	339,678	493,020	464,573
Total Governmental Activities	<u>\$ 40,441,732</u>	32,058,606	<u>\$ 43,512,094</u>	34,067,560
Less: Unrestricted grants, subsidies		4,526,398		4,868,452
Total needs from local taxes and other revenues		<u>\$ 27,532,208</u>		<u>\$ 29,199,108</u>

Table A-6 reflects the activities of the Food Service program, the only Business-type activity of the District.

Table A-6
Fiscal Year ended June 30
Business-Type Activities

Functions/Programs	2023		2024	
	Total Cost of Services	Net Cost (Contribution) of Services	Total Cost of Services	Net Cost (Contribution) of Services
Food services	<u>\$ 1,061,131</u>	<u>\$ (374,472)</u>	<u>\$ 1,217,306</u>	<u>\$ (225,663)</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2024, the District governmental funds reported a combined fund balance of \$15,045,440 which is a decrease of \$4,781,244. Capital Projects decreased due to the Elementary School HVAC Project upgrade and the pool restoration at the Middle School. The schedule below indicates the fund balance and the total change in fund balances as of June 30, 2023 and 2024.

	FUND BALANCES			
	2023	2024	Difference	% of Inc
General Fund	\$ 3,385,566	\$ 4,420,044	\$ 1,034,478	30.56%
Capital Projects	15,789,212	10,263,966	(5,525,246)	-34.99%
Debt Service	275,043	-	(275,043)	0.00%
Non-Major	376,863	361,430	(15,433)	-4.10%
Total	\$ 19,826,684	\$ 15,045,440	\$ (4,781,244)	-24.12%

The General Fund had \$47,684,230 in revenues and \$46,871,417 in expenditures and other financing uses for 2024. Revenues increased 7.50% over 2022-23. Expenditures and other financing uses in the General Fund decreased 0.70%.

Comparison of Revenues - General Fund				
	Actual	Actual	Increase	% of Inc
	2023	2024	(Decrease) from 2022-23	
Local Sources	\$ 32,542,973	\$ 34,459,606	\$ 1,916,633	5.89%
State Sources	10,907,538	11,327,010	419,472	3.85%
Federal Sources	908,462	1,897,614	989,152	108.88%
	\$ 44,358,973	\$ 47,684,230	\$ 3,325,257	7.50%

REVENUES

General Fund revenues totaling \$47,684,230 increased over the 2022-23 revenues. With a zero real estate tax mills increase. Revenues from Real Estate and Other Taxes increased 4.75% from 2022-23. The following table reflects a comparison of current year revenues with revenue recognized in the prior year. The District's reliance upon tax revenue is indicated in the table below.

Comparison of Real Estate and Other Tax Revenues - General Fund				
	Actual	Actual	Increase	% of Inc
	2023	2024	(Decrease) from 2022-23	
Real Estate Taxes	\$ 26,851,729	\$ 27,226,674	\$ 374,945	1.40%
Interim Taxes	483,575	1,627,374	1,143,799	236.53%
Earned Income Tax	2,619,567	2,689,239	69,672	2.66%
Delinquent taxes	690,211	451,532	(238,679)	-34.58%
Real Estate Transfer Tax	636,718	774,171	137,453	21.59%
	\$ 31,281,800	\$ 32,768,990	\$ 1,487,190	4.75%

Real Estate tax revenues increased 1.40%, Millage rate for the district remained unchanged. Interim Taxes increased for the current year due to new phase home construction. Earned Income Tax showed an increase in collections, delinquent taxes decreased by 34.58% and Real Estate Transfer Tax increased by 21.59%.

SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

EXPENDITURES

General fund expenditures and other financing uses totaling \$46,871,417 increased \$767,747 or 1.67 % over 2022-23 expenses. These expenditures were segregated into various programs depending on the functions of the activity. The following table shows these programs and the cost associated with each, as well as comparison to the costs incurred in the prior year.

Comparison of Expenditures - General Fund				
	Actual 2023	Actual 2024	Increase (Decrease) from 2022-23	% of Inc
Current:				
Instruction	\$26,529,138	\$27,697,758	\$ 1,168,620	4.41%
Supporting Services	12,102,795	12,982,038	879,243	7.26%
Non-Instructional Services	1,479,864	2,069,947	590,083	39.87%
Capital, debt, and other financing uses	5,991,873	4,121,674	(1,870,199)	-31.21%
	<u>\$46,103,670</u>	<u>\$46,871,417</u>	<u>\$ 767,747</u>	<u>1.67%</u>

General Fund Budgetary Highlights

During the fiscal year, the Board of School Directors (The Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted. This is after the end of the fiscal year, which is not prohibited by law. Schedules showing the District's budget amounts compared with actual revenues and expenditures is provided.

Comparison of Expenditures - General Fund					
	2024 Budget	2024 Actual	Increase (Decrease)	% of Inc	
Current:					
Instruction	\$ 25,855,302	\$ 27,697,758	\$ 1,842,456	7.13%	
Supporting Services	12,235,583	12,982,038	746,455	6.10%	
Non-Instructional Services	1,803,185	2,069,947	266,762	14.79%	
Capital, debt, and other financing uses	3,166,324	4,121,674	955,350	30.17%	
	<u>\$ 43,060,394</u>	<u>\$ 46,871,417</u>	<u>\$ 3,811,023</u>	<u>8.85%</u>	

Expenditures and other financing uses for 2023-24 were over budget by \$3,811,023 or a 8.85% unfavorable variance. \$1.7M of the variance is related to ESSER spending, \$600k related to staffing and benefits overage, \$1.1M related to an additional transfer to capital projects and the remainder is due to contracted services for age related repair of equipment and grounds care service.

SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

Comparsion of Revenues - General Fund					
	2024		2024	Increase	
	Budget		Actual	(Decrease)	% of Inc
Local Sources	\$ 31,948,771	\$	34,459,606	\$ 2,510,835	7.86%
State Sources	10,776,274		11,327,010	550,736	5.11%
Federal Sources	335,349		1,897,614	1,562,265	465.86%
	<u>\$ 43,060,394</u>	<u>\$</u>	<u>47,684,230</u>	<u>\$ 4,623,836</u>	<u>10.74%</u>

In regard to general fund revenue, overall the district had \$4,623,836 in excess of budget which is about 10.74% positive variance. The primary categories for local revenue sources that were over budget are Interim taxes, EIT and earnings on investments. One thing to note with the overage is at the time of the budget, there was an uncertainty as far as the revenues that would come in specifically related to earned income and transfer taxes. Additionally, federal revenue sources were over budget \$1,562,265 due primarily to ESSER funding.

Below is a comparison of 2022-23 budget to the 2023-24 budget.

Comparsion of Budgeted Revenues - General Fund					
	2023		2024	Increase	
	Budget		Budget	(Decrease)	% of Inc
Local Sources	\$ 31,786,019	\$	31,948,771	\$ 162,752	0.51%
State Sources	10,515,781		10,776,274	260,493	2.48%
Federal Sources	693,592		335,349	(358,243)	-51.65%
	<u>\$ 42,995,392</u>	<u>\$</u>	<u>43,060,394</u>	<u>\$ 65,002</u>	<u>0.15%</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets

At June 30, 2024, the District had investments of \$58,743,645 in capital investments net of depreciation and amortization. Capital investments include land, buildings and building improvements, furniture and equipment, site improvements, construction in progress and right-to-use assets. Total depreciation/amortization expense for the year amounted to \$2,601,840.

Table A-7
Fiscal Year ended June 30
Capital Assets-net of depreciation and amortization

	2023			2024		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
Land	\$ 286,722	\$ -	\$ 286,722	\$ 286,722	\$ -	\$ 286,722
Construction in progress	8,450,975	-	8,450,975	15,164,727	-	15,164,727
Site improvements	4,123,039	-	4,123,039	3,853,617	-	3,853,617
Building and building improv.	37,659,873	-	37,659,873	36,771,616	-	36,771,616
Furniture and equipment	1,433,708	98,815	1,532,523	2,116,543	125,700	2,242,243
Right-to-use assets	327,738	-	327,738	424,720	-	424,720
TOTAL	\$ 52,282,055	\$ 98,815	\$ 52,380,870	\$ 58,617,945	\$ 125,700	\$ 58,743,645

More detailed information regarding the District's capital assets is included in the notes to the basic financial statements.

Debt Administration

At June 30, 2024, the District had \$23,685,000 in general obligation notes. This represents a decrease of \$2,237,000 from the prior year.

Table A-8
Outstanding Debt

	2023	2024
General Obligation Notes		
Series - March, 2022	\$ 1,092,000	\$ -
Series A - August, 2020	2,635,000	2,630,000
Series - August, 2020	22,195,000	21,055,000
TOTAL	\$ 25,922,000	\$ 23,685,000

Other long-term obligations include leases payable, subscription liabilities, accrued retirement benefits, compensated absences, pension liability and other postemployment benefit obligations. More detailed information about our long-term liabilities is included in the notes to the basic financial statements.

SCHUYLKILL VALLEY SCHOOL DISTRICT

Management's Discussion and Analysis

Factors bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that may affect its future growth.

- The local property tax continues to bear a disproportionate responsibility to fund public education. With the enactment of Act 1, the legislature has attempted to address this issue. The Act calls for a reduction in property taxes through an allocation of gaming revenue to each School District. Schuylkill Valley's share for the 2023-24 year was \$742,247 which gave all approved homestead taxpayers a reduction of \$199.64 on their real estate property taxes.
- Another major provision of Act 1 is that all school districts are limited in their ability to raise real estate millage rates. All districts will have to seek voter approval through a referendum for any tax increase that exceeds an annually determined "index". This index is the average of the State-wide Average Weekly Wage (SAWW) and the Employment Cost Index for Elementary and Secondary Education (ECI), with some adjustments made based on each District's aid ratio. Schuylkill Valley's adjusted index for 2023-24 was 5.1%. The adjusted index for 2024-25 is 6.2%.
- The Pennsylvania School Employees Retirement System (PSERS) continues to reset the percentage of payroll that school districts must pay. The employer contribution rate for fiscal year 2023-24 is 34.00%, 2024-25 will be 33.90%. The employer contribution rate for fiscal year 2025-2026 will be 34.72%. The rate applies to salary and wages earned from July 1, 2025 through June 30, 2026. The employer contribution rate for fiscal year 2025-2026 consists of 33.59% for pension costs, 0.70% for premium assistance payments, and 0.43% for defined contribution costs. The defined contribution (DC) rate is an estimated average. The actual employer DC contribution rate will be based on each employer's Class T-G, Class T-H and Class DC-only membership. Of the 33.9% employer contribution rate for 2024-25, 27.24% represents payment toward the unfunded liability.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Our 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 Board's accountability for the money it receives. If you have any questions about this report or wish to request additional financial information, please contact Mrs. Kristen Wallace, Director of Finance at Schuylkill Valley School District, 929 Lakeshore Drive, Leesport, PA, 19533-8631 (610-916-5444).

