REDBANK VALLEY SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

REDBANK VALLEY SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
TABLE OF CONTENTS

	Page Number
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-14
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position (Deficit)	15
Statement of Activities	16
Fund Financial Statements	
Governmental Funds	
Balance Sheet	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Deficit)	18
Statement of Revenues, Expenditures and Changes in Fund Balances	19
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	20
Proprietary Funds	
Statement of Net Position	21
Statement of Revenues, Expenses and Changes in Net Position	22
Statement of Cash Flows	23
Fiduciary Funds	
Statement of Fiduciary Net Position	24
Notes to Basic Financial Statements	25-57
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule	58-59
Schedule of Changes in Total OPEB Liability & Related Ratios	60
Schedule of the District's Proportionate Share of the Net Pension Liability	61
Schedule of District Pension Plan Contributions	62
SINGLE AUDIT SUPPLEMENT	
Schedule of Expenditures of Federal Awards	63
Notes to the Schedule of Expenditures of Federal Awards	64
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*	65-66
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	67-69
Schedule of Findings and Questioned Costs	70-72
List of Report Distribution	73

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INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Redbank Valley School District
New Bethlehem, Pennsylvania

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Redbank Valley School District ("The District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Redbank Valley School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

I have previously audited the District's 2020 financial statements, and I expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in my report dated March 18, 2021. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion analysis on pages 4 through 14, the budgetary comparison information on pages 58 and 59, the other postemployment benefits (OPEB) information on page 60, and the pension information on pages 61 and 62, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Redbank Valley School District's basic financial statements. The schedule of expenditures of federal awards on page 63 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part

200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* I have also issued my report dated March 18, 2022, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to solely describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Redbank Valley School District's internal control over financial reporting and compliance.

Sincerely,

Richard M Troese

Richard M. Troese, C.P.A
Clarion, Pennsylvania
March 18, 2022

Redbank Valley School District
New Bethlehem, PA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
Fiscal Year Ending June 30, 2021

The discussion and analysis of Redbank Valley School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

The Redbank Valley 2020-21 General Fund Budget was approved at the June 20, 2020 meeting of the Board of Directors. In January 2021, the Board approved resolutions in accordance with Act 1 of 2006 stating that any real estate tax increases will exceed the allowable index as published by the Pennsylvania Department of Education (PDE), and authorizing application to PDE for exceptions to the index for Retirement, Special Education and Debt Service. The allowable index for 2020-21 was 3.8% and is applicable to the District's 2020-21 real estate adjusted millage tax rate for Armstrong County of 27.2975 mills and PDE adjusted millage for Clarion County of 40.3295 mills.

Act 1 provides for taxpayer relief in the form of state distribution of gaming revenues to school districts. The acceptance of these funds will result in a deduction on the 2020 real estate tax bill for each taxpayer who has an approved homestead/farmstead application. The net effect to each taxpayer is a reduction of approximately $117.36 in tax liability for the 2020 tax year. In the district, 2,134 homesteads and farmsteads applications where approved for this tax credit. The District receives no additional revenue from the receipt of gaming funds. The entire distribution must be utilized to offset the tax burden and provide taxpayer relief to homeowners.

The bottom-line financial results for Redbank Valley School District for the 2020-21 school year netted a $1,352,754 surplus from operations in the General Fund with total revenues of $18,643,078 for this period. This deficit was expected due to increased expenditures that include Salary increases, Employer retirement, Health Insurance, Cyber Charter tuition, Vocational-Education tuition, Special Education, and Transportation. The minimal increases for Basic Education Funding and Special Education Funding combined with the increases to expenditures have made maintaining a balanced budget challenging when providing an excellent educational system. To keep the school district in a strong financial position, the Board and Superintendent will have to make decisions that will decrease costs given the current revenue. This continues to reflect the difficult task of balancing the educational needs of the students without burdening the local taxpayers.

Chart A-1 shows how the required parts of the Financial Section as arranged and related to one another:

Chart A-1
Required components of
Redbank Valley School District's
Financial Report

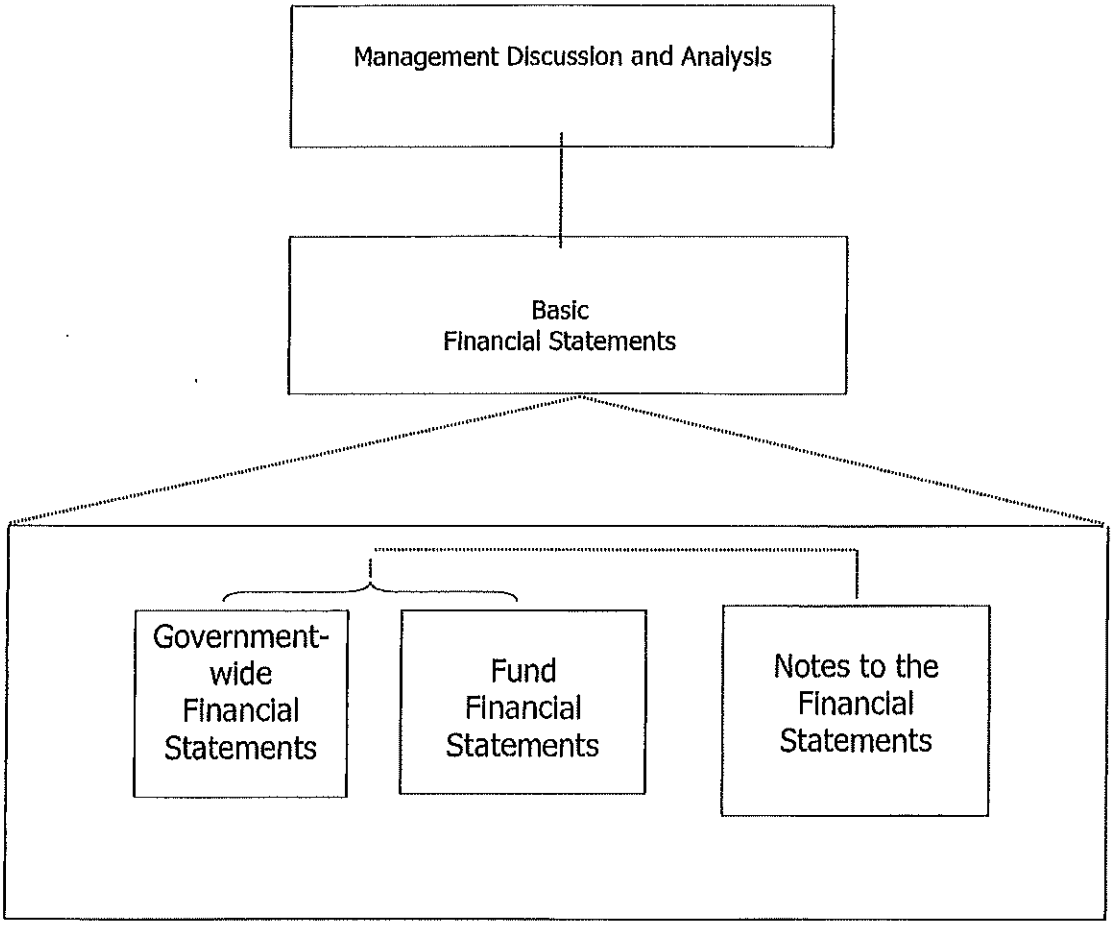

Chart A-2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

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

		Fund Statements		
	Government-wide Statements	Governmental Funds	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 – Student Activities
Required financial statements	Statement of net assets Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net assets Statement of revenues, expenses and changes in net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

OVERVIEW OF FINANCIAL STATEMENTS

Government-wide Statements

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

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

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

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 student enrollment.

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

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

Fund Financial Statements

The District's fund financial statements, provide detailed information about the most significant funds – not the District as a whole. Some funds are required by state law and by bond requirements.

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

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

Fiduciary funds - The District is the trustee, or fiduciary, for some Student Activity and agency funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. We exclude these activities from the District's other financial statement because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's Total Net Positions were**(21,554,080)** at June 30, 2021 and **($24,011,088)** at June 30, 2020 as shown in Table A-1.

Most of the District's net assets are invested in capital assets (buildings, land, and equipment). The remaining unrestricted net assets are a combination of designated and undesignated amounts. The designated balances are amounts set aside to fund future expenses, purchases, or capital projects as planned by the district.