SCHUYLKILL VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and investments	\$ 16,880,532	\$ 1,048,704	\$ 17,929,236
Restricted cash	72,429	-	72,429
Internal balances	(108,426)	108,426	-
Taxes receivable, net	574,314	-	574,314
Intergovernmental receivables	2,712,897	108,520	2,821,417
Inventories	-	63,063	63,063
Capital assets:			
Capital assets not being depreciated	15,451,449	-	15,451,449
Capital assets, net of accumulated depreciation	42,741,776	125,700	42,867,476
Right-to-use assets, net of accumulated amortization	424,720	-	424,720
TOTAL ASSETS	78,749,691	1,454,413	80,204,104
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources for pension	8,958,871	178,750	9,137,621
Deferred outflows of resources for other postemployment benefits	811,587	4,895	816,482
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,770,458	183,645	9,954,103
LIABILITIES			
Accounts payable	712,263	2,833	715,096
Retainage payable	580,352	-	580,352
Accrued interest	231,822	-	231,822
Accrued salaries and benefits	3,899,355	762	3,900,117
Unearned revenues	133,920	36,739	170,659
Noncurrent liabilities due within one year	2,422,159	-	2,422,159
Noncurrent liabilities:			
Notes payable, net	24,794,113	-	24,794,113
Leases payable	125,319	-	125,319
Subscription liability	159,581	-	159,581
Long-term portion of compensated absences	433,243	3,911	437,154
Long-term portion of retirement severance	150,000	-	150,000
Net pension liability	53,853,456	864,544	54,718,000
Net other postemployment benefit liabilities	4,232,672	37,960	4,270,632
TOTAL LIABILITIES	91,728,255	946,749	92,675,004
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources for pension	1,288,655	20,684	1,309,339
Deferred inflows of resources for other postemployment benefits	1,287,468	7,521	1,294,989
TOTAL DEFERRED INFLOWS OF RESOURCES	2,576,123	28,205	2,604,328
NET POSITION			
Net investment in capital assets	30,385,404	125,700	30,511,104
Restricted for capital projects	10,255,156	-	10,255,156
Restricted for other purposes	433,859	-	433,859
Unrestricted (deficit)	(46,858,648)	537,404	(46,321,244)
TOTAL NET POSITION (DEFICIT)	\$ (5,784,229)	\$ 663,104	\$ (5,121,125)

See accompanying notes.

SCHUYLKILL VALLEY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction	\$ 26,165,066	\$ 354,811	\$ 5,944,867	\$ -	\$ (19,865,388)	\$ -	\$ (19,865,388)
Instructional student support	2,956,848	-	733,045	-	(2,223,803)	-	(2,223,803)
Administrative and financial support services	4,020,527	-	731,473	-	(3,289,054)	-	(3,289,054)
Operation and maintenance of plant services	4,934,071	15,816	175,466	-	(4,742,789)	-	(4,742,789)
Pupil transportation	2,847,671	-	999,093	-	(1,848,578)	-	(1,848,578)
Student activities	2,089,729	239,044	221,636	-	(1,629,049)	-	(1,629,049)
Community services	5,162	-	836	-	(4,326)	-	(4,326)
Interest on long-term debt	493,020	-	-	28,447	(464,573)	-	(464,573)
Total Governmental Activities	43,512,094	609,671	8,806,416	28,447	(34,067,560)	-	(34,067,560)
Business-Type Activities							
Food services	1,217,306	459,757	983,212	-	-	225,663	225,663
Total Primary Government	<u>\$ 44,729,400</u>	<u>\$ 1,069,428</u>	<u>\$ 9,789,628</u>	<u>\$ 28,447</u>	(34,067,560)	225,663	(33,841,897)
General Revenues							
Taxes:							
Property taxes					29,261,922	-	29,261,922
Public utility realty, earned income, and mercantile tax					3,492,626	-	3,492,626
Grants, subsidies, and contributions not restricted for a specific program					4,868,452	-	4,868,452
Investment earnings					1,370,498	30,357	1,400,855
Miscellaneous revenue					22,105	-	22,105
Total General Revenues					39,015,603	30,357	39,045,960
Change in Net Position					4,948,043	256,020	5,204,063
Net Position (Deficit) - Beginning of Year					(10,732,272)	407,084	(10,325,188)
Net Position (Deficit) - End of Year					<u>\$ (5,784,229)</u>	<u>\$ 663,104</u>	<u>\$ (5,121,125)</u>

See accompanying notes.

SCHUYLKILL VALLEY SCHOOL DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2024

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds - Special Revenue Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 7,627,965	\$ 8,876,804	\$ -	\$ 375,763	\$ 16,880,532
Restricted cash	72,429	-	-	-	72,429
Interfund receivable	19,410	1,546,989	-	7,813	1,574,212
Taxes receivable	581,268	-	-	-	581,268
Intergovernmental receivables	2,712,897	-	-	-	2,712,897
TOTAL ASSETS	\$ 11,013,969	\$ 10,423,793	\$ -	\$ 383,576	\$ 21,821,338
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Interfund payable	\$ 1,672,076	\$ -	\$ -	\$ 10,562	\$ 1,682,638
Accounts payable	540,852	159,827	-	11,584	712,263
Accrued salaries and benefits	3,899,355	-	-	-	3,899,355
Unearned revenues	133,920	-	-	-	133,920
TOTAL LIABILITIES	6,246,203	159,827	-	22,146	6,428,176
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	347,722	-	-	-	347,722
FUND BALANCES					
Restricted	72,429	10,263,966	-	361,430	10,697,825
Committed	543,533	-	-	-	543,533
Unassigned	3,804,082	-	-	-	3,804,082
TOTAL FUND BALANCES	4,420,044	10,263,966	-	361,430	15,045,440
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 11,013,969	\$ 10,423,793	\$ -	\$ 383,576	\$ 21,821,338

See accompanying notes.

SCHUYLKILL VALLEY SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION**

June 30, 2024

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

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 15,045,440
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$101,668,022 and the accumulated amortization/depreciation is \$43,050,077.	58,617,945
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Property and other taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds adjusted for allowance for doubtful accounts.	340,768
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Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Notes payable	(23,685,000)	
Retainage payable	(580,352)	
Accrued interest	(231,822)	
Unamortized note premium	(3,399,113)	
Leases payable	(199,602)	
Subscription liability	(217,457)	
Long-term portion of compensated absences	(433,243)	
Long-term portion of retirement severance	(150,000)	(28,896,589)

The net pension liability and related deferred outflows and inflows of resources for pensions are not reflected on the fund financial statements.	(46,183,240)
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The net other postemployment benefit liabilities and related deferred outflows and inflows of resources for other postemployment benefits are not reflected on the fund financial statements.	(4,708,553)
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TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES	\$ (5,784,229)
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SCHUYLKILL VALLEY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2024

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds - Special Revenue Funds	Total Governmental Funds
REVENUES					
Local sources	\$ 34,459,606	\$ 634,905	\$ -	\$ 179,177	\$ 35,273,688
State sources	11,327,010	-	-	-	11,327,010
Federal sources	1,897,614	-	-	-	1,897,614
TOTAL REVENUES	47,684,230	634,905	-	179,177	48,498,312
EXPENDITURES					
Current:					
Instructional services	27,697,758	-	-	-	27,697,758
Support services	12,982,038	202,244	-	-	13,184,282
Operation of noninstructional services	2,069,947	-	-	194,610	2,264,557
Capital outlay	-	7,049,968	-	-	7,049,968
Debt service:					
Principal	123,714	-	2,237,000	-	2,360,714
Interest	13,993	-	929,949	-	943,942
TOTAL EXPENDITURES	42,887,450	7,252,212	3,166,949	194,610	53,501,221
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,796,780	(6,617,307)	(3,166,949)	(15,433)	(5,002,909)
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of right-to-use arrangements	218,217	-	-	-	218,217
Sale of capital assets	3,448	-	-	-	3,448
Transfers in	-	1,092,061	2,891,906	-	3,983,967
Transfers out	(3,983,967)	-	-	-	(3,983,967)
TOTAL OTHER FINANCING SOURCES (USES)	(3,762,302)	1,092,061	2,891,906	-	221,665
NET CHANGE IN FUND BALANCES	1,034,478	(5,525,246)	(275,043)	(15,433)	(4,781,244)
FUND BALANCES - BEGINNING OF YEAR	3,385,566	15,789,212	275,043	376,863	19,826,684
FUND BALANCES - END OF YEAR	\$ 4,420,044	\$ 10,263,966	\$ -	\$ 361,430	\$ 15,045,440

See accompanying notes.

SCHUYLKILL VALLEY SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2024

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ (4,781,244)**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation or amortization expense.

Capital outlays	\$ 8,921,657	
Less: depreciation and amortization expense	<u>(2,585,767)</u>	6,335,890

Because some property taxes will not be collected for several months after the District's year end, they are not considered as "available" revenues in the governmental funds. (41,623)

Issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Repayment of note principal	2,237,000	
Issuance of subscriptions	(218,217)	
Repayment of lease principal	71,092	
Repayment of subscription liability	52,622	
Amortization of bond premium	445,039	
Amortization of deferred charge on bond refunding	<u>598</u>	2,588,134

Interest expense incurred 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. 5,285

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. The difference in the amount incurred and amount paid of these activities is:

Retainage payable	(580,352)	
Compensated absences	(26,125)	
Retirement incentives	4,200	
Net pension liability and related deferred outflows and inflows	1,408,079	
Net OPEB liability and related deferred outflows and inflows	<u>35,799</u>	<u>841,601</u>

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES **\$ 4,948,043**

SCHUYLKILL VALLEY SCHOOL DISTRICT

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

June 30, 2024

	Enterprise Fund Food Service
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 1,048,704
Interfund receivables	190,252
Intergovernmental receivables	108,520
Inventories	63,063
TOTAL CURRENT ASSETS	1,410,539
NONCURRENT ASSETS	
Furniture and equipment, net	125,700
TOTAL ASSETS	1,536,239
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources for pension	178,750
Deferred outflows of resources for other postemployment benefits	4,895
TOTAL DEFERRED OUTFLOWS OF RESOURCES	183,645
LIABILITIES	
CURRENT LIABILITIES	
Interfund payables	81,826
Accounts payable	2,833
Accrued salaries and benefits	762
Unearned revenues	36,739
TOTAL CURRENT LIABILITIES	122,160
NONCURRENT LIABILITIES	
Compensated absences	3,911
Net pension liability	864,544
Net other postemployment benefit liabilities	37,960
TOTAL LIABILITIES	1,028,575
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources for pension	20,684
Deferred inflows of resources for other postemployment benefits	7,521
TOTAL DEFERRED INFLOWS OF RESOURCES	28,205
NET POSITION	
Investment in capital assets	125,700
Unrestricted	537,404
TOTAL NET POSITION	\$ 663,104

See accompanying notes.

SCHUYLKILL VALLEY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND**

For the Year Ended June 30, 2024

	<u>Enterprise Fund Food Service</u>
OPERATING REVENUES	
Food service revenue	\$ 459,757
TOTAL OPERATING REVENUES	459,757
OPERATING EXPENSES	
Salaries	377,332
Employee benefits	211,197
Pension and OPEB valuation adjustments	(25,818)
Other purchased services	2,006
Supplies	618,305
Depreciation	16,073
Other operating expenses	18,211
TOTAL OPERATING EXPENSES	1,217,306
OPERATING LOSS	(757,549)
NONOPERATING REVENUES	
Earnings on investments	30,357
State sources	220,037
Federal sources	763,175
TOTAL NONOPERATING REVENUES	1,013,569
CHANGE IN NET POSITION	256,020
NET POSITION - BEGINNING OF YEAR	407,084
NET POSITION - END OF YEAR	<u>\$ 663,104</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended June 30, 2024

	<u>Enterprise Fund Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from users	\$ 453,897
Payments to employees for services	(593,594)
Payments to suppliers for goods and services	<u>(553,283)</u>
NET CASH USED FOR OPERATING ACTIVITIES	(692,980)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	196,541
Federal sources	568,306
Interfund borrowings	<u>124,435</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	889,282
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of equipment	(42,958)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	<u>30,357</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	183,701
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>865,003</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,048,704</u></u>

SCHUYLKILL VALLEY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUND

For the Year Ended June 30, 2024

Enterprise Fund
Food Service

Reconciliation of Operating Loss to Net Cash
Used For Operating Activities:

Operating loss	\$ (757,549)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	16,073
Donated commodities used	109,845
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Inventories	(26,681)
Deferred outflows of resources for pension	9,356
Deferred outflows of resources for other postemployment benefits	1,214
Accounts payable	2,075
Accrued salaries and benefits	762
Unearned revenues	(5,860)
Compensated absences	(5,827)
Net pension liability	(21,019)
Net other postemployment benefit liabilities	(379)
Deferred inflows of resources for pension	(12,943)
Deferred inflows of resources for other postemployment benefits	(2,047)
	<u>64,569</u>
Total adjustments	
	<u><u>\$ (692,980)</u></u>
NET CASH USED FOR OPERATING ACTIVITIES	

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the District used \$109,845 of commodities
from the U.S. Department of Agriculture.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

Schuylkill Valley School District ("School District" or "District") is located in Berks County, Pennsylvania. The District's tax base consists of Bern Township, Centre Township, Ontelaunee Township, Centerport Borough, and Leesport Borough. Schuylkill Valley School District is governed by a board of nine school directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term.

The board of school directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person residing in such district between the ages of six and 21 years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any school herein provided, or to pay any school indebtedness which the School District is required to pay, or to pay an indebtedness that may at any time hereafter be created by the School District, the board of school directors are vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual state appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Schuylkill Valley School District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting principles are as follows:

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District and its component units.

The District used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, councils, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

Based on the foregoing criteria, the District has determined it has no component units.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Reporting Entity - continued

Governments commonly enter into special arrangements with each other to provide or obtain needed services. A common type of such an arrangement is a joint venture. In addition to joint ventures, governments also enter into contracts to plan for and address certain activities for their mutual benefits; i.e., a jointly governed organization. The District has one of each of these relationships:

Joint Venture: The District is a participating member of the Berks Career and Technology Center. See Note 11 for details of involvement and financial information of the joint venture.

Jointly Governed Organizations: The District is a participating member of the Berks County Intermediate Unit (BCIU). The BCIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of school directors of each participating district must approve BCIU's annual operating budget.

The BCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no ongoing financial interest or responsibility in the BCIU. The BCIU contracts with participating districts to supply special education services, computer services, and to act as a conduit for certain federal programs.

B. Basis of Presentation - Government-Wide Financial Statements

Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting entity, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. The government-wide statements include separate columns for the governmental and business-type activities of the primary government, as well as any discretely presented component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function to the District are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include 1) charges to customers or others who purchase, use, or directly benefit from services or goods provided by a given function, or 2) grants and contributions that are restricted to meet the operational or capital requirements of a function. Taxes and other items properly not included in program revenues are reported as general revenues.

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Government-Wide Financial Statements - continued

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the contributions made to any component units from the District's governmental funds and transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Fiduciary funds are reported by fund type. The District currently does not have any fiduciary funds.

The District Reports the Following Major Governmental Funds:

General Fund: This fund is established to account for resources devoted to financing the general services that the District performs. Intergovernmental revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund. The fund is charged with all costs of operating the District for which a separate fund has not been established.

Capital Projects Fund: This fund is established to account for financial resources to be used for the acquisition or construction of major capital equipment and facilities (other than those financed by proprietary funds). Within the capital projects fund are components for capital projects funded by debt and capital projects funded by transfers from general fund and subject to Section 1432 of the Municipal Code.

Debt Service Fund: This fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt of governmental funds.

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

The District Reports the Following Nonmajor Governmental Funds:

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District's special revenue funds are the following:

Student Activity Fund: This fund is established to account for financial resources to be used for various student activity and athletic clubs.

Scholarship Fund: This fund is established to account for financial resources to be used for various scholarship accounts.

The District has the Following Major Enterprise Fund:

Food Service Fund: The food service fund is authorized under section 504 of the Public School Code of 1949 to account for all revenues, food purchases, and costs and expenses for the food service program. The food service fund is the District's only major enterprise fund where the intent of the governing body is that the costs of providing food services are covered by user charges and subsidies received.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service fund are charges to customers for sales and services provided. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and state subsidies are considered nonoperating revenues as no exchange transaction occurs.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenues to be available if they are collected within 30 days of the end of the current fiscal period. Property taxes and interest associated with the current fiscal period is considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. If time-eligibility requirements are not met, deferred inflows of resources would be recorded. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt, including leases and subscriptions, are reported as other financing sources.

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Budgetary Process

An operating budget is adopted prior to the beginning of each year for the general fund on the modified accrual basis of accounting. The general fund is the only fund for which a budget is legally required.

In accordance with Act 1 of 2006, the board shall annually, but not later than 110 days before the primary election, decide the budget option to be used for the following fiscal year. The board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

Accelerated Budget Process Option

Under this option, a preliminary budget must be adopted 90 days prior to the primary election. Under this option, the preliminary budget must be available for public inspection at least 20 days prior to the budget adoption. The board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption.

If the primary budget exceeds the increase authorized by the Index, an application for an exception may be filed with the Pennsylvania Department of Education and made available for public inspection. The board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1.

The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The board shall annually adopt the final budget by a majority vote of all members of the board prior to June 30.

Board Resolution Option

Under the Board Resolution Option, the board shall adopt a resolution that it will not raise the rate of any tax for the following fiscal year by more than the Index. Such resolution shall be adopted no later than 110 days prior to the primary election. At least 30 days prior to adoption of the final budget the board shall prepare a proposed budget. The proposed budget shall be available for public inspection at least 20 days prior to adoption of the budget. The board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The board shall annually adopt the final budget by a majority vote of all members of the board by June 30.

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the school board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized cost if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

3. Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payables." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

4. Inventories and Prepaid Items

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Inventories of the governmental funds, consisting principally of textbooks and instructional supplies are not valued since it is the policy of the District to charge these items to expense upon acquisition.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

4. Inventories and Prepaid Items - continued

Inventories of the enterprise fund consisting of food and paper supplies are carried at cost, using the first-in, first-out method. Federal donated commodities are valued at their fair market value as determined by the U.S. Department of Agriculture at the date of donation.

Inventories on hand at June 30, 2024, consist of the following:

<u>Enterprise Fund</u>	
Purchased food	\$ 49,720
Supplies	7,171
Donated commodities	<u>6,172</u>
Total Enterprise Fund	<u>\$ 63,063</u>

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

5. Capital Assets, Depreciation, and Amortization

The District's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective financial statements. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at the acquisition value at the date of donation. Right-to-use assets are reported when a qualifying lease or subscription liability is incurred.

The District generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Construction in progress is stated at cost and consists primarily of costs incurred on construction projects. No provision for depreciation is made on construction in progress until the assets are complete and placed into service. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation/amortization are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

5. Capital Assets, Depreciation, and Amortization - continued

Estimated useful lives for depreciable and amortizable assets are as follows:

Assets	Years
Buildings and building improvements	20 - 50
Site improvements	20 - 50
Furniture and equipment	5 - 20
Right-to-use lease asset	5
Right-to-use subscription assets	2 - 5

6. Valuation of Long-Lived Assets

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The District periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the District's long-lived assets were considered to be impaired as of June 30, 2024.

7. Unearned Revenues

Revenues that are received but not earned are reported as unearned revenues in the government-wide, governmental, and proprietary fund financial statements. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

8. Compensated Absences

District policies permit employees to accumulate earned but unused vacation, personal and sick days based on employment agreements. Payments for vacation, sick pay, and personal leave are expensed as paid in the governmental fund statements. Accumulated vacation, personal and sick leave that is expected to be liquidated with expendable available financial resources and that has matured is reported as an expenditure and a fund liability in the governmental fund that will pay it. Accumulated vacation, personal or sick leave that is not expected to be liquidated with expendable available financial resources and that has not matured is reported as a long-term liability in the proprietary funds and the government-wide financial statements and is expensed as incurred.

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

9. Retirement Severance

The District provides a retirement severance to teachers based on years of service in the District. The severance payment ranges from \$1,800 for 15 years' experience in the District up to \$3,600 for 30 plus years' experience. In order to be eligible for this benefit, an employee must notify the District by April 1st of their intent to retire at the end of the school year.

10. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the statement of net position. This same treatment also applies to proprietary fund financial statements. Bond/Note premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds/Notes payable are reported net of the applicable bond premium or discount. Other bond/note issuance costs are expensed at the time the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond/note issuance costs, during the current period. The face amount of debt issued and original issue discounts or premiums are reported as other financing sources and uses. Issuance costs and underwriter's discount, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Leases and Subscription-Based Information Technology Arrangements

The District has agreements for noncancellable leases of equipment and subscription-based information technology arrangements (SBITAs). The District recognizes a lease or subscription liability and an intangible right-to-use lease asset (lease or subscription asset) in the government-wide financial statements.

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

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

11. Leases and Subscription-Based Information Technology Arrangements - continued

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

- The District uses the interest rate charged under the agreement as the discount rate. When the interest rate charged is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate.
- The term includes the noncancellable period of the agreements. Also included within the term are any qualifying renewals or early termination options that the District is reasonably certain to exercise or not exercise. Payments included in the measurement of the liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease or SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

Lease and subscription assets are reported with capital assets as right-to-use assets and related liabilities are reported with noncurrent liabilities on the statement of net position.

12. Pension

The District contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. The District accounts for the plan under the provisions of GASB Statement No. 68, which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, deferred outflows and deferred inflows of resources related to pension, certain required supplementary information, and note disclosures.

For the purpose of measuring net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension 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 refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

13. Other Postemployment Benefits (OPEB)

The District's other postemployment benefit plans are accounted for under the provisions of GASB Statement No. 75, which establishes standards for the measurement, recognition, and display of other postemployment benefit expense and related liabilities, deferred outflows and deferred inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures. The District provides OPEB under the following two plans:

PSERS OPEB Plan

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

District OPEB Plan

The District sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total 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 OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The District OPEB plan is unfunded.

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

14. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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 assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses) until then. The District has two items that qualify for reporting in this category:

Deferred outflows of resources for pension relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions made to the pension plan subsequent to the measurement date and prior to the District's year end. The contributions will be recognized as a reduction in net pension liability in the following year.

Deferred outflows of resources for other postemployment benefits relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the net other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions or benefit payments made subsequent to the measurement date and prior to the District's year end. These payments will be recognized as a reduction to the net other postemployment benefit liability in the following year.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

14. Deferred Outflows/Inflows of Resources - continued

In addition to liabilities, the statement of net position 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items that qualify for reporting in this category.

Unavailable revenue arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources - property taxes and per capita taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred inflows of resources for pension relates to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

Deferred inflows of resources for other postemployment benefits relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

15. Net Position and Flow Assumptions

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in the capital assets component of net position is comprised of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall net investment in capital assets. If there are unspent related debt proceeds at year-end, the portion of debt attributed to the unspent bond proceeds is not included in the calculation of net investment in capital assets. The restricted component of net position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of net position is unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

16. Fund Balance Policies and Flow Assumptions

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The nonspendable fund balance classification represents assets in nonspendable form and includes items such as prepaid expenditures and inventory.

The restricted fund balance classification represents funds that are limited in use due to constraints for a specific purpose through restrictions by external parties, grant agreements, or enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The board of school directors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

16. Fund Balance Policies and Flow Assumptions - continued

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The superintendent and director of finance may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The District will maintain an unassigned general fund balance for each fiscal year which is in accordance and as allowable by law.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. The District's policy states that committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts for unrestricted fund balances used.

G. Use of Estimates

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

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

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

Excess of Expenditures Over Appropriations in Individual Funds

For the year ended June 30, 2024, the general fund had excess expenditures over appropriations of \$2,993,380. The excess expenditures were covered by excess revenues and other financing sources.

NOTE 3 - CASH AND INVESTMENTS

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest funds in the following types of investments:

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, or (c) 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.

Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation 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 therefore shall be pledged by the depository.

Pennsylvania Act 10 of 2016 became effective May 25, 2016 and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

The deposit and investment policy of the District adheres to state statutes. There were no deposits or investment transactions during the year that were in violation of either the state statutes or the policy of the District.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

The breakdown of total cash and investments at June 30, 2024, is as follows:

Petty cash	\$	2,169
Demand deposit accounts		3,190,915
Bank certificates of deposit		256,963
Pooled cash and investments		<u>14,551,618</u>
	\$	<u>18,001,665</u>

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does have a policy for custodial credit risk on deposits. At June 30, 2024, the carrying amount of the District's deposits was \$3,447,878 and the bank balance was \$4,054,892. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$3,804,892 was exposed to custodial credit risk but covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly. Included in the custodial credit risk for deposits are certificate of deposits totaling \$256,963.