The Net Position indicates the financial standing of the District. The Net Position at June 30, 2021 is a deficit of $21,544,080 and is attributable to two recent accounting changes that require the District to accrue the entirety of Pension Liabilities and Long-term Postemployment Benefits on the District's financial statements. The District agrees that these liabilities must be recognized by governmental entities. The District is reimbursed approximately 71% of its Pension expense by the Commonwealth of PA and the Commonwealth of PA always has and continues to legislate and manage the parameters of the Pension system. The District contends the Commonwealth of PA should carry 71% of the Pension Liability currently shown on the District's financial statements. 71% of this Pension Liability would amount to $17,304,830. The Net Position Deficit has decreased from June 30, 2020 to June 30, 2021 by $420,000. If the mandated increase to the Pension Liability and the Postemployment Benefits Liability were factored out, the effect from remaining operations reports an increase to Net Position of $3,449,000 for period ending June 30, 2021. The change in Net Position each year reflects decreasing enrollment, difficult economic conditions within the District and the Commonwealth, and minimal subsidy investment by the Commonwealth in the District.

Redbank Valley School District
New Bethlehem, PA

Table A-1
Fiscal Year Ended June 30, 2021 vs. June 30, 2020

	Governmental Activities	Business-Type Activities	2021 Total	2020 Total
Assets:				
Current Assets	$ 7,111,615	$ 187,983	$ 7,299,598	$ 5,710,383
Non Current Assets	4,644,070	-	$ 4,644,070	4,419,261
Total Assets	11,755,685	187,983	11,943,668	10,129,644
Deferred Outflows of Resources	3,666,371	0	3,666,371	3,129,861
Total Assets and Outflows	$ 15,422,056	$ 187,983	$ 15,610,039	$ 13,259,505
Liabilities:				
Current Liabilities	$ 1,863,072	$ 91,392	$ 1,954,464	$ 1,997,409
Non Current Liabilities	33,702,623	14,032	$ 33,716,655	33,717,184
Total Liabilities	35,565,695	105,424	35,671,119	35,714,593
Deferred Inflows of Resources	1,493,000	-	1,493,000	1,556,000
Total Liabilities and Inflows	37,058,695	105,424	37,164,119	37,270,593
Net Position (Deficit):				
Net Investment in Capital Assets	(6,381,868)	-	(6,381,868)	(1,352,472)
Capital Reserve	8	-	8	8
			-	-
Restricted	-		-	10,000
Unrestricted	(15,254,779)	82,559	(15,172,220)	(22,668,624)
Total Net Deficit	(21,636,639)	82,559	(21,554,080)	(24,011,088)
Total Liabilities, Inflows and Net Deficit	$ 15,422,056	$ 187,983	$ 15,610,039	$ 13,259,505

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

Redbank Valley School District
New Bethlehem, PA

The table below represents the revenues and expenses of both the Governmental Activities and the Business-type Activities of the District.

Table A-2
Statement of Activities

	2021 Governmental Activities	2021 Business Type Activities	2021 Total	2020 Total
Revenues:				
Charges for Services	$ 37,375	$ 127,787	$ 165,162	$ 371,022
Operating Grants and Contributions	14,154,410	524,530	14,678,940	14,034,724
Capital Grants and Contributions			-	-
Taxes	3,688,823		3,688,823	3,244,155
Grants & Entitlements Restricted Specific			-	-
Investment Earnings	32,112	7	32,119	73,928
Miscellaneous Income	-		-	-
Interest of Long-term Debt			-	-
Unallocated Depreciation Expense			-	-
Special Item (e.g. Sale of Fixed Assets)			-	-
Other LEA's	511,694		511,694	387,755
Total Revenues	$ 18,424,414	$ 652,324	$ 19,076,738	$ 18,111,584
Expenses:				
Instruction	$ 11,657,074		$ 11,657,074	$ 15,371,003
Instructional Student Support	913,287		913,287	1,296,195
Administrative and Financial Support Services	1,189,210		1,189,210	1,162,751
Operation and Maintenance of Plant Services	1,630,052		1,630,052	1,724,185
Pupil Transportation	1,162,024		1,162,024	1,286,069
Student Activities	377,957		377,957	405,967
Community Services	-		-	-
Interest of Long-term Debt	142,056		142,056	152,183
Unallocated Depreciation Expense	-		-	-
Food Service	-	697,683	697,683	739,330
Total Expenses	$ 17,071,660	$ 697,683	$ 17,769,343	$ 22,137,683
Increase (Decrease) in Net Position	$ 1,352,754	$ (45,359)	$ 1,307,395	$ (4,026,099)

Table A-3 shows the District's four major operational functions - Instruction, Support, Non-Instructional and Other Financing Uses. This table represents the total costs distributed by each major expense category.

Redbank Valley School District
New Bethlehem, PA

Table A-3
Fiscal Year Ended June 30, 2021
Governmental Activities

Function Category	Function Category Description	19-20 Actual	20-21 Actual
1000	Instruction	11,685,120	11,424,172
2000	Support Services	5,469,201	4,897,572
3000	Operation of Non-Instructional Services	405,967	377,957
4000	Facilities Acquisition, Contruction, and I	0	0
5000	Other Expenditures and Financing Uses	698,966	693,804
Grand Total		18,259,254	17,393,505

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

Table A-4
Fiscal Year Ended June 30, 2021
Business-type Activities

	2020-21		2019-20	
Functions/Programs	**Total Cost of Services**	**Net Cost of Services**	**Total Cost of Services**	**Net Cost of Services**
Food Services	$626,995	$56,247	$697,683	$(45,366)
Less: Investment earnings	0	0	7	7
Total business-type activities	$626,995	$56,247	$697,676	($45,359)

The Statement of Revenues, Expenses and Changes in Fund Net Assets for this proprietary fund will further detail the actual results of operations.

THE DISTRICT FUNDS

At June 30, 2021, the District governmental funds reported a combined fund balance of $5,503,796 which is a increase of $1,590,187. The primary reasons for this increases are outlined as follows:

General Fund:

The surplus was anticipated with the decreased expenditures that include Salary decreases due to furloughs and not replacing retirements, as well as decreases in benefits such as Employer retirement and Health Insurance, Special Education savings due to returning programs from the IU, and Transportation decrease from remote learning due to Covid-19. As stated earlier, the minimal increases for Basic Ed Funding and Special Education Funding combined with the increases to the expenditures have made maintaining a balanced budget challenging when providing

an excellent educational system. Salary and Wages in the District are estimated to increase 2.9% annually until the Professional and Support Staff agreements expire June 2019. The School District was limiting the burden on the tax payers in the past due to the amount of the fund balance. With the lack of increase in funding and the increases of all the above mentioned expenses, the school district will be looking into different ways to decrease costs and will have to discuss future tax increases.

Actual expenditures and revenues stated as a percentage are consistent from year to year. A comparison of revenue and expenditure categories from the General Fund is reported as follows in Table A-6:

Table A-6

ACTUAL REVENUES

Function Category	Function Category Description	19-20 Actual	20-21 Actual
6000	Revenue from Local Services	22.06%	23.97%
7000	Revenue from State Sources	74.67%	72.01%
8000	Revenue from Federal Sources	3.28%	4.02%
9000	Other Financial Sources	0.00%	0.00%
Grand Total		**100.00%**	**100.00%**

ACTUAL EXPENDITURES

Function Category	Function Category Description	19-20 Actual	20-21 Actual
1000	Instruction	64.00%	65.68%
2000	Support Services	29.95%	28.16%
3000	Operation of Non-Instructional Services	2.22%	2.17%
4000	Facilities Acquisition, Contruction, and I	0.00%	0.00%
5000	Other Expenditures and Financing Uses	3.83%	3.99%
Grand Total		**100.00%**	**100.00%**

Capital Projects Fund:

The District had replaced roofs and windows in prior years. At this time, the School District does not have any material funds in this category. The School District has done a track surface renovation in 2019-20 and has discussed compiling a maintenance timeline for each school building.

The fund balances maintained at June 30, 2019 are within acceptable ranges as determined by the Board of School Directors, The PA Dept of Education and the Commonwealth of PA.

General Fund Budget

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 after the end of the fiscal year, which is permitted by state law.

The District applies for federal, state, and local grants and these grants cannot always be anticipated in the budgeting process. Budgeted expenditures and other financing uses also increased to compensate for the additional approved grants. Transfers between specific categories of expenditures and other financing uses occur during the year. The most significant transfers occur from the budget reserve category to specific expenditure areas.

The Budgetary Reserve includes amounts funded by current revenues. These expenditures are unplanned opportunities for improvements and enhancements to the District operations. These amounts will only be appropriated into expenditure categories upon the approval of the Administration and Board of School Directors. The Board is using this method of budgeting to control tax increases while also protecting the integrity of the fund balance.

Capital Assets

At June 30, 2021, the District had $4,644,070 invested in Capital Assets including Land, Site Improvements, Buildings/Building Improvements and Furniture/Equipment. This investment in Capital Assets represents an increase of $244,809. No capital asset additions were reported for 2020-21. Depreciation expense recorded for the fiscal year amounted to $251,220 for Governmental Activities and $0 for Business Type Activities.

DEBT ADMINISTRATION

As of July 1, 2020, the District maintained a total outstanding bond principal balance of $6,515,000. During the year, the District made payments against principal of $550,000, and the ending outstanding debt principal balance as of June 30, 2021 of $5,965,000. The outstanding bonds were issued in 2012, 2013 and 2017. No other debt or bonds are owed, payable or outstanding for the District.

Other obligations include accrued vacation pay and sick leave for specific employees of the District. More detailed information about our long-term liabilities is included in Statement of Indebtedness financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's general obligation bond rating is a Standard & Poor Ratings Group "A+". The A+ enhanced rating is based upon the additional security for bonds provided by the Commonwealth of Pennsylvania Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to bond holders in the event of default. Standard & Poors cited that the A+ rating reflects "very strong financial reserve levels, and low-to-moderate debt burden with limited additional capital needs." These factors offset the rating factors "low-to-moderate wealth and income indicators" and "projected structural imbalance due to increased pension costs."

The District does not expect significant growth in the near future given the present nature of the local economy and a lack of development within the District. Employment opportunities in surrounding areas within Clarion and Armstrong County does lend concern for the District's long-term operational and financial position. The District is hopeful that enrollments have bottomed out and we will see a more stable level or even increases in subsequent years. For Clarion County the drop of enrollments over the past 25 years are due significantly to the closing of two (2) industries that impacted the District directly. They are the closing of the Glass Manufacturing Plant and Coal Stripping.

The revenue budget for the 2021-22 year is $20,219,991. This represents a 7.79% increase in budgeted revenues over 2020-21. The expenditure budget for the 2021-22 year is $20,219,991. This represents an increase of 7.79% over 2020-21 the budget requires a contribution of $0 from the fund balance as approved by the Board of School Directors.

CONTACTING THE DISTRICT 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 questions about this report or wish to request additional financial information, please contact Cheryl Motter, Business Manager of Redbank Valley School District, 920 Broad Street., New Bethlehem, PA 16242, (814) 275-2426

REDBANK VALLEY SCHOOL DISTRICT
NEW BETHLEHEM, PENNSYLVANIA
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2021
(With Summarized Comparitive Data for June 30, 2020)

	Governmental Activities	Business-Type Activities	Totals 2021	Totals 2020
ASSETS & DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Cash and Cash Equivalents	$ 2,248,147	$ 160,141	$ 2,408,288	$ 419,791
Investments	3,570,730	0	3,570,730	3,919,220
Taxes Receivable, Net	221,439	0	221,439	221,439
Due from Other Governments	820,686	0	820,686	1,102,103
Other Receivables	0	0	0	9,968
Inventories	0	27,842	27,842	17,505
Internal Balances	91,392	0	91,392	20,357
Prepaid Expenses	159,221	0	159,221	0
Land	337,281	0	337,281	337,281
Site Improvements (Net of Accumulated Depreciation)	61,288	0	61,288	64,693
Building and Building Improvements (Net of Accumulated Depreciation)	3,525,107	0	3,525,107	3,070,986
Furniture and Equipment (Net of Accumulated Depreciation)	720,394	0	720,394	946,301
TOTAL ASSETS	11,755,685	187,983	11,943,668	10,129,644
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amounts Related to Pensions	3,666,371	0	3,666,371	3,129,861
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$ 15,422,056	$ 187,983	$ 15,610,039	$ 13,259,505
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & NET POSITION (DEFICIT)				
LIABILITIES:				
Internal Balances	$ 0	$ 91,392	$ 91,392	$ 20,357
Accounts Payable	122,680	0	122,680	66,321
Current Portion of Long-Term Debt	565,000	0	565,000	550,000
Accrued Salaries and Benefits	436,430	0	436,430	468,165
Payroll Deductions and Withholdings	827,262	0	827,262	892,566
Portion Due or Payable After One Year:				
Bonds and Notes Payable	5,400,000	0	5,400,000	5,965,000
Long-Term Portion of Compensated Absences	360,207	0	360,207	367,601
Other Liabilities	0	14,032	14,032	0
Bond Premium	120,416	0	120,416	134,583
Other Postemployment Benefits (OPEB)	3,449,000	0	3,449,000	3,297,000
Net Pension Liabilities	24,373,000	0	24,373,000	23,953,000
TOTAL LIABILITIES	35,653,995	105,424	35,759,419	35,714,593
DEFERRED INFLOWS OF RESOURCES				
Deferred Amounts Related to Pensions	1,493,000	0	1,493,000	1,556,000
NET POSITION (DEFICIT)				
Invested in Capital Assets, Net of Related Debt	(6,098,925)	0	(6,098,925)	(1,352,472)
Capital Projects/Capital Reserve	8	0	8	8
Restricted	0	0	0	10,000
Unrestricted (Deficit)	(15,626,022)	82,559	(15,543,463)	(22,668,624)
TOTAL NET POSITION (DEFICIT)	(21,724,939)	82,559	(21,642,380)	(24,011,088)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	$ 15,422,056	$ 187,983	$ 15,610,039	$ 13,259,505

The accompanying notes are an integral part of these financial statements.

REDBANK VALLEY SCHOOL DISTRICT
NEW BETHLEHEM, PENNSYLVANIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With Summarized Comparative Data for the Year Ended June 30, 2020)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Totals: 2021	Totals: 2020
Governmental Activities:								
Instruction	$ 11,695,196	$ 0	$ 12,375,144	$ 0	$ 679,948	$ 0	$ 679,948	$ (3,343,833)
Instructional Student Support	1,158,108	0	742,779	0	(415,329)	0	(415,329)	(742,448)
Administrative and Financial Support Services	1,189,210	0	0	0	(1,189,210)	0	(1,189,210)	(1,162,751)
Operation and Maintenance of Plant Services	1,630,052	0	0	0	(1,630,052)	0	(1,630,052)	(1,724,185)
Pupil Transportation	1,162,024	0	1,036,487	0	(125,537)	0	(125,537)	(252,143)
Student Activities	377,957	37,375	0	0	(340,582)	0	(340,582)	(380,133)
Community Services	0	0	0	0	0	0	0	0
Interest on Long-Term Debt	142,056	0	0	0	(142,056)	0	(142,056)	(152,183)
Unallocated Depreciation Expense*	0	0	0	0	0	0	0	0
Food Service	0	0	0	0	0	0	0	0
Total Governmental Activities	17,354,603	37,375	14,154,410	0	(3,162,818)	0	(3,162,818)	(7,757,676)
Business-Type Activities:								
Food Services	697,683	127,787	524,530	0	0	(45,366)	(45,366)	25,739
Total Primary Government	$ 18,052,286	$ 165,162	$ 14,678,940	$ 0	$ (3,162,818)	$ (45,366)	$ (3,208,184)	$ (7,731,937)
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes, Net					$ 2,794,772	$ 0	$ 2,794,772	$ 2,392,400
Public Utility Realty, Earned Income and Per Capita Taxes Levied for General Purposes, Net					894,051	0	894,051	851,755
Investment Earnings					32,112	7	32,119	73,928
Miscellaneous Income					0	0	0	0
Special Item (e.g., Sale of Fixed Assets)					0	0	0	0
Other LEA's					511,694	0	511,694	387,755
Total General Revenues					4,232,629	7	4,232,636	3,705,838
Change in Net Position					1,069,811	(45,359)	1,024,452	(4,026,099)
Net Position - July 1 (Restated)					(22,794,750)	127,918	(22,666,832)	(19,984,989)
Net Position - June 30					$ (21,724,939)	$ 82,559	$ (21,642,380)	$ (24,011,088)

The accompanying notes are an integral part of these financial statements.