Pooled Cash and Investments

As of June 30, 2024, the District had the following pooled cash and investments:

	<u>Fair Value</u>	<u>Carrying Value</u>
PA School District Liquid Asset Fund (PSDLAF):		
MAX account balance (PSDMAX)	\$ 9,074,888	\$ 9,074,888
Full flex pool	5,476,730	<u>5,476,730</u>
Total pooled cash and investments		<u>\$ 14,551,618</u>

Certain external investments held by the District, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and participating government level consistent with GASB Statement No. 79. The District measures those investments, which include \$14,551,618 (PSDLAF) at amortized cost. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Pooled Cash and Investments - continued

A portion of the District’s deposits was in the Pennsylvania School District Liquid Asset Fund. PSDLAF acts like a money market mutual fund in that the objective is to maintain a stable net asset value of \$1 per share, is rated by nationally recognized statistical rating organization, and is subject to an independent annual audit.

The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities, and repurchase agreements, collateralized by such securities and contracted with highly-rated counterparties. Weighted average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals.

The PSDLAF Full Flex Pool, as part of the Fixed-Term Series at PSDLAF, are fixed-term investments collateralized in accordance with Act 72 and invests in assets listed above as permitted under Section 440.1 of the Public School Code of 1949. The Fixed-Term Series are fixed-term investment vehicles with maturities depending upon the maturity date of each particular Fixed-Term Series. All investments in a Fixed-Term Series by a Settlor are intended to be deposited for the full term of the particular Fixed-Term Series; however, participants in the full flex pool may remove funds without early withdrawal penalty. Whether a Fixed-Term Series has only one Settlor or more than one Settlor participating in it, each certificate of deposit in which the monies in such Fixed-Term Series are invested is registered in the name of that particular Fixed-Term Series.

As of June 30, 2024, the entire PSDLAF book balance of \$14,551,618 is considered to be cash equivalents for presentation on the government-wide and fund financial statements.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2024 the District has no investments that are subject to interest rate risk.

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2024, the District’s investments were rated as:

Investments	Standard & Poor’s
PA School District Liquid Asset Fund	AAAm

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Concentration of Credit Risk

The District does not have a policy that would limit the amount they may invest in any one issuer. The District has no investments subject to this risk.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investments subject to custodial credit risk.

Restricted Cash

Restricted cash consists of \$72,429 in a trust restricted for education settlement agreements.

NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE

The District has five independently elected tax collectors who are responsible for the collection of real estate taxes. Assessed values are established by the County Board of Assessment. All taxable real property was assessed at \$1,054,446,300. In accordance with Act 1 of 2006, the District received \$742,247 in property tax reduction funds for the 2023/2024 fiscal year. The District tax rate for the year ended June 30, 2024, was 27.82 mills (\$27.82 per \$1,000 of assessed valuation) as levied by the board of school directors. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	Levy date
July 1 - August 31	2% discount period
September 1 - October 31	Face payment period
November 1 - January 14	10% penalty period
January 15	Lien date - All taxes unpaid become delinquent and are turned over to the County Tax Claim Bureau for collection.

The District, in accordance with generally accepted accounting principles, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by administration. A portion of the net amount estimated to be collectible which was measurable and available within 30 days was recognized as revenue and the balance reported as unavailable revenue under deferred inflows of resources in the fund financial statements.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE - CONTINUED

The balances at June 30, 2024, are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Unavailable Revenue
Real estate property tax	\$ 392,524	\$ 6,954	\$ 385,570	\$ 44,802	\$ 347,722
Transfer tax	29,240	-	29,240	29,240	-
Earned income tax	159,504	-	159,504	159,504	-
	<u>\$ 581,268</u>	<u>\$ 6,954</u>	<u>\$ 574,314</u>	<u>\$ 233,546</u>	<u>\$ 347,722</u>

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES

The following schedule represents intergovernmental receivables at June 30, 2024:

<u>Name of Government Unit</u>	<u>General Fund</u>	<u>Food Service Fund</u>
Pennsylvania Department of Education:		
Retirement	\$ 1,163,169	\$ -
Social Security	253,083	-
School Health Annual Reimbursement System	38,212	-
Transportation Subsidy	135,974	-
National School Lunch/Breakfast Program	-	23,496
PCCD - School Mental Health Grant	8,918	-
Berks County IU - Preschool Grants	2,735	-
Berks County IU - Special Education Grants to States	100,367	-
Federal Subsidies:		
Title I Grants to Local Educational Agencies	4,174	-
Title IV Student Support and Academic Enrichment Program	4,061	-
COVID-19 - Education Stabilization Fund	1,002,204	-
National School Lunch/Breakfast Program	-	85,024
	<u>\$ 2,712,897</u>	<u>\$ 108,520</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 6 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a summary of interfund receivables and payables at June 30, 2024:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 19,410	\$ 1,672,076
Capital Projects	1,546,989	-
Nonmajor Special Revenue Fund - Student Activity Fund	7,813	10,562
Enterprise Fund - Food Service	<u>190,252</u>	<u>81,826</u>
	<u>\$ 1,764,464</u>	<u>\$ 1,764,464</u>

Interfund receivables and payables exist as a result of a time lag between dates when payments between funds are made. All will be paid within one year.

Interfund transfers are summarized as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 3,983,967
Capital Projects	1,092,061	-
Debt Service Fund	<u>2,891,906</u>	<u>-</u>
	<u>\$ 3,983,967</u>	<u>\$ 3,983,967</u>

Transfers were made to meet debt service requirements and to reserve for future capital projects.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 7 - CHANGES IN CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2024, were as follows:

	Beginning Balance	Increase	Reclass/ Decrease	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 286,722	\$ -	\$ -	\$ 286,722
Construction in progress	8,450,975	7,630,195	(916,443)	15,164,727
Totals not being depreciated	8,737,697	7,630,195	(916,443)	15,451,449
Capital assets being depreciated:				
Buildings and building improvements	70,629,351	-	916,443	71,545,794
Site improvements	8,694,650	-	-	8,694,650
Furniture and equipment	4,218,779	1,026,445	-	5,245,224
Totals being depreciated	83,542,780	1,026,445	916,443	85,485,668
Less accumulated depreciation for:				
Buildings and building improvements	32,969,478	1,804,700	-	34,774,178
Site improvements	4,571,611	269,422	-	4,841,033
Furniture and equipment	2,785,071	343,610	-	3,128,681
Total accumulated depreciation	40,326,160	2,417,732	-	42,743,892
Total capital assets being depreciated, net	43,216,620	(1,391,287)	916,443	42,741,776
Right-to-use assets:				
Leased equipment	371,754	-	-	371,754
Subscriptions	94,134	265,017	-	359,151
Total right-to-use assets	465,888	265,017	-	730,905
Less accumulated amortization for:				
Leased equipment	97,469	74,351	-	171,820
Subscriptions	40,681	93,684	-	134,365
Total accumulated amortization	138,150	168,035	-	306,185
Total right-to-use assets being amortized, net	327,738	96,982	-	424,720
GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET	<u>\$ 52,282,055</u>	<u>\$ 6,335,890</u>	<u>\$ -</u>	<u>\$ 58,617,945</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 7 - CHANGES IN CAPITAL ASSETS - CONTINUED

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Reclass/ Decrease</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets being depreciated:				
Furniture and equipment	\$ 378,347	\$ 42,958	\$ -	\$ 421,305
Less accumulated depreciation for:				
Furniture and equipment	<u>279,532</u>	<u>16,073</u>	<u>-</u>	<u>295,605</u>
BUSINESS-TYPE ACTIVITIES, CAPITAL ASSETS, NET	<u><u>\$ 98,815</u></u>	<u><u>\$ 26,885</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 125,700</u></u>

Depreciation and amortization expense was charged to functions/programs of the governmental activities of the primary government as follows:

Instruction	\$ 162,554
Administrative and central support services	163,535
Operation and maintenance of plant services	2,249,112
Student activities	<u>10,566</u>
TOTAL DEPRECIATION AND AMORTIZATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,585,767</u></u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - LONG-TERM LIABILITIES

The District issues general obligation notes to provide resources for major capital improvements. The notes are direct obligations issued on a pledge of the full faith and credit of the District as well as their general taxing authority. The District's general obligation notes are direct borrowings.

Notes payable are as follows at June 30, 2024:

General Obligation Notes - Series A of 2020:

The District is liable for general obligation notes dated August 12, 2020, in the original principal amount of \$2,650,000. Principal maturities occur on April 1 through the year 2026. Interest is payable semi-annually on October 1 and April 1. Interest rate is 1.41%. Proceeds from these notes were used to advance refund a portion of the General Obligation Bonds - Series of 2014, as well as to pay debt issuance costs. The District realized a savings of \$255,988 as a result of the refunding.

2,630,000

General Obligation Notes - Series of 2020:

The District is liable for general obligation notes dated August 12, 2020, in the original principal amount of \$22,225,000. Principal maturities occur on April 1 through the year 2035. Interest is payable semi-annually on October 1 and April 1. Interest rates range from 2.0% to 4.0%. Proceeds from these notes were used for the purpose of currently refunding the District's outstanding General Obligation Note, Series of 2017, for capital improvement projects and to pay debt issuance costs. The District realized a loss of \$152,861 as a result of the refunding.

21,055,000

Total Notes Payable \$ 23,685,000

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

The future annual payments required to amortize all notes payable for the years ending June 30 are as follows:

	General Obligation Note 2020 A		General Obligation Note 2020		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 260,000	\$ 37,083	\$ 2,030,000	\$ 842,100	\$ 2,290,000	\$ 879,183
2026	2,370,000	33,417	5,000	760,900	2,375,000	794,317
2027	-	-	2,405,000	760,800	2,405,000	760,800
2028	-	-	1,805,000	664,600	1,805,000	664,600
2029	-	-	1,875,000	592,400	1,875,000	592,400
2030 - 2034	-	-	10,565,000	1,774,800	10,565,000	1,774,800
2035	-	-	2,370,000	94,800	2,370,000	94,800
	<u>\$ 2,630,000</u>	<u>\$ 70,500</u>	<u>\$ 21,055,000</u>	<u>\$ 5,490,400</u>	<u>\$ 23,685,000</u>	<u>\$ 5,560,900</u>

Event of Default

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

Leases

The District has entered into lease agreements for copiers and other equipment. The leases have various termination dates through December 2027. The leases include monthly or annual payments of principal and interest at rates ranging from 3.75% - 5.00%.

Future lease maturities as of June 30 are as follows:

	Principal	Interest	Total
2025	\$ 74,283	\$ 7,929	\$ 82,212
2026	77,621	4,591	82,212
2027	42,803	1,753	44,556
2028	4,895	31	4,926
	<u>\$ 199,602</u>	<u>\$ 14,304</u>	<u>\$ 213,906</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

Subscriptions

The District has entered into various agreements for subscription-based information technology arrangements. The arrangements have various termination dates through June 2028. These leases include yearly payments of principal and interest as a rate of 5.00%.