REDBANK VALLEY SCHOOL DISTRICT
NEW BETHLEHEM, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021
(With Summarized Comparative Data for the Year Ended June 30, 2020)

	Major Funds			Totals	
	General Fund	Athletic Funds	Capital Reserve	2021	2020
ASSETS					
Cash and Cash Equivalents	$ 2,248,139	$ 0	$ 8	$ 2,248,147	$ 363,830
Investments	3,570,730	0	0	3,570,730	3,919,220
Taxes Receivable (Net)	221,439	0	0	221,439	221,439
Due from Other Funds	91,392	0	0	91,392	3,184
Due from Other Governments	144,105	0	0	144,105	338,281
State Revenue Receivable	512,245	0	0	512,245	549,634
Federal Revenue Receivable	164,336	0	0	164,336	173,725
Other Receivables	0	0	0	0	9,968
Prepaid Expenditures	159,221	0	0	159,221	0
TOTAL ASSETS	$ 7,111,607	$ 0	$ 8	$ 7,111,615	$ 5,579,281
LIABILITIES					
Due to Other Funds	$ 0	$ 0	$ 0	$ 0	$ 11,824
Due to Other Governments	0	0	0	0	0
Accounts Payable	122,680	0	0	122,680	193,695
Accrued Salaries and Benefits	436,430	0	0	436,430	644,151
Payroll Deductions and Withholdings	827,262	0	0	827,262	1,551,790
TOTAL LIABILITIES	1,386,372	0	0	1,386,372	2,401,460
DEFFERED INFLOWS OF RESOURCES					
Unavailable Revenue-Real Estate Taxes	221,439	0	0	221,439	256,108
FUND BALANCES					
Reserve for Capital Projects	0	0	0	0	0
Reserve for other	0	0	0	0	0
Committed Fund Balance	0	0	0	0	0
Unreserved-Designated	5,503,796	0	8	5,503,804	4,705,272
Unreserved-Undesignated	0	0	0	0	0
TOTAL FUND BALANCES	5,503,796	0	8	5,503,804	4,705,272
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	$ 7,111,607	$ 0	$ 8	$ 7,111,615	$ 7,362,840

Note: the District transferred the Athletic Fund into the General Fund

The accompanying notes are an integral part of these financial statements.

REDBANK VALLEY SCHOOL DISTRICT
NEW BETHLEHEM, PENNSYLVANIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

TOTAL GOVERNMENTAL FUND BALANCES		$	5,503,804
Amounts reported for governmental activities in the statement of net position are different because of the following:			
Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is $12,970,280 and the accumulated depreciation is $8,326,210			4,644,070
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds			221,439
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:			
Deferred outflows of resources related to pensions			3,666,371
Deferred inflows of resources related to pensions			(1,493,000)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:			
Bonds/note payable	(5,965,000)		
OPEB	(3,449,000)		
Net Pension Liability	(24,373,000)		
Unamortized Bond Premium	(120,416)		
Accumulated compensated absences	(360,207)		
			(34,267,623)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		$	(21,724,939)

The accompanying notes are an integral part of these financial statements.

REDBANK VALLEY SCHOOL DISTRICT
NEW BETHLEHEM, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR THEN ENDED JUNE 30, 2021
(With Summarized Comparative Data for the Year Ended June 30, 2020)

	General Fund	Athletic Funds	Capital Reserve	Capital Projects	Totals 2021	Totals 2020
REVENUES						
Local Sources	$ 4,469,394	$ 0	$ 0	$ 0	$ 4,469,394	$ 3,852,756
State Sources	13,424,852	0	0	0	13,424,852	13,042,296
Federal Sources	748,832	0	0	0	748,832	572,547
TOTAL REVENUES	18,643,078	0	0	0	18,643,078	17,467,599
EXPENDITURES						
Current:						
Instruction	11,424,172	0	0	0	11,424,172	11,685,120
Support Services	4,897,572	0	0	0	4,897,572	5,469,201
Operation of Noninstructional Services	377,957	0	0	0	377,957	405,967
Total Current	16,699,701	0	0	0	16,699,701	17,560,288
Capital Outlay:						
Facilities Acquisition, Construction and Improvement Services	0	0	0	0	0	0
Total Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal and Interest	692,056	0	0	0	692,056	698,966
Total Debt Service	692,056	0	0	0	692,056	698,966
TOTAL EXPENDITURES	17,391,757	0	0	0	17,391,757	18,259,254
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,251,321	0	0	0	1,251,321	(791,655)
OTHER FINANCING SOURCES (USES)						
Bonds Issued - Refunding	0	0	0	0	0	0
Interfund Transfers-In	0	0	0	0	0	0
Interfund Transfers-Out	0	0	0	0	0	0
Debt Service - Refunded Bonds	0	0	0	0	0	0
Refund of Prior Year Revenues/Recipts	(1,748)	0	0	0	(1,748)	0
Bond Issue Costs	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	(1,748)	0	0	0	(1,748)	0
Net Change in Fund Balances	1,249,573	0	0	0	1,249,573	1,249,573
Fund Balance - July 1 (Restated)	4,254,225	0	8	0	4,254,233	4,705,272
Fund Balance - June 30	$ 5,503,798	$ 0	$ 8	$ 0	$ 5,503,806	$ 5,954,845

The accompanying notes are an integral part of these financial statements.

REDBANK VALLEY SCHOOL DISTRICT
NEW BETHLEHEM, PENNSYLVANIA
RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS			$ 1,249,573
Amounts reported for governmental activities in the Statement of Activities are different because of the following:			
Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:	Capital outlays	0	
	Less: Depreciation expense	(352,325)	(352,325)
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Deferred tax revenues increased by this amount this year.			(218,664)
The issuance of general obligation bonds provides current financial resources to Governmental Funds but has no affect on net position. Also, Governmental Funds report the issuance costs, bond discounts and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:			
	OPEB	(144,606)	
	Amortization Expense	(14,167)	
	Issuance of Bond Proceeds	0	
	Bond Issuance Cost	0	
	Payments - Refunded Bonds	0	
	Repayment of bond principal	550,000	391,227
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES			$ 1,069,811

The accompanying notes are an integral part of these financial statements.

REDBANK VALLEY SCHOOL DISTRICT
NEW BETHLEHEM, PENNSYLVANIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021 and 2020

	Food Service Fund	
	2021	2020
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 160,141	$ 55,961
Investments	0	0
Due from Other Governments	0	40,463
Other Receivables	0	17,173
Inventories	27,842	17,505
Total Current Assets	187,983	131,102
Noncurrent Assets:		
Furniture and Equipment (Net of Accumulated Depreciation)	0	0
Total Noncurrent Assets	0	0
TOTAL ASSETS	$ 187,983	$ 131,102
LIABILITIES		
Current Liabilities:		
Due to Other Funds	$ 91,392	$ 3,184
Accounts Payable	0	0
Other Libabilities	14,032	0
Total Current Liabilities	105,424	3,184
Noncurrent Liabilities:	0	0
TOTAL LIABILITIES	105,424	3,184
NET POSITION		
Investment in Capital Assets, Net of Related Debt	0	0
Unrestricted	82,559	127,918
TOTAL NET POSITION	82,559	127,918
TOTAL LIABILITIES AND NET POSITION	$ 187,983	$ 131,102

The accompanying notes are an integral part of these financial statements.

REDBANK VALLEY SCHOOL DISTRICT
NEW BETHLEHEM, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR THEN ENDED JUNE 30, 2021 and 2020

	Food Service Fund	
	2021	2020
OPERATING REVENUES:		
Food Service Revenue	$ 94,920	$ 345,188
Charges for Services	32,867	0
TOTAL OPERATING REVENUES	127,787	345,188
OPERATING EXPENSES:		
Salaries	267,217	276,239
Employee Benefits	143,957	207,178
Purchased Property Service	16,656	11,607
Other Purchased Service	2,435	2,300
Supplies	261,317	238,446
Other Operating Expenses	1,256	3,560
Depreciation	4,845	0
TOTAL OPERATING EXPENSES	697,683	739,330
OPERATING INCOME/(LOSS)	(569,896)	(394,142)
NONOPERATING REVENUES (EXPENSES):		
Earnings on Investments	7	8
State Sources	20,125	23,639
Federal Sources	504,405	396,242
TOTAL NONOPERATING REVENUES (EXPENSES)	524,537	419,889
TRANSFERS IN	0	0
CHANGE IN NET POSITION (DEFICIT)	(45,359)	25,747
TOTAL NET POSITION - JULY 1	127,918	102,171
TOTAL NET POSITION - JUNE 30	$ 82,559	$ 127,918

The accompanying notes are an integral part of these financial statements.

REDBANK VALLEY SCHOOL DISTRICT
NEW BETHLEHEM, PENNSYLVANIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR THEN ENDED JUNE 30, 2021 and 2020

	Food Service Fund	
	2021	2020
Cash Flows from Operating Activities		
Cash Received from Users	$ 185,423	$ 293,584
Cash Payments to Employees for Services	(411,174)	(483,417)
Cash Payments to Suppliers for Goods and Services	(194,606)	(244,811)
Cash Payments for Other Operating Expenses	0	0
Net Cash (Used for) Operating Activities	(420,357)	(434,644)
Cash Flows from Noncapital Financing Activities		
State Sources	20,125	23,639
Federal Sources	504,405	396,242
Operating Transfers In (Out) Primary Government	0	0
Net Cash Provided by Noncapital Financing Activities	524,530	419,881
Cash Flows from Capital and Related Financing Activities		
Capital Outlay	0	0
Net Cash Provided by Capital and Related Financing Activities	0	0
Cash Flows from Investing Activities		
Proceeds from Sale and Maturity if Inv. Securities	0	0
Earnings on Investments	7	8
Purchase of Inv. Securities/Deposits to Inc. Pools	0	0
Net Cash Provided by Investing Activities	7	8
Net Increase (Decrease) in Cash and Cash Flow	104,180	(14,755)
Cash and Cash Equivalents Beginning of Year	55,964	70,719
Cash and Cash Equivalents End of Year	$ 160,144	$ 55,964
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Operating Income (Loss)	$ (569,896)	$ (394,142)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	(4,845)	0
Increase (Decrease) in Accounts Payable	88,208	(51,600)
(Increase) Decrease in Inventories	(10,337)	11,098
(Increase) Decrease in Accounts Receivable	57,636	0
Increase (Decrease) in Unearned Revenue	14,032	0
Total Adjustments	144,694	(40,502)
Net Cash (Used for) Operating Activities	$ (425,202)	$ (434,644)
Supplemental Disclosure		
Noncash, Noncapital Financing Activity:		
USDA Donated Commodities	$ 45,959	$ 52,398

The accompanying notes are an integral part of these financial statements.

REDBANK VALLEY SCHOOL DISTRICT
NEW BETHLEHEM, PENNSYLVANIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Private Purpose Trust	Student Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 0	$ 36,316	$ 36,316
Investments	0	26,728	26,728
Due from Other Funds	0	0	0
TOTAL ASSETS	$ 0	$ 63,044	$ 63,044
LIABILITIES			
Short-Term Payables	$ 0	$ 63,044	63,044
Accrued Salaries & Benefits	0	0	0
TOTAL LIABILITIES	0	63,044	63,044
NET POSITION			
Restricted	0	0	0
TOTAL LIABILITIES AND NET POSITION	$ 0	$ 63,044	$ 63,044

The accompanying notes are an integral part of these financial statements.

REDBANK VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Redbank Valley School District (the "District"), located in New Bethlehem, Pennsylvania, operates two elementary schools and one high school that provides a full range of educational services appropriate to grade levels kindergarten through 12 to students living in the Boroughs of Hawthorn New Bethlehem, and South Bethlehem, and the Townships of Madison, Mahoning, Oak Hall Independent, Porter, and Redbank. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provision of the School Laws of Pennsylvania. The District operates under a locally elected nine member Board form of government (the "School Board" or "Board").

The accounting policies of Redbank Valley School District conform to accounting principles generally accepted in the United States of America as applicable 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 accounting policies are summarized below.

Reporting Entity

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District has determined that there are no related component units which should be included in the general purpose financial statements.

Basis of Presentation

Government-wide financial statements

The statement of net position (deficit) and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The government-wide financial statements are prepared 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 timing of related cash flow. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide statement of net position (deficit) presents the financial position of the District which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the District is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The statement of net position (deficit) includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position (deficit) that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

The government-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the District and for each governmental function. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the District.

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds and enterprise funds are reported in separate columns with composite columns for non-major funds. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are food service charges. Operating expenses for the District's enterprise fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses. General fund expenditures which partially benefit the proprietary fund are not entirely recognized with the proprietary fund. Similarly, the proprietary fund does not recognize a cost for the building space it occupies.

The District reports the following major governmental fund:

General Fund – The general fund is the principal operating fund of the School District. It is used to account for all financial resources except those required to be in another fund.

Capital Reserve Fund – This fund is used to account for the acquisition, construction, and renovation of major capital facilities and their related capital assets.

Capital Projects Fund – This fund is used to account for all financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. This fund is separate from the capital reserve fund.

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues, food purchases, and other costs and expenses of providing meals to students during the school year.

The District reports the following nonmajor governmental funds:

Agency Fund – Used to account for assets held by the District as an agent for others. These funds are accounted for in a manner similar to governmental funds and include the Private Purpose Trust and Activities Fund.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Measurement Focus & Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

Government-wide, proprietary and fiduciary fund financial statements measure and report all assets, liabilities, deferred inflows and outflows of resources, revenues, expenses, gains, and losses using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing or related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when provider eligibility requirements have been met.

Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as an expense against current operations and accumulated depreciation is reported on the statement of net assets.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the School District is considered to be 60 days after the end of the fiscal period. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except debt service, other postemployment benefits, pensions, and compensated absent payments which are recognized when due.

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: property taxes, tuition, grants and entitlements, student fees, and interest on investments. Current property taxes measurable at June 30, 2021, which are not intended to finance fiscal 2021 operations, have been recorded as deferred inflows of resources. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue at year end.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, proprietary funds, and the fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing

and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of the School District's food service fund are charges to students and staff for food. Operating expenses include the costs to provide food. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are recorded at fair value.

The School District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The lowest level of valuation available is used for all investments.

Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Interfund Receivables and Payables

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

Inventories

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A physical inventory of the Cafeteria Fund food and supplies was taken as of June 30, 2021. The inventory of $27,842 consisted of government donated commodities, which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2021 are reported as inventory.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Management has elected to include certain homogeneous asset categories with individual assets that have a value of less than $1,500 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings & Building Improvements	20-50
Site Improvements	20-50
Furniture & Equipment	5-20
Vehicles	8-20
Library Books	7

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 12 years at the rate of 8.33% per year.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. They are categorized as gain or loss on bond refunding in the event that debt is refinanced. Amortization continues over the life of the new or refinanced debt, whichever is shorter.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Compensated Absences

School District policies permit employees to accumulate earned but unused vacation, personal and sick days. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. The balance in this account represents the amount to be provided from future taxes and other revenues to retire compensated absences obligations relating to the District's retirement policy. This amount for fiscal year 2020-2021 was $360,207.

Deferred Revenues

Deferred revenues represent receivables which will be collected and included in revenues of future fiscal years. In the General Fund, deferred revenues of $221,439 consist of delinquent taxes receivable which are levied in the current and prior years but were not available to pay liabilities of the current period.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the statement of net position and fund level statements will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense/expenditure) until that time. The District

currently has four types of items that qualify for reporting in this category. Pension contributions made subsequent to the measurement date and therefore, not reflected in the net pension liability under full accrual basis reporting, are reported as a deferred outflow of resources on the entity-wide and proprietary fund statements of net position. Certain changes to the net pension liability are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows and inflows of resources on the entity-wide and proprietary fund statements of net position.

Deferred amounts on the refunding of bonds are reflected as deferred outflows of resources on the entity-wide statement of net position. Delinquent taxes and notes receivable not collected within 60 days of year end and, therefore, not available under modified accrual reporting are reflected as deferred inflows of resources on the general fund balance sheet.

Fund Balance Classification

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The District reports the following fund balance classifications:

Nonspendable – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the District's highest level of decision-making authority, the School Board. Committed amounts cannot be used for any other purpose unless the School Board removes those constraints by taking the same type of formal action (e.g., resolution).

Assigned – Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Business Administrator or (b) an appointed body (e.g., finance committee) or (c) an official to which the District has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed, unless the Board or official with the appropriate authority has provided otherwise in its commitment or assignment actions.

Implementation of New Accounting Pronouncements

Effective July 1, 2018, the District adopted the provisions of GASB Statement No. 83 "Certain Asset Retirement Obligations" and GASB Statement No 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations ("AROs"). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in GASB Statement No. 83. The implementation of GASB Statement No. 83 had no impact on the financial statements of the District for the year ended June 30, 2021.