	Principal	Interest	Total
2025	\$ 57,876	\$ 11,125	\$ 69,001
2026	50,329	8,164	58,493
2027	53,145	5,590	58,735
2028	56,107	2,871	58,978
	<u>\$ 217,457</u>	<u>\$ 27,750</u>	<u>\$ 245,207</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

Long-term liability balances and activity for the year ended June 30, 2024, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Notes payable (direct borrowings)	\$ 25,922,000	\$ -	\$ 2,237,000	\$ 23,685,000	\$ 2,290,000
Premiums	3,844,152	-	445,039	3,399,113	-
Notes payable, net	29,766,152	-	2,682,039	27,084,113	2,290,000
Leases payable	270,694	-	71,092	199,602	74,283
Subscription liability	51,862	218,217	52,622	217,457	57,876
Compensated absences	407,118	144,061	117,936	433,243	-
Retirement severance	154,200	7,200	11,400	150,000	-
Net pension liability	53,443,437	6,621,214	6,211,195	53,853,456	-
Net other postemployment benefit liabilities	4,158,611	331,032	256,971	4,232,672	-
Total Governmental Long-Term Liabilities	<u>\$ 88,252,074</u>	<u>\$ 7,321,724</u>	<u>\$ 9,403,255</u>	<u>\$ 86,170,543</u>	<u>\$ 2,422,159</u>
Business-Type Activities					
Compensated absences	\$ 9,738	\$ 3,097	\$ 8,924	\$ 3,911	\$ -
Net pension liability	885,563	78,628	99,647	864,544	-
Net other postemployment benefit liabilities	38,339	1,799	2,178	37,960	-
Total Business-Type Long-term Liabilities	<u>\$ 933,640</u>	<u>\$ 83,524</u>	<u>\$ 110,749</u>	<u>\$ 906,415</u>	<u>\$ -</u>

Total interest paid during the year ended June 30, 2024 was \$943,942. Payments on notes payable are made by the general fund and debt service fund. The lease and subscription liabilities will be liquidated by the general fund. The compensated absence and retirement severance liabilities will be liquidated by the general and food service funds. The net pension and PSERS OPEB Plan portion of the OPEB liability will be liquidated through future contributions to PSERS at the statutory rates; contributions will be made from the general and food service funds. The District OPEB Plan portion of the OPEB liability will be liquidated through future payments from the general and food service funds.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - EMPLOYEE RETIREMENT PLANS

Employee Defined Benefit Pension Plan

General Information About the Pension Plan

Plan Description

PSERS (the System) is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania under Title 24, Part IV of the Pennsylvania General Assembly. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

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 plan 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 equal to 1.0% 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 5 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 10 years of service.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

General Information About the Pension Plan - continued

Benefits Provided - continued

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.0% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Contributions

The contribution policy is set by state statute and requires contributions by active members, employers, and the Commonwealth of Pennsylvania. The contribution rates based on qualified member compensation for virtually all members is presented below:

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

General Information About the Pension Plan - continued

Contributions - continued:

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.50%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

Employer Contributions:

The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 33.09% 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 \$6,478,845 for the year ended June 30, 2024. In addition, the District's contribution to the defined contribution plan was \$52,865 for the year ended June 30, 2024.

The District is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and OPEB. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net pension liability and related pension expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2024, for pension and OPEB benefits was \$3,244,401.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

At June 30, 2024, the District reported a liability of \$54,718,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2024, the District's proportion was 0.1230% which was an increase of 0.0008% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized a pension expense of \$5,046,160. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,000	\$ 749,000
Net difference between projected and actual investment earnings	1,548,000	-
Changes in assumptions	816,000	-
Changes in proportion - plan level	266,000	439,000
Changes in proportion - internal	16,776	16,776
Difference between employer contributions and proportionate share of total contributions	-	104,563
Contributions made subsequent to the measurement date	6,478,845	-
	<u>\$ 9,137,621</u>	<u>\$ 1,309,339</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

The \$6,478,845 reported as deferred outflows of resources related to pensions resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

2025	\$ 380,001
2026	(1,219,011)
2027	1,698,108
2028	<u>490,339</u>
	<u>\$ 1,349,437</u>

Actuarial Assumptions

The total pension liability at June 30, 2023, was determined by rolling forward the System's total pension liability at June 30, 2022 to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial valuation date - June 30, 2022.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

Actuarial Assumptions - continued

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

The PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023 is:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	30.0%	5.2%
Private equity	12.0%	7.9%
Fixed income	33.0%	3.2%
Commodities	7.5%	2.7%
Infrastructure/ MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Absolute return	4.0%	4.1%
Cash	3.0%	1.2%
Leverage	(10.5%)	1.2%
	<u>100.0%</u>	

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - 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 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 one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 70,930,000	\$ 54,718,000	\$ 41,040,000

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.

Payables Related to the Plan

At June 30, 2024, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of \$2,311,961. This amount represents the District's contractually obligated contributions for wages earned in April 2024 through June 2024.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

403(b) Tax Shelter Plan

The District has established a 403(b) tax shelter plan permitting the establishment of accounts for school employees to voluntarily set aside monies to supplement their retirement income. All school employees are eligible to participate. The District does not contribute to the Plan.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS

Employee Defined Benefit Other Postemployment Benefit Plans

The District has other postemployment benefits (OPEB) under 2 different plans: (1) a cost-sharing, multiple employer, employee defined benefit other postemployment benefits plan administered through PSERS (PSERS OPEB Plan) and (2) a single employer defined benefit healthcare plan (District OPEB Plan). The District's aggregate net OPEB liability and deferred outflows and inflows of resources related to OPEB at June 30, 2024 are as follows:

<u>Plan</u>	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
PSERS OPEB Plan	\$ 2,222,000	\$ 362,309	\$ 476,000
District OPEB Plan	<u>2,048,632</u>	<u>454,173</u>	<u>818,989</u>
Total	<u>\$ 4,270,632</u>	<u>\$ 816,482</u>	<u>\$ 1,294,989</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan

General Information About the PSERS OPEB Plan

Health Insurance Premium Assistance Program

PSERS (the System) provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age.

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.

Pension Plan Description

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

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

General Information About the PSERS OPEB Plan - continued

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program.

Contributions

The contribution policy is set by state statute. A portion of each employer's contribution is set aside for premium assistance. The School District's contractually required contribution rate for the fiscal year ended June 30, 2024, was 0.64% 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 \$125,309 for the year ended June 30, 2024.

The District is also required to contribute a percentage of covered payroll to PSERS for pension benefits. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net PSERS OPEB Plan liability and related expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2024, for pension and OPEB benefits was \$3,244,401.

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

At June 30, 2024, the District reported a liability of \$2,222,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.1228%, which was an increase of 0.0008% from its proportion measured as of June 30, 2023.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

For the year ended June 30, 2024, the District recognized OPEB expense of \$59,953. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,000	\$ 22,000
Changes in assumptions	192,000	420,000
Net difference between projected and actual investment earnings	5,000	-
Changes in proportion	25,000	34,000
Contributions made subsequent to the measurement date	125,309	-
	<u>\$ 362,309</u>	<u>\$ 476,000</u>

The \$125,309 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2025	\$ (46,000)
2026	(52,000)
2027	(64,000)
2028	(76,000)
2029	<u>(1,000)</u>
Total	<u>\$ (239,000)</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

Actuarial Assumptions

The total OPEB liability as of June 30, 2023, was determined by rolling forward the System's total OPEB liability as of June 30, 2022 to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial valuation date - June 30, 2022.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.13% - S&P 20 Year Municipal Bond Rate.
- 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.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre-age 65 at 50%
 - Eligible retirees will elect to participate Post-age 65 at 70%

The actuarial assumptions used in the June 30, 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 following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- 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 assumptions 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.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

Actuarial Assumptions - continued

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

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

The PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023 is:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0%	1.2%

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13%. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.13% which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes 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, 2023, 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, 2023, 92,677 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023, 522 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 District's proportionate share of the net OPEB liability for the June 30, 2023 measurement date, calculated using current Healthcare cost trends as well as what the District's proportionate share of the net OPEB liability would be if the health cost trends were one-percentage point lower or one-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 2,222,000	\$ 2,222,000	\$ 2,222,000

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

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

The following presents the net OPEB liability, calculated using the discount rate of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (3.13%) or one-percentage point higher (5.13%) than the current rate:

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
District's proportionate share of the net OPEB liability	\$ 2,512,000	\$ 2,222,000	\$ 1,979,000

OPEB 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.

Payables Related to the Plan

At June 30, 2024, the District had an accrued balance due to PSERS of \$2,311,961, including balances related to pension and OPEB. This amount represents the District's contractually obligated contributions for wages earned in April 2024 through June 2024.

District OPEB Plan

General Information About the District OPEB Plan

Plan Description

Schuylkill Valley School District administers a single-employer defined benefit healthcare plan (the OPEB Plan). The District OPEB Plan provides medical, prescription drug, and dental insurance for eligible retirees through the District's health insurance plan, which covers both active and retired members until the member reaches Medicare age. Benefit provisions are established through negotiation with the District and the unions representing the District's employees. The OPEB Plan does not issue a publicly available financial report and no assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board Statement No. 75 to pay related benefits.

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

General Information About the District OPEB Plan - continued

Benefits Provided

Contribution requirements are negotiated between the District and union representatives. Below is a summary of the postemployment benefits provided to retirees:

Employees Retired Before January 1, 1999:

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
N/A	<u>Coverage</u> Medical, Prescription Drug, and Dental coverage for Retiree and spouse <u>Premium Sharing</u> Retiree pays 100% of the cost	Retiree coverage ends at Retiree's death and spouse coverage ends at spouse's death.

Employees Retired after 1/1/1999:

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
Act 110/43	<u>Coverage</u> Medical, Prescription Drug, and Dental coverage for Retiree and spouse <u>Premium Sharing</u> Retiree pays 100% of the cost	Retiree coverage ends at Retiree Medicare age and spouse coverage ends at earlier of Spouse Medicare age, Retiree Medicare age, or Retiree death.

Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

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

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

General Information About the District OPEB Plan - continued

Benefits Provided - continued

PSERS Superannuation Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of total combination of age plus service equal to or greater than 92 with a minimum of 30 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

Employees retired before January 1, 1999, and their spouses are required to enroll in Medicare supplement plan upon reaching Medicare age.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

General Information About the District OPEB Plan - continued

Employees Covered by Benefit Terms

At July 1, 2022, the date of the most recent actuary valuation, the following employees were covered by the benefit terms:

Active Participants	214
Retired Participants	<u>24</u>
Total	<u>238</u>

OPEB Liability

Actuarial Assumptions and Other Inputs

The total OPEB liability as of July 1, 2023, was determined by rolling forward the District's total OPEB liability as of July 1, 2022 to July 1, 2023, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method - Entry Age Normal.
- Salary increases - 2.50% 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%.
- Discount rate - 4.13% - based on the Standard & Poor's Municipal Bond 20 Year High Grade Rate Index at July 1, 2023.
- Mortality rates - 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.
- Healthcare cost trend rates - 7.0% in 2023, with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Participation rates - 65% of employees are assumed to elect coverage.

The actuarial assumptions were selected using input from the District based on actual experience.

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at July 1, 2023	\$ 1,950,950
Changes for the year:	
Service cost	106,824
Interest	80,880
Changes in assumptions	31,174
Benefit payments	<u>(121,196)</u>
Net changes	<u>97,682</u>
Balance at June 30, 2024	<u><u>\$ 2,048,632</u></u>

Changes in assumptions or other inputs reflect the following changes: (1) the discount rate changed from 4.06% to 4.13%. (2) the healthcare cost trend assumption was updated.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (3.13%) or one-percentage point higher (5.13%) than the current discount rate:

	<u>1% Decrease 3.13%</u>	<u>Current Discount Rate 4.13%</u>	<u>1% Increase 5.13%</u>
OPEB Plan - Total OPEB liability	\$ 2,189,689	\$ 2,048,632	\$ 1,914,703

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

Changes in the Total OPEB Liability - continued

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

The following presents total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage point lower or one-percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
OPEB Plan - Total OPEB liability	\$ 1,839,673	\$ 2,048,632	\$ 2,292,779

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$147,151. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 248,015	\$ 586,462
Differences between expected and actual experience	87,352	232,527
Benefit payments made subsequent to the measurement date	118,806	-
	<u>\$ 454,173</u>	<u>\$ 818,989</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

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

The \$118,806 reported as deferred outflows of resources related to OPEB liabilities resulting from benefit payments made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2025	\$ (40,553)
2026	(40,553)
2027	(40,553)
2028	(40,551)
2029	(51,447)
Thereafter	<u>(269,965)</u>
	<u>\$ (483,622)</u>

NOTE 11 - JOINT VENTURE

The District is a participating member of the Berks Career & Technology Center. The Berks Career & Technology Center is controlled and governed by a joint board, which is composed of representative school board members of the participating schools. Direct oversight of Berks Career & Technology Center operations is the responsibility of the joint board. The District's share of annual operating and capital costs for Berks Career & Technology Center fluctuates based on the percentage of enrollment. The District's share for the 2023/2024 year was \$835,550.