The objective of GASB Statement No. 88 is to improve the information that is disclosed in the notes to financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB Statement No. 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

New Accounting Pronouncements

GASB Statement No. 84, "Fiduciary Activities" will be effective for the District for the year ended June 30, 2021. The objective of GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets

of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 87, "Leases" will be effective for the District for the year ended June 30, 2022. The objective of GASB Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 87 increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

GASB Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period", will be effective for the District for the year ended June 30, 2022. The objectives of GASB Statement No. 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 establishes accounting required for interest cost incurred before the end of a construction period. Such interest costs includes all interest that previously was accounted for in accordance with the requirements of GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", which are superseded by GASB Statement No. 89. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB Statement No. 89 also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with government fund accounting principles.

GASB Statement No. 90, "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61", will be effective for the District for the year ended June 30, 2021. The primary objects of GASB Statement No. 90 are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a

government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

The effects of implementation of these standards have not yet been determined.

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.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Total Columns on Combined Statements

The total columns on the combined statements are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation. Interfund eliminations have been made in the aggregation of this data.

NOTE B – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE B – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS, Continued

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Capital related differences include non-facility related fixed asset purchases that are recorded as an expenditure in the functional categories listed under current expenditures in the government fund statements and capitalization and recording of depreciation expense in the statement of activities.

NOTE C– STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

The District is required to publish notice by advertisement at least once in two newspapers of general circulation in the municipalities in which it is located, and within twenty days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisements; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the School Board.

After the legal adoption of the budget, the School Board is required to file a copy of the budget with the Pennsylvania Department of Education by July 31. Additional copies of the budget also are required to be filed with the House Education Committee and the Senate Education Committee by September 15.

Legal budgetary control is maintained at the sub-function/major object level. The School Board may make transfers of funds appropriated in any particular item of expenditure by legislative action in accordance with Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without School Board approval. 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 include the effect of approved budget amendments.

NOTE D – CASH DEPOSITS AND INVESTMENTS

Deposits were with the contracted depository bank in interest bearing accounts, which were secured at the balance sheet date by FDIC coverage and by pledged government securities held in the name of the depository bank. Funds were secured at all times.

NOTE D – CASH DEPOSITS AND INVESTMENTS, Continued

The cash and investments of Redbank Valley School District were classified as follows:

	Cash	Investments
General Fund		
Regular Checking	$ 1,905,350	
Payroll Checking	331.701	
Petty Cash	100	
Green Plan		$ 22,996
Credit Card Account	988	
Special MS Account	0	0
Money Market		39,434
Athletic Checking	10,000	0
Certificates of Deposit		3,508,295
PA INVEST		5
	$ 2,248,139	$ 3,570,730
Special Revenue		
Capital Reserve Fund		
PA INVEST		8
		$ 8
Food Service		
Regular Checking	$ 160,141	
Certificates of Deposit		$ 0
	$ 160,141	$ 0
Total- Net Position	$ 2,408,280	$ 3,570,738
Trust Funds		
Patricia A. Kundick Memorial Scholarship	$ 0	
Certificates of Deposit		$ 0
	$ 0	$ 0
Agency – Student Activities Fund		
Checking-Activities	$ 36,316	
Certificates of Deposit		$ 26,728
	$ 36,316	$ 26,728

PA Local Government Investment Trust; $13; variable interest rate. PLGIT is a common law trust established to allow local government entities in Pennsylvania to pool their funds for investment in money market instruments under provisions of the Intergovernmental Cooperation Act. Authorized investments are comprised exclusively of investments in U.S. Treasury bills, U.S. Treasury notes or bonds, and obligations of certain agencies and instrumentalities of the U.S. Government with a remaining maturity of one year or less and Certificates of Deposit in banks or savings and loans which are fully insured or collateralized as provided by Pennsylvania law.

NOTE D – CASH DEPOSITS AND INVESTMENTS, Continued

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 Deposits which are insured or collateralized with securities held by the District or by its agent in the District's name.

Category 2 Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 Deposits which are not collateralized or insured.

Based on these three levels of risk, all of the District's cash deposits are classified as Category 1.

Investments

Statutes authorize the District to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation, or in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, State Treasurer's investment pools, or mutual funds. During the year ended June 30, 2018, permitted investments were expanded to include highly-rated commercial paper, bankers' acceptances, and negotiable certificates of deposit.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The District has the following recurring fair value measurements as of June 30, 2021:

Investment Type	Fair Value	Level 1	Matures in Less Than One Year	Matures in One to Five Years
Certificates of Deposit	$3,353,023	$3,535,023	$3,535,023	$ 0

Interest Rate Risk

The District manages its exposure to fair value losses arising from increasing interest rates by investing in securities with maturity dates under five years.

Custodial Credit Risk

The District's investment strategy follows the Pennsylvania School Code in limiting its investment choices to those with certain credit ratings. All certificates of deposit are fully covered by FDIC insurance.

NOTE D – CASH DEPOSITS AND INVESTMENTS, Continued

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2021, the carrying amount of the District's deposits was $6,750,658 and the bank balance was $6,276,875. Of the bank balance, $1,299,502 was covered by federal depository insurance, while $3,590,363 was covered through collateral held by financial institutions but not in the District's name.

The remaining cash deposits of $13 of the District are in the Pennsylvania School District Liquid Asset Fund ("PSDLAF"), the Pennsylvania Local Government Investment Trust ("PLGIT"), or the Pennsylvania Invest Program ("Invest"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF, PLGIT, and Invest act like money market mutual funds in that their objective is to maintain a stable net asset value of $1 per share, are rated by a nationally recognized rating organization, and are subject to an independent annual audit. At June 30, 2020, PSDLAF, PLGIT, and Invest were rated AAAM.

Similar to cash deposits, investments held at a financial institution can be categorized according to three levels, of risk. These three levels are:

Category 1	Investments that are insured, registered, or held by the entity or by its agent in the District's name.
Category 2	Investments that are uninsured and unregistered held by the counter-party's trust department or agent in the District's name.
Category 3	Uninsured and unregistered investments held by the counter-party, its trust or its agent, but not in the District's name.

Based on these three levels or risk, all of the District's investments are classified as Category 1.

NOTE E – REAL ESTATE TAXES

Real Estate taxes for the District are collected from the Boroughs of New Bethlehem, Hawthorn, and South Bethlehem, and the Townships of Porter, Madison, Redbank, and Mahoning. The tax on real estate for public school purposes for fiscal year 2020 – 2021 was 40.3295 mills for Clarion County and 27.2975 mills for Armstrong County, as levied by the Board. Assessed valuations of property is determined by the Counties and the elected tax collectors are responsible for collection. 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

NOTE E – REAL ESTATE TAXES, Continued

November 1 – December 31	-10% Penalty Period --Clarion County
November 1 – December 31	-10% Penalty Period --Armstrong County
January 1	-Lien Date—Clarion County
January 1	-Lien Date—Armstrong County

NOTE F – INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments represent receivables for revenues earned by the District or collections made by another governmental unit on behalf of the District. At June 30, 2021, the following amounts are due from other governmental units:

Due From	Due to General Fund
State Government	$ 512,245
Federal Government	164,336
Due From Other Governments	144,105
Total Due From	$820,686

NOTE G – DUE TO/FROM OTHER FUNDS

Interfund receivable and payable balances as of June 30, 2021 are as follows:

Due To	Due From	Amount
General Fund	Food Service Fund	$ 91,392

NOTE H - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 337,281	$ 0	$ 0	$ 337,281
Total Capital Assets Not Being Depreciated	337,281	0	0	337,281
Capital Assets, Being Depreciated				
Buildings & Building Improvements	6,919,413	0	588,913	6,330,500
Site Improvements	1,273,017	0	0	1,273,017
Machinery & Equipment	4,440,569	275,825	0	4,716,394
Total Assets Being Depreciated	12,632,999	275,825	588,913	12,319,911
Less Accumulated Depreciation For:				
Buildings & Building Improvements	3,271,293	123,013	0	3,394,306
Site Improvements	1,208,324	3,405	0	1,211,729
Machinery & Equipment	3,494,268	225,907	0	3,720,175
Total Accumulated Depreciation	7,973,885	352,325	0	8,326,210
Total Capital Assets, Being Depreciated, Net	4,659,114	(352,325)	588,913	3,993,701
Governmental Activities, Capital Assets, Net	$ 4,996,395	$ (76,500)	$ 588,913	$ 4,330,982
Business-Type Activities				
Capital Assets Being Depreciated				
Furniture & Equipment	$ 35,445	$ 0	$ 0	$ 35,445
Total Capital Assets, Being Depreciated	35,445	0	0	35,445
Less Accumulated Depreciation For:				
Furniture & Equipment	35,445	0	0	35,445
Total Accumulated Depreciation	35,445	0	0	35,445
Total Capital Assets, Being Depreciated, Net	0	0	0	0
Business-Type Activities Capital Assets, Net	$ 0	$ 0	$ 0	$ 0

The accompanying notes are an integral part of these financial statements.