Summary financial information as of June 30, 2023 (the most recent information available) is as follows:

<u>Berks Career & Technology Center (Governmental Activities)</u>	
Total assets and deferred outflows of resources	\$ 33,997,081
Total liabilities and deferred inflows of resources	<u>29,608,358</u>
Total net position	<u>\$ 4,388,723</u>

Separate financial statements of the Berks Career & Technology Center have been prepared and are available.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. The District's Workmen's Compensation policy is a retrospectively rated policy; the final total premium is based on the actual payroll for the policy year and is determined by the insurance carrier. For insured programs, there were no significant reductions in insurance coverages for the 2023/2024 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 13 - CONTINGENT LIABILITIES AND COMMITMENTS

The District receives federal, state, and local funding through a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. District officials do not expect any significant adjustments as a result of these examinations.

The District is a defendant in various matters of litigation and claims. These matters result in the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

The District has entered into an agreement for the transportation of students. The agreement is for the period of July 1, 2022 through June 30, 2027. The contractor provides all equipment, fuel, and labor necessary. The cost for the transportation services is determined on a monthly basis based on actual services provided.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 13 - CONTINGENT LIABILITIES AND COMMITMENTS - CONTINUED

At June 30, 2024, the District has entered into contracts related to building improvement projects. The contracts awarded and commitments outstanding are as follows:

Project	Contract Amounts	Remaining
ES HVAC Upgrade and HS Rooftop Unit	\$ 6,776,777	\$ 145,719
Pool Restoration	3,140,088	150,287
Generator Replacement	1,153,037	628,584
MS Controls	421,800	421,800
HS HVAC Project	5,259,599	1,146,012
	<u>\$ 16,751,301</u>	<u>\$ 2,492,402</u>

The District plans to use existing resources in the capital projects fund to satisfy the remaining commitments.

NOTE 14 - FUND BALANCE

Details of the District's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies*. Fund balance classifications for the year ended June 30, 2024, were as follows:

General Fund

The general fund has restricted funds of \$72,429 in education trust funds, committed funds of \$50,000 for insurance deductibles and \$493,533 for cyber charter school costs, and unassigned fund balance of \$3,804,082.

Capital Projects Fund

The capital projects fund has restricted funds of \$10,263,966 consisting of \$5,476,385 of unspent general obligation note funds and \$4,787,581 of surplus monies transferred from the general fund for the acquisition or construction of capital facilities and qualifying capital assets as authorized by Municipal Code P.L. 145 Act of April 30, 1943.

Nonmajor Funds

The nonmajor funds have restricted funds of \$361,430 consisting of \$117,101 for student activities and \$244,329 for scholarships.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 15 - NEW ACCOUNTING PRONOUNCEMENTS

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

- Statement No. 101, *Compensated Absences* - The primary objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.
- Statement No. 102, *Certain Risk Disclosures* - The primary objective of this statement is to provide users of government financial statements with essential information about risks related to government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.
- Statement No. 103, *Financial Reporting Model Improvements* - The primary objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- Statement No. 104, *Disclosure of Certain Capital Assets* - The primary objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

The District has not yet completed the analysis necessary to determine the actual financial statement impact of these new pronouncements.

REQUIRED SUPPLEMENTARY INFORMATION

SCHUYLKILL VALLEY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND

For the Year Ended June 30, 2024

	BUDGET		ACTUAL (GAAP Basis)	VARIANCE Final to Actual
	Original	Final		
REVENUES				
Local sources	\$ 31,948,771	\$ 31,948,771	\$ 34,459,606	\$ 2,510,835
State sources	10,776,274	10,776,274	11,327,010	550,736
Federal sources	335,349	335,349	1,897,614	1,562,265
TOTAL REVENUES	43,060,394	43,060,394	47,684,230	4,623,836
EXPENDITURES				
INSTRUCTIONAL SERVICES:				
Regular programs - elementary/secondary	19,741,480	19,744,786	20,533,011	(788,225)
Special programs - elementary/secondary	5,039,028	4,904,019	5,742,750	(838,731)
Vocational education programs	757,359	838,235	836,050	2,185
Other instructional programs - elementary/secondary	234,000	368,262	577,672	(209,410)
Nonpublic school programs	-	-	8,275	(8,275)
TOTAL INSTRUCTIONAL SERVICES	25,771,867	25,855,302	27,697,758	(1,842,456)
SUPPORT SERVICES:				
Students	1,684,720	1,822,319	1,991,288	(168,969)
Instructional staff	750,188	713,358	843,958	(130,600)
Administration	2,080,707	2,059,703	2,209,544	(149,841)
Pupil health	386,543	290,316	299,723	(9,407)
Business	765,232	520,082	523,124	(3,042)
Operation and maintenance of plant	2,466,491	2,478,048	2,734,855	(256,807)
Student transportation	2,102,287	2,580,317	2,840,562	(260,245)
Central	1,681,050	1,736,440	1,504,644	231,796
Other	35,000	35,000	34,340	660
TOTAL SUPPORT SERVICES	11,952,218	12,235,583	12,982,038	(746,455)
OPERATION OF NONINSTRUCTIONAL SERVICES:				
Student activities	1,748,182	1,801,382	2,063,475	(262,093)
Community services	1,803	1,803	6,472	(4,669)
TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES	1,749,985	1,803,185	2,069,947	(266,762)
DEBT SERVICE PAYMENTS	-	-	137,707	(137,707)
TOTAL EXPENDITURES	39,474,070	39,894,070	42,887,450	(2,993,380)
EXCESS OF REVENUES OVER EXPENDITURES	3,586,324	3,166,324	4,796,780	1,630,456
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of right-to-use arrangements	-	-	218,217	218,217
Sale of capital assets	-	-	3,448	3,448
Transfers out	(3,166,324)	(3,166,324)	(3,983,967)	(817,643)
Budgetary reserve	(420,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,586,324)	(3,166,324)	(3,762,302)	(595,978)
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	1,034,478	\$ 1,034,478
FUND BALANCE - BEGINNING OF YEAR			3,385,566	
FUND BALANCE - END OF YEAR			\$ 4,420,044	

See note to required supplementary information.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2024

BUDGETARY DATA

The budget for the general fund is adopted on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2023/2024 budget transfers.

Excess of Expenditures Over Appropriations in Individual Funds

For the year ended June 30, 2024, the general fund had excess expenditures over appropriations of \$2,993,380. The excess expenditures were covered by excess revenues and other financing sources.

Budgetary Compliance

The District's only legally adopted budget is for the general fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year end; therefore, it does not have any outstanding encumbrances at June 30, 2024. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS - PENSION PLAN**

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the collective net pension liability	0.1230%	0.1222%	0.1240%	0.1242%	0.1233%	0.1227%	0.1238%	0.1232%	0.1226%	0.1233%
District's proportionate share of the collective net pension liability	\$ 54,718,000	\$ 54,329,000	\$ 50,910,000	\$ 61,155,000	\$ 57,683,000	\$ 58,902,000	\$ 61,143,000	\$ 61,054,000	\$ 53,104,000	\$ 48,804,000
District's covered payroll	\$ 18,818,057	\$ 17,933,403	\$ 17,581,519	\$ 17,435,997	\$ 17,001,366	\$ 16,518,055	\$ 16,486,173	\$ 15,954,462	\$ 15,779,846	\$ 15,729,185
District's proportionate share of the net pension liability as a percentage of its covered payroll	290.77%	302.95%	289.57%	350.74%	339.28%	356.59%	370.87%	382.68%	336.53%	310.28%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

The District's covered payroll noted above is as of the measurement date of the net pension liability, which is one year prior to the fiscal year end.

NOTES TO SCHEDULE

Changes in benefit terms

With the passage of Act 5 on June 12, 2017, class T-E & T-F members are now permitted to elect a lump sum payment of member contributions upon retirement.

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2021

- The discount rate decreased from 7.25% to 7.00%. The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.
- Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.
- For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2016

- The investment rate of return was adjusted from 7.50% to 7.25%. The inflation assumption was decreased from 3.00% to 2.75%.
- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

SCHUYLKILL VALLEY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION PLAN

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 6,478,845	\$ 6,310,842	\$ 6,048,666	\$ 5,944,632	\$ 5,818,546	\$ 5,532,088	\$ 5,335,872	\$ 4,832,409	\$ 4,021,594	\$ 3,272,361
Contributions in relation to the contractually required contribution	6,478,845	6,310,842	6,048,666	5,944,632	5,818,546	5,532,088	5,335,872	4,832,409	4,021,594	3,272,361
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 19,085,042	\$ 18,818,057	\$ 17,933,403	\$ 17,581,519	\$ 17,435,997	\$ 17,001,366	\$ 16,518,055	\$ 16,486,173	\$ 15,954,462	\$ 15,779,846
Contributions as a percentage of covered payroll	33.95%	33.54%	33.73%	33.81%	33.37%	32.54%	32.30%	29.31%	25.21%	20.74%

SCHUYLKILL VALLEY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND RELATED RATIOS -
PSERS OPEB PLAN

	LAST TEN FISCAL YEARS							
	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the collective net PSERS OPEB liability	0.1228%	0.1220%	0.1240%	0.1242%	0.1233%	0.1227%	0.1238%	0.1232%
District's proportionate share of the collective net PSERS OPEB liability	\$ 2,222,000	\$ 2,246,000	\$ 2,939,000	\$ 2,684,000	\$ 2,622,000	\$ 2,558,000	\$ 2,522,000	\$ 2,654,000
District's covered payroll	\$ 18,818,057	\$ 17,933,403	\$ 17,581,519	\$ 17,435,997	\$ 17,001,366	\$ 16,518,055	\$ 16,486,173	\$ 15,954,462
District's proportionate share of the net PSERS OPEB liability as a percentage of its covered payroll	11.81%	12.52%	16.72%	15.39%	15.42%	15.49%	15.30%	16.63%
Plan fiduciary net position as a percentage of the total PSERS OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

The District's covered payroll noted above is as of the measurement date of the net PSERS OPEB liability, which is one year prior to the fiscal year end.

NOTES TO SCHEDULE

Changes in benefit terms

None.

Changes in assumptions used in measurement of the Total OPEB Liability beginning June 30, 2021

- The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.
- Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.
- For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Changes in assumptions used in measurement of the Total OPEB liability beginning June 30, 2016

- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

For each year presented, the discount rate is updated using the S&P 20-year Municipal Bond Rate.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

SCHUYLKILL VALLEY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - PSERS OPEB PLAN

	LAST TEN FISCAL YEARS									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 125,309	\$ 137,953	\$ 142,365	\$ 145,470	\$ 146,510	\$ 140,848	\$ 139,532	\$ 137,360	\$ 135,126	\$ 143,665
Contributions in relation to the contractually required contribution	<u>125,309</u>	<u>137,953</u>	<u>142,365</u>	<u>145,470</u>	<u>146,510</u>	<u>140,848</u>	<u>139,532</u>	<u>137,360</u>	<u>135,126</u>	<u>143,665</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	\$ 19,085,042	\$ 18,818,057	\$ 17,933,403	\$ 17,581,519	\$ 17,435,997	\$ 17,001,366	\$ 16,518,055	\$ 16,486,173	\$ 15,954,462	\$ 15,779,846
Contributions as a percentage of covered payroll	0.66%	0.73%	0.79%	0.83%	0.84%	0.83%	0.84%	0.83%	0.85%	0.91%

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS -
DISTRICT OPEB PLAN**

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:							
Service cost	\$ 106,824	\$ 188,251	\$ 189,808	\$ 146,046	\$ 144,219	\$ 134,660	\$ 124,704
Interest	80,880	62,841	50,069	79,505	68,045	61,093	43,029
Changes in benefit terms	-	-	61,130	41,868	-	-	-
Differences between expected and actual experience	-	(190,572)	-	(114,905)	-	192,172	-
Changes of assumptions	31,174	(608,857)	(74,185)	261,871	(59,893)	3,272	119,913
Benefit payments	(121,196)	(149,770)	(174,233)	(83,076)	(57,539)	(83,030)	(62,956)
Net change in total OPEB liability	97,682	(698,107)	52,589	331,309	94,832	308,167	224,690
Total OPEB liability, beginning	1,950,950	2,649,057	2,596,468	2,265,159	2,170,327	1,862,160	1,637,470
Total OPEB liability, ending	<u>\$ 2,048,632</u>	<u>\$ 1,950,950</u>	<u>\$ 2,649,057</u>	<u>\$ 2,596,468</u>	<u>\$ 2,265,159</u>	<u>\$ 2,170,327</u>	<u>\$ 1,862,160</u>
Covered Employee Payroll	<u>\$ 15,651,007</u>	<u>\$ 15,651,007</u>	<u>\$ 15,950,733</u>	<u>\$ 15,950,733</u>	<u>\$ 15,224,783</u>	<u>\$ 15,224,783</u>	<u>\$ 14,709,398</u>
Total OPEB Liability as a Percentage of Covered Employee Payroll	13.09%	12.47%	16.61%	16.28%	14.88%	14.26%	12.66%

NOTES TO SCHEDULE

Changes of Benefit Terms

None

Changes in Assumptions

Significant changes in assumptions for the July 1, 2023 measurement date are as follows:

- The discount rate changed from 4.06% to 4.13%.
- The healthcare cost trend assumption was updated.