NOTE H- CHANGES IN CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:

Instruction	$ 126,418
Instructional Student Support	97,097
Administrative & Financial Support Services	107,752
Operation & Maintenance of Plant Services	13,636
Student Activities	7,422
Total Depreciation Expense - Governmental Activities	$ 352,325
Total Business-Type Activities	$ 0

The accompanying notes are an integral part of these financial statements.

NOTE I - GENERAL LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, general long-term debt changed as follows:

	Bonds/Loans Payable	Compensated Absences	OPEB	Net Pension Liability	Total General Long-Term Liabilities	Due Within One Year
Beginning of Year-July 1, 2020	$6,515,000	$367,601	$3,297,000	$23,953,000	$34,132,601	$0
Additional Debt Incurred	0	0	152,000	420,000	572,000	0
Principal Retirement	550,000	0	0	0	550,000	565,000
Decrease in Pension	0	7,394	0	0	7,394	0
End of Year-June 30, 2021	$5,965,000	$360,207	$3,449,000	$24,373,000	$34,147,207	$565,000

The 2009 Bond Series was paid off during the 2014-2015 year by the issue of the 2013 Bond Series.
The Bond Series B of 2012 was paid off by the issue of the 2017 Bond Series.
The future annual payments required to amortize all outstanding debt and obligations, except compensated absences, as of June 30, 2020 including total interest payments are as follows:

Year Ended June 30,	General Obligation Bonds Series of 2017		
	Principal	Interest	Total
2022	515,000	108,888	623,888
2023	525,000	98,487	623,487
2024	535,000	87,888	622,888
2025	545,000	77,088	622,088
2026	555,000	66,087	621,087
Therafter	2,480,000	134,016	2,614,016
	$ 5,155,000	$ 572,454	$ 5,727,454

	General Obligation Bonds Series A of 2012		
	Principal	Interest	Total
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	$ 0	$ 0	$ 0

Year Ended June 30,	General Obligation Bonds Series of 2013		
	Principal	Interest	Total
2022	50,000	22,096	72,096
2023	45,000	21,118	66,118
2024	50,000	19,965	69,965
2025	55,000	18,547	73,547
2026	55,000	17,805	72,805
Therafter	555,000	57,053	612,053
	$ 810,000	$ 156,584	$ 966,584

The accompanying notes are an integral part of these financial statements.

NOTE I – LONG-TERM DEBT OBLIGATIONS, Continued

General Obligation Bonds, Series of 2012

In 2012, the School District issued general obligation bonds in the amount of $985,000 for Series A and $5,775,000 for Series B. This bond issue was used to refinance the 2007 bonds. The bonds bear interest rates ranging from 1% to 3.25% with principals maturities from September 1, 2012 through September 1, 2020. The principal balance outstanding at June 30, 2021 was $0 for Series A and $0 for Series B. The Bond Series B was paid off with the Bond Series of 2017.

General Obligation Bonds, Series of 2013

In 2013, the School District issued general obligation bonds in the amount of $1,135,000. The bonds bear interest rates ranging from 1.0% to 3.0% with principal maturities from September 1, 2013 through September 1, 2030. The principal balance outstanding at June 30, 2021 was $810,000.

General Obligation Bonds, Series of 2017

In 2017, the School District issued general obligation bonds in the amount of $5,750,000. This bond issue paid off the Bond Series of 2010 and Bond Series of 2012 part B in full. The bonds bear interest rates ranging from 1.1% to 2.85% with principal maturities from September 1, 2018 through September 1, 2030. The principal balance outstanding at June 30, 2021 was $5,155,000.

NOTE J – COMPENSATED ABSENCES

District employees are entitled to paid vacation, personal and sick days off, depending on job status, length of service and other factors. Sick leave and personal days may accumulate. The District's policy is to expense the cost of compensated absences when paid to the employee. For fiscal year 2020-2021 the District has accrued a liability for compensated absences in noncurrent liabilities. This amount for fiscal year 2020-2021 is $360,207.

NOTE K – POST-RETIREMENT BENEFITS

Teachers, Administrative, and Support positions who complete various criteria for service in time, receive Blue Cross/Blue Shield coverage with a percentage paid by the District. Coverage ceases when the retiree is eligible for Medicare or the maximum years of coverage is utilized, whichever comes first.

As of and for the year ended June 30, 2021, eight (8) retirees were receiving such benefits. The total premiums paid by the District, throughout the fiscal year, for those benefits totaled $52,282.99.

NOTE L – CONTINGENCIES AND COMMITMENTS

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

The District receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of 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.

NOTE M - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM – PENSION PLAN

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

Plan description

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

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

NOTE M - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, Continued

members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Contributions

The contribution policy is set by the Code and requires contributions by active members, participating employers, and the Commonwealth of Pennsylvania. Plan members may belong to four membership classes. Class T-C, Class T-D, Class T-E, and Class T-F are available to plan members.

Member contributions

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

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

NOTE M - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, Continued

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2021 was 33.51% 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 plan from the District were $2,294,370.84 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of $24,373,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was 0.0495 percent, which was a decrease of 0.0017 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of $2,294,370.84. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE M - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	64,000	584,000
Change in Assumptions	0	0
Net Difference between Projected and Actual Investment Earnings	1,072,000	0
Changes in Proportion	236,000	855,000
Difference between Employer Contributions and Proportionate Share of Total Contributions	0	0
Contributions Subsequent to the Measurement Date	2,294,371	0
	3,666,371	**1,493,000**

$2,414,861 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	$ (459,000)
2022	(42,000)
2023	114,000
2024	318,000
	$ (69,000)

Actuarial Assumptions

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

- Actuarial cost method – entry age normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.75%
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

NOTE M - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, Continued

There were no changes in assumptions used in measurement of the total pension liability beginning June 30, 2019. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	15.0%	5.2%
Real Estate	10.0%	5.5%
Fixed Income	36.0%	1.1%
Private Equity	15.0%	7.2%
Cash	6.0%	1.0%
Absolute Return	10.0%	2.5%
Risk Parity	8.0%	3.3%
Infrastructure/MLPs	6.0%	5.7%
Commodities	8.0%	1.8%
Financing (LIBOR)	(14.0%)	(0.7%)
	100%	

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

Discount rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the

NOTE M - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, Continued

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 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of The net pension liability	$30,155,000	$24,373,000	$19,475,000

Pension plan fiduciary net position

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

Payable to the Pension Plan

At June 30, 2021, the School District reported a payable of $600,380 for the outstanding amount of employer contributions to PSERS required for the year ended June 30, 2021. These amounts relate to the second quarter of 2021, and are payable to PSERS within five business days of the School District receiving its related retirement subsidy from the Commonwealth of Pennsylvania. In addition, the School District also reported a payable of $137,728 for the employee contributions withheld during June 2021, which are payable to PSERS by July 5, 2021.

Pension Reform

Pursuant to Commonwealth Act 2017-5, members hired on or after July 1, 2019, will be required to choose one of three new retirement plan design options for retirement benefits. The current defined benefit plan will no longer be available to new members hired on or after July 1, 2019. The new plan design options include two hybrid plans consisting of defined benefit and defined contribution components. The third option is a standalone defined contribution plan.

NOTE M - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, Continued

PSERS school employers will be charged interest at the assumed rate of return, currently 7.25%, for delinquent payments to PSERS rather than 6.00%.

NOTE N – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN

Plan Description

The School District maintains a single-employer defined benefit OPEB plan to provide postemployment health care benefits. The Board of School Directors is authorized to establish and amend the financing requirements and benefits, subject to collective bargaining for certain classes of employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue stand-alone financial statements.