Significant changes in assumptions for prior measurement dates are as follows:

- The discount rate was updated each year based on the S&P Municipal Bond 20-year High Grade Index.
- The healthcare cost trend assumption was updated each year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

SUPPLEMENTARY INFORMATION

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - GENERAL FUND**

For the Year Ended June 30, 2024

		Budget	Actual	Variance
6000 REVENUES FROM LOCAL SOURCES				
<u>Taxes</u>				
6111	Current real estate taxes	\$ 27,451,271	\$ 27,226,674	\$ (224,597)
6112	Interim real estate taxes	376,000	1,627,374	1,251,374
6113	Public utility realty tax	28,000	27,183	(817)
6151	Current Act 511 earned income taxes	2,235,500	2,689,239	453,739
6153	Current Act 511 real estate transfer taxes	423,000	774,171	351,171
6400	Delinquent taxes (all levies)	662,000	451,532	(210,468)
	Total	31,175,771	32,796,173	1,620,402
<u>Other</u>				
6510	Earnings on investments	35,000	724,819	689,819
6700	Admissions and fees	56,000	66,025	10,025
6830	Federal revenue from intermediary sources	350,000	481,106	131,106
6910	Rentals	32,000	15,816	(16,184)
6940	Tuition from patrons	300,000	354,811	54,811
6990	Miscellaneous revenue	-	20,856	20,856
	Total	773,000	1,663,433	890,433
	TOTAL REVENUES FROM LOCAL SOURCES	31,948,771	34,459,606	2,510,835
7000 REVENUES FROM STATE SOURCES				
7111	Basic instructional subsidy	3,286,800	4,057,615	770,815
7160	Tuition/court placed institutions	150,000	53,590	(96,410)
7270	Special education of exceptional pupils	1,077,030	1,300,081	223,051
7310	Transportation	892,110	995,279	103,169
7320	Rental and sinking fund payments	117,752	28,447	(89,305)
7330	Health services	38,000	38,212	212
7340	State property tax reduction allocation	742,247	742,247	-
7361	School mental health and safety	264,232	21,567	(242,665)
7505	Ready to learn block grant	197,972	197,972	-
7599	Other state revenue	-	15,000	15,000
7810	State share of social security and Medicare taxes	706,293	689,931	(16,362)
7820	State share of retirement	3,303,838	3,187,069	(116,769)
	TOTAL REVENUES FROM STATE SOURCES	10,776,274	11,327,010	550,736

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED**

For the Year Ended June 30, 2024

		Budget	Actual	Variance
8000 REVENUES FROM FEDERAL SOURCES				
8514	Title I	264,127	309,503	45,376
8515	Title II	48,108	62,815	14,707
8516	Title III	4,950	-	(4,950)
8517	Title IV	18,164	21,584	3,420
8743	ESSER II	-	828,110	828,110
8744	ARP ESSER elem/sec school emergency relief	-	674,609	674,609
8753	ARP ESSER afterschool programs	-	993	993
	TOTAL REVENUES FROM FEDERAL SOURCES	<u>335,349</u>	<u>1,897,614</u>	<u>1,562,265</u>
9000 OTHER FINANCING SOURCES				
9200	Proceeds from issuance of right-to-use arrangements	-	218,217	218,217
9400	Proceeds from sale of capital assets	-	3,448	3,448
	TOTAL REVENUES FROM OTHER FINANCING SOURCES	<u>-</u>	<u>221,665</u>	<u>221,665</u>
	TOTAL REVENUES AND OTHER FINANCING SOURCES	<u><u>\$ 43,060,394</u></u>	<u><u>\$ 47,905,895</u></u>	<u><u>\$ 4,845,501</u></u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - GENERAL FUND**

For the Year Ended June 30, 2024

		Budget	Actual	Variance
1000 INSTRUCTIONAL SERVICES				
1100	Regular programs - elementary/secondary	\$ 19,744,786	\$ 20,533,011	\$ (788,225)
1200	Special programs - elementary/secondary	4,904,019	5,742,750	(838,731)
1300	Vocational education programs	838,235	836,050	2,185
1400	Other instructional programs - elementary/secondary	368,262	577,672	(209,410)
1500	Nonpublic school programs	-	8,275	(8,275)
	TOTAL INSTRUCTIONAL SERVICES	25,855,302	27,697,758	(1,842,456)
2000 SUPPORT SERVICES				
2100	Students	1,822,319	1,991,288	(168,969)
2200	Instructional staff	713,358	843,958	(130,600)
2300	Administration	2,059,703	2,209,544	(149,841)
2400	Pupil health	290,316	299,723	(9,407)
2500	Business	520,082	523,124	(3,042)
2600	Operation and maintenance of plant	2,478,048	2,734,855	(256,807)
2700	Student transportation	2,580,317	2,840,562	(260,245)
2800	Central	1,736,440	1,504,644	231,796
2900	Other	35,000	34,340	660
	TOTAL SUPPORT SERVICES	12,235,583	12,982,038	(746,455)
3000 OPERATION OF NONINSTRUCTIONAL SERVICES				
3200	Student activities	1,801,382	2,063,475	(262,093)
3300	Community services	1,803	6,472	(4,669)
	TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES	1,803,185	2,069,947	(266,762)
5000 OTHER EXPENDITURES AND FINANCING USES				
5110	Debt service -			
	Principal payments	-	123,714	(123,714)
	Interest payments	-	13,993	(13,993)
5230	Transfers to capital projects	-	1,092,061	(1,092,061)
5240	Transfers to debt service fund	3,166,324	2,891,906	274,418
	TOTAL OTHER EXPENDITURES AND FINANCING USES	3,166,324	4,121,674	(955,350)
	TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 43,060,394</u>	<u>\$ 46,871,417</u>	<u>\$ (3,811,023)</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF BALANCE SHEET COMPONENTS -
CAPITAL PROJECTS FUND**

June 30, 2024

	2020 Notes Component	Capital Projects Component	Technology Reserve Component	Total Capital Projects Fund
ASSETS				
Cash and investments	\$ 5,360,553	\$ 3,516,251	\$ -	\$ 8,876,804
Interfund receivable	275,659	1,271,330	-	1,546,989
TOTAL ASSETS	<u>\$ 5,636,212</u>	<u>\$ 4,787,581</u>	<u>\$ -</u>	<u>\$ 10,423,793</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 159,827	\$ -	\$ -	\$ 159,827
FUND BALANCES				
Restricted	5,476,385	4,787,581	-	10,263,966
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,636,212</u>	<u>\$ 4,787,581</u>	<u>\$ -</u>	<u>\$ 10,423,793</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF REVENUES AND EXPENDITURES COMPONENTS -
CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2024

	2020 Notes Component	Capital Projects Component	Technology Reserve Component	Total Capital Projects Fund
REVENUES				
Local sources	\$ 478,031	\$ 156,874	\$ -	\$ 634,905
EXPENDITURES				
Current:				
Support services	195	65,489	136,560	202,244
Capital outlay	7,049,968	-	-	7,049,968
TOTAL EXPENDITURES	7,050,163	65,489	136,560	7,252,212
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,572,132)	91,385	(136,560)	(6,617,307)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	1,271,330	(179,269)	1,092,061
NET CHANGE IN FUND BALANCES	(6,572,132)	1,362,715	(315,829)	(5,525,246)
FUND BALANCES - BEGINNING OF YEAR	12,048,517	3,424,866	315,829	15,789,212
FUND BALANCES - END OF YEAR	\$ 5,476,385	\$ 4,787,581	\$ -	\$ 10,263,966

SCHUYLKILL VALLEY SCHOOL DISTRICT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2024

	<u>Student Activities</u>	<u>Scholarships</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 122,884	\$ 252,879	\$ 375,763
Interfund receivable	<u>7,813</u>	<u>-</u>	<u>7,813</u>
TOTAL ASSETS	<u><u>\$ 130,697</u></u>	<u><u>\$ 252,879</u></u>	<u><u>\$ 383,576</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Interfund payable	\$ 10,562	\$ -	\$ 10,562
Accounts payable	<u>3,034</u>	<u>8,550</u>	<u>11,584</u>
TOTAL LIABILITIES	13,596	8,550	22,146
FUND BALANCES			
Restricted	<u>117,101</u>	<u>244,329</u>	<u>361,430</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 130,697</u></u>	<u><u>\$ 252,879</u></u>	<u><u>\$ 383,576</u></u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2024

	<u>Student Activities</u>	<u>Scholarships</u>	<u>Totals</u>
REVENUES			
Local sources	\$ 170,920	\$ 8,257	\$ 179,177
EXPENDITURES			
Current:			
Operation of noninstructional services	<u>186,060</u>	<u>8,550</u>	<u>194,610</u>
TOTAL EXPENDITURES	<u>186,060</u>	<u>8,550</u>	<u>194,610</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(15,140)	(293)	(15,433)
FUND BALANCES - BEGINNING OF YEAR	<u>132,241</u>	<u>244,622</u>	<u>376,863</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 117,101</u></u>	<u><u>\$ 244,329</u></u>	<u><u>\$ 361,430</u></u>

SCHUYLKILL VALLEY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Assistance Listing Number (ALN)	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount	Receipts for the Year	Accrued/ (Unearned) Revenue at June 30, 2023	Revenue Recognized/ Expenditures	Accrued/ (Unearned) Revenue at June 30, 2024
<u>U.S. Department of Education</u>									
Passed through Commonwealth of Pennsylvania Department of Education:									
Title I Grants to Local Educational Agencies	I	84.010	013-22-0375	07/01/21-09/30/22	\$ 241,412	\$ 58,899	\$ 63,073	\$ -	\$ 4,174
Title I Grants to Local Educational Agencies	I	84.010	013-23-0375	05/15/23-09/30/23	253,568	253,568	-	253,568	-
Title I Grants to Local Educational Agencies	I	84.010	013-24-0375	07/01/23-09/30/24	304,428	81,181	-	55,935	(25,246)
Subtotal - ALN 84.010						393,648	63,073	309,503	(21,072)
Supporting Effective Instruction State Grant	I	84.367	020-22-0375	07/01/21-09/30/22	47,554	16,416	-	16,416	-
Supporting Effective Instruction State Grant	I	84.367	020-23-0375	05/15/23-09/30/23	42,798	42,798	-	42,798	-
Supporting Effective Instruction State Grant	I	84.367	020-24-0375	07/01/23-09/30/24	50,760	13,536	-	3,601	(9,935)
Subtotal - ALN 84.367						72,750	-	62,815	(9,935)
Title IV Student Support and Academic Enrichment Program	I	84.424	144-22-0375	07/01/21-09/30/22	19,664	11	(1,270)	1,281	-
Title IV Student Support and Academic Enrichment Program	I	84.424	144-23-0375	05/15/23-09/30/23	20,303	16,242	-	20,303	4,061
Title IV Student Support and Academic Enrichment Program	I	84.424	144-24-0375	07/01/23-09/30/24	19,850	5,293	-	-	(5,293)
Subtotal - ALN 84.424						21,546	(1,270)	21,584	(1,232)
Education Stabilization Fund									
Passed through Commonwealth of Pennsylvania Department of Education:									
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II)	I	84.425D	200-21-0375	03/13/20-09/30/23	965,557	516,471	(311,639)	828,110	-
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ESSER III)	I	84.425U	223-21-0375	03/13/20-09/30/24	1,953,082	-	320,769	674,609	995,378
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ESSER 7%)	I	84.425U	225-21-0375	03/13/20-09/30/24	151,797	110,398	116,231	993	6,826
Subtotal - ALN 84.425/Total Education Stabilization Fund						626,869	125,361	1,503,712	1,002,204
Special Education Cluster (IDEA)									
Passed through Berks County Intermediate Unit:									
Special Education - Preschool Grants	I	84.173	N/A	07/01/23-06/30/24	2,735	-	-	2,735	2,735
COVID-19 Special Education - Grants to States	I	84.027x	N/A	07/01/21-09/30/23	83,618	37,846	-	37,846	-
Special Education - Grants to States	I	84.027	N/A	07/01/22-09/30/23	409,883	39,229	39,229	-	-
Special Education - Grants to States	I	84.027	N/A	07/01/23-09/30/24	440,525	340,158	-	440,525	100,367
Subtotal - ALN 84.027						417,233	39,229	478,371	100,367
Total Special Education Cluster (IDEA)						417,233	39,229	481,106	103,102
TOTAL U.S. DEPARTMENT OF EDUCATION						1,532,046	226,393	2,378,720	1,073,067
<u>U.S. Department of Agriculture</u>									
Child Nutrition Cluster									
Passed through Commonwealth of Pennsylvania Department of Education:									
School Breakfast Program	I	10.553	N/A	07/01/23-06/30/24	N/A	110,154	-	131,451	21,297
National School Lunch Program	I	10.555	N/A	07/01/23-06/30/24	N/A	404,701	-	468,428	63,727
National School Lunch Program (Supply Chain Assistance)	I	10.555	N/A	07/01/23-06/30/24	N/A	52,798	-	52,798	-
Passed through Commonwealth of Pennsylvania Department of Agriculture:									
National School Lunch Program (Donated Commodities)	I	10.555	N/A	07/01/23-06/30/24	N/A	107,651	(8,366)	109,845	(6,172)
Subtotal - ALN 10.555						565,150	(8,366)	631,071	57,555
Total Child Nutrition Cluster						675,304	(8,366)	762,522	78,852
Passed through Commonwealth of Pennsylvania Department of Education:									
COVID-19 - Pandemic Electronic Benefit Transfer Administrative Costs	I	10.649	N/A	07/01/23-06/30/24	N/A	653	-	653	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE						675,957	(8,366)	763,175	78,852
TOTAL FEDERAL AWARDS						\$ 2,208,003	\$ 218,027	\$ 3,141,895	\$ 1,151,919

I = Indirect source of funding

NOTE: No funds were passed through to subrecipients in the year ended June 30, 2024.

See notes to schedule of expenditures of federal awards.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of Schuylkill Valley School District under programs of the federal government for the year ended June 30, 2024. 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 Guidance). Because the Schedule presents only a selected portion of the operations of Schuylkill Valley School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Schuylkill Valley School District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to the reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business for amounts reported as expenditures in prior years.

NOTE 3 - DE MINIMIS RATE FOR INDIRECT COSTS

The District did not elect to use the de minimis rate for indirect costs.

NOTE 4 - ACCESS PROGRAM

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. No ACCESS funding classified as fee-for-service was recognized for the year ended June 30, 2024.

NOTE 5 - FOOD COMMODITIES

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, the District had \$6,172 of food commodity inventory.

**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**

**To the Board of School Directors
Schuylkill Valley School District
Leesport, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Schuylkill Valley School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Schuylkill Valley School District's basic financial statements, and have issued our report thereon dated February 18, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Schuylkill 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Schuylkill Valley School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Schuylkill Valley School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Schuylkill Valley School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Schuylkill Valley School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Schuylkill Valley School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Schuylkill Valley School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Herbein + Company, Inc.

Reading, Pennsylvania
February 18, 2025

**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 School Directors
Schuylkill Valley School District
Leesport, Pennsylvania**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Schuylkill 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 Schuylkill Valley School District's major federal programs for the year ended June 30, 2024. Schuylkill Valley School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Schuylkill Valley School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Schuylkill Valley School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Schuylkill 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 Schuylkill Valley School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Herbein + Company, Inc.

Reading, Pennsylvania
February 18, 2025

SCHUYLKILL VALLEY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

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 not considered to be
material weaknesses? X yes none reported
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 not considered to be
material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR Section 200.516(a) yes X no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	<u>Special Education Cluster</u>
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants
84.425	COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X No

SCHUYLKILL VALLEY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

Section II - Financial Statement Findings

2024-001 ACCOUNT RECONCILIATIONS - SIGNIFICANT DEFICIENCY

Criteria

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition

Certain balance sheet accounts were not accurately and properly reconciled at year end. As a result, several audit adjustments were proposed during the audit to properly reflect accounts on the financial statements in compliance with reporting under U.S. generally accepted accounting principles. Specifically, adjustments were proposed to properly report the following: cash, grant receivables, prepaid expenditures, accounts payable, payroll liabilities, and unearned revenue.

Cause

Turnover in the business office staff contributed to certain reconciliations not being performed timely or accurately. Additionally, the District did not have adequate processes in place to monitor grant spending throughout the year.

Effect

Several year-end accrual adjustments were posted as a result of audit procedures to bring various funds and accounts into compliance with reporting under U.S. generally accepted accounting principles. As a result of reconciliations not being performed, the preliminary financial statements were misstated at year end.

Recommendation

The business office should review and document its policies and procedures for key transaction classes to ensure that an appropriate individual is assigned the task and has the tools necessary to complete that task effectively and efficiently. Material accounts should be reconciled monthly to the general ledger and deadlines set up for accountability of preparation and review. Management should assess the current staffing levels in the business office and determine if an additional position and/or change in duties of current staff are necessary for more accurate and timely financial reporting throughout the year.

Management Response

See corrective action plan included in this report package.

Section III - Federal Awards Findings and Questioned Costs

There were no federal awards findings or questioned costs.



Schuylkill Valley School District

ADMINISTRATION CENTER

929 Lakeshore Drive

Leesport, PA 19533

OFFICE OF THE SUPERINTENDENT

(610) 916-0957

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

Section II - Financial Statement Findings

2023-001 ACCOUNT RECONCILIATIONS AND ADJUSTMENTS POSTED AS A RESULT OF THE AUDIT - SIGNIFICANT DEFICIENCY

Criteria

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition

Certain material balance sheet accounts were not accurately and properly reconciled throughout the year or at year end. As a result, material audit adjustments were proposed during the audit to properly reflect accounts on the financial statements in compliance with reporting under U.S. generally accepted accounting principles.

Cause

Recent turnover in the business office staff contributed to certain reconciliations not being performed timely or accurately.

Effect

Significant adjustments were posted as a result of audit procedures to bring numerous funds and accounts into compliance with reporting under U.S. generally accepted accounting principles. As a result of reconciliations and other monitoring activities not being performed, the preliminary financial statements were misstated at year end and throughout the year.

Recommendation

The business office should review and document its policies and procedures for key transaction classes to ensure that an appropriate individual is assigned the task and has the tools necessary to complete that task effectively and efficiently. Material accounts should be reconciled monthly to the general ledger and deadlines set up for accountability of preparation and review. Management should assess the current staffing levels in the business office and determine if an additional position and/or change in duties of current staff are necessary for more accurate and timely financial reporting throughout the year.

Current Status of Corrective Action Plan

See corrective action plan included in this report package related to finding 2024-001.

SCHUYLKILL VALLEY SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

Section II - Financial Statement Findings - continued

2023-002 GRANT RECONCILIATIONS/CASH MANAGEMENT - SIGNIFICANT DEFICIENCY

Criteria

The District applies for and receives grants through various funding sources to be used for numerous activities. In order to effectively administer the grants, it is imperative to have a system of internal controls that involves accurate tracking of grant receipts and expenses, as well as regular reconciliations of any receivables or unearned grant revenue to be sure activity is being properly recorded under generally accepted accounting principles.

Condition

We noted during our audit procedures that there was no reconciliation of grant activity performed on a regular basis, which led to several adjustments being required during audit procedures for a total revenue increase of \$288,171 related to federal and state grant revenue recognition. Additionally, the District did not regularly monitor grant applications and spending which resulted in delays in submitting expenditures incurred during the reporting processes plus 2022-2023 federal Title funding consolidated application award of \$316,669 not filed timely and approved until after June 30, 2023.

Cause

The increase in grant funding and turnover in the business office impacted the District's ability to adequately track and reconcile grant activity. Additionally, the District did not have adequate processes in place to monitor grant spending throughout the year.

Effect

As a result of the failure to accurately track and reconcile grant activity during the year, several material adjustments were required at year-end. The District also did not receive timely reimbursements for all expenditures incurred on grants.

Recommendation

We recommend that the District revisit and strengthen controls over matching grant revenue and expense. Additionally, the District should have monthly meetings between business office and federal program administration to monitor the status of grants including budget to actual spending to ensure reporting is capturing allowable costs under the grants on a timely basis.

Current Status of Corrective Action Plan

See corrective action plan included in this report package related to finding 2024-001.

Section III - Federal Awards Findings and Questioned Costs

There were no federal awards findings or questioned costs.



Schuylkill Valley School District

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www.schuylkillvalley.org

February 18, 2025

Schuylkill Valley School District respectfully submits the following corrective action plan for the year ended June 30, 2024.

Name and address of independent public accounting firm: Herbein + Company, Inc., 2763 Century Boulevard, Reading, PA 19610.

Audit period: June 30, 2024

The findings from the June 30, 2024 schedule of findings and questions costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Section II - Financial Statement Findings

2024-001 ACCOUNT RECONCILIATIONS – SIGNIFICANT DEFICIENCY

Criteria

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition

Certain balance sheet accounts were not accurately and properly reconciled at year end. As a result, several audit adjustments were proposed during the audit to properly reflect accounts on the financial statements in compliance with reporting under U.S. generally accepted accounting principles. Specifically, adjustments were proposed to properly report the following: cash, grant receivables, prepaid expenditures, accounts payable, payroll liabilities, and unearned revenue.

Cause

Turnover in the business office staff contributed to certain reconciliations not being performed timely or accurately. Additionally, the District did not have adequate processes in place to monitor grant spending throughout the year.

Effect

Several year-end accrual adjustments were posted as a result of audit procedures to bring various funds and accounts into compliance with reporting under U.S. generally accepted accounting principles. As a result of reconciliations not being performed, the preliminary financial statements were misstated at year end.

Recommendation



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The business office should review and document its policies and procedures for key transaction classes to ensure that an appropriate individual is assigned the task and has the tools necessary to complete that task effectively and efficiently. Material accounts should be reconciled monthly to the general ledger and deadlines set up for accountability of preparation and review. Management should assess the current staffing levels in the business office and determine if an additional position and/or change in duties of current staff are necessary for more accurate and timely financial reporting throughout the year.

Management Response

The deficiencies that have been noted for the 2023-2024 fiscal year resulted in recommendations for increased personnel, personnel changes and reorganization of the department. Job responsibilities were not properly completed, specifically in account reconciliations which led to personnel changes. The District has taken the necessary steps to increase staffing the Business Office and has hired leadership that is highly skilled in business and general principles of accounting. The District has also strengthened internal controls and trained appropriate staff. The Business Office has been and will continue to monitor the Balance Sheet monthly and any necessary adjustments will be reviewed, completed and approved by the Director in a timely manner.

Anticipated Completion Date

July 1, 2025

Sincerely,

Dr. Cathy Taschner

Superintendent