Benefits Provided

The plan provides medical and prescription drug coverage to employees who retire from active service and qualify for pension benefits, and their spouse and eligible dependents. Generally, retirees are eligible for benefits until age 65 upon paying 100% of the premium; spouse and dependents are eligible for benefits until age 65, and may continue coverage until the spouse is Medicare age after the retiree's death upon paying the full premium.

Funding Policy

The District's contributions are funded on a pay-as-you-go basis. The contribution requirements of retirees are established and may be amended by the School Board.

Employees Covered by Benefit Terms

At July 1, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	9
Inactive Employees Entitled to but not yet Receiving Benefits	0
Active Employees	128
Total	**137**

NOTE N – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

Total OPEB Liability

The School District's total OPEB liability of $3,449,000 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020, and by rolling forward the liabilities from the July 1, 2020 actuarial valuation through the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Discount Rate: 2.21%, based on S&P municipal bond 20-year high grad rate index.
- Long Term Expected Rate of Return: N/A, the plan is unfunded.
- Actuarial Cost Method: Entry age normal, level percent of pay.
- Healthcare Cost Trend: 6.0% in 2018, and 5.5% in 2019 through 2021. Rates gradually decrease from5.4% in 2022 to 3.8% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Retirees' Share of Benefit-Related Costs: 100.0% of premium.
- Mortality Rates: RP-2014 mortality tables (male and female) adjusted for mortality improvement.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period ended July 1, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 6/30/20	$ 3,297,000
Changes for the year:	
Service Cost	$ 177,000
Interest on Total OPEB Liability	72,000
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes of assumptions or other inputs	18,000
Benefit payments	(115,000)
Net Changes	$ 152,000
Balance at 6/30/21	$ 3,449,000

NOTE N – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

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

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

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	$ 3,737,000	$ 3,449,000	$ 3,174,000

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

The following is the Total OPEB Liability to the District, as well as the Total OPEB Liability using healthcare cost trend rates that are 1-percentage-point or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	$ 2,972,000	$ 3,449,000	$ 4,022,000

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

At June 30, 2019, 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	$ 0	$ 281,000
Changes of assumptions	(148,000)	533,000
Total	$ (148,000)	$ 814,000

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

Year Ended June 30	
2022	$ 99,000
2023	99,000
2024	99,000
2025	99,000
2026	139,000
Thereafter	131,000
Total	$ 666,000

NOTE N – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

Schedule of Changes in the Total OPEB Liability and Related Ratios

Statement No. 75 of the GASB requires that a 10-year schedule of the changes in the Total OPEB Liability be disclosed. Note that only the years where this information is known and available is required until 10 years of information is compiled. See schedule on page 61 in the Required Supplementary Information.

Actuarial Assumptions and Methods

Actuarial Assumptions

Discount Rate: 2.16% as of June 30, 2021.

Health Cost Trend:

Medical and pharmacy costs and premium rates are assumed to increase as shown in the following table (selected years shown):

Fiscal Year Ending June 30	Increase in Health Cost over Prior Year
2021	6.80%
2022	6.40%
2023	5.60%
2024	5.10%
2025	5.00%
2030	4.50%
2035	4.60%
2040	4.70%
2050	4.80%
2076 and Later	3.70%

The Society of Actuaries (SOA) Long-Run Medical Cost Trend Model was used to develop the medical trend schedule used in projecting per capita claim costs and premiums for this report. The model's projections are based on an econometric analysis of historical US medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group and have been modified slightly to reflect Milliman's expectations for long term inflation. In addition the estimated impact of the excise tax due to healthcare reform is incorporated through an adjustment to the healthcare trend assumption.

NOTE N – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

Monthly Per Capita Claims Cost:

Expected claim costs vary by age, gender and employee versus spouse. The claim costs shown below represent medical and pharmacy benefits and also include a provision for reinsurance premiums and administrative expenses. Also refer to the development of per capita claims cost at the end of this section.

PPO Plan

Age Group	Male Retirees	Female Retirees	Male Spouses	Female Spouses
60-64	$1373	$1331	$1102	$1101
55-59	1150	1186	896	980
50-54	1061	1171	782	888

Coverage Election Rates:

Teachers: 100% of current active members who are eligible for the incentive at retirement are assumed to elect coverage, and to purchase coverage until age 65 if the incentive period expires before then. 10% of current active members who do not retire with an incentive are assumed to elect to purchase coverage. (Based on continuous review of experience and actual judgement.)

Administrators: 100% of current active members who are eligible for the incentive at retirement are assumed to elect coverage, and to purchase coverage until age 65 if the incentive period expires before then. 10% of current active members who do not retire with an incentive are assumed to elect to purchase coverage. (Based on continuous review of experience and actual judgement.)

Support: 100% of current active members who are eligible for the incentive at retirement are assumed to elect coverage, and to purchase coverage until age 65 if the incentive period expires before then. 10% of current active members who do not retire with an incentive are assumed to elect to purchase coverage. (Based on continuous review of experience and actual judgement.)

For all groups, actual elections are used for current retirees.

Dependent Coverage:

Teachers: 10% of current active members who elect coverage upon retirement are assumed to cover a spouse, with wives three years younger than husbands. (Based on continuous review of experience and actual judgement.)

Administrators: 10% of current active members who elect to purchase coverage upon retirement are assumed to cover a spouse, with wives three years younger than husbands. (Based on continuous review of experience and actual judgement.)

Support: 10% of current active members who elect to purchase coverage upon retirement are assumed to cover a spouse, with wives three years younger than husbands. (Based on continuous review of experience and actual judgement.)

For all groups, actual elections are used for current retirees.

Mortality:

RP-2014 Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2019 from 2006 base year and projected forward on a generational basis with Scale MP-2019 (based on recommendation of Society of Actuaries' Retirement Plans Experience Committee). As a generational table, it reflects mortality improvements both before and after the measurement date.

Termination:

Withdrawal rates are based on the rates utilized in the Actuarial Valuation for the Pennsylvania Public School Employees' Retirement System and vary by age, service and gender. Illustrative rates are shown below.

Males

Age	<5 Years	5-9 Years	10+Years
25	15.0%	6.0%	3.0%
35	13.0	3.0	2.0
45	14.0	5.0	1.0
55	12.0	4.0	3.0

Females

25	13.0%	7.0%	5.0%
35	14.0	6.0	3.0
45	12.0	5.0	2.0
55	12.0	4.0	3.0

Retirement:

Retirement rates are based on the rates utilized in the Actuarial Valuation for the Pennsylvania Public School Employees' Retirement System and vary by age, service and gender. No employee is assumed to work beyond age 65.

NOTE N – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

Sample Early Retirement Rates

Age	Male	Female
55	19.0%	19.0%
60	14.0%	17.0%

Sample Superannuation Retirement Rates

Age	Male	Female
55	27.0%	10.0%
60	31.0%	36.0%
62	51.0%	61.0%

NOTE O – RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended June 30, 2021 no settlements exceeded insurance coverage.

NOTE P – SUBSEQUENT EVENTS

Management has determined that there are no additional events subsequent to the issue date of the Independent Auditor's report date, which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.

NOTE Q – JOINT VENTURE

The District is a participating member of the Clarion County Career Center ("the Vo-Tech"). The board of directors from each member district must approve the Vo-Tech's annual budget. Each member pays an allocated share of operating costs of the Vo-Tech based on the number of students attending from each district. For fiscal year ended June 30, 2021, the District's share of operating costs was $504,174. The financial statements of the Vo-Tech are available from the Clarion County Career Center located at 447 Career Road, Shippenville, PA 16254.

The District has entered into a lease agreement with the Vo-Tech to provide rental payments to retire the Vo-Tech's outstanding debt obligations. The lease agreement provides that in the event the Vo-Tech either retires all of its outstanding obligations which were issued to finance school facilities construction or acquisition, or accumulates sufficient reserves to cover such obligations prior to the expiration of the applicable schedules, there will be no subsequently scheduled rental payments made. The balance owed as of June 30, 2021 is $0.

REQUIRED SUPPLEMENTARY INFORMATION

REDBANK VALLEY SCHOOL DISTRICT
NEW BETHLEHEM, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
REVENUES				
Local Revenues	4,399,497	3,824,212	4,469,394	645,182
State Revenues	13,446,315	13,410,771	13,424,852	14,081
Federal Revenues	799,381	477,614	748,832	271,218
TOTAL REVENUES	18,645,193	17,712,597	18,643,078	930,481
EXPENDITURES				
Current:				
Regular Programs	8,523,516	8,522,861	7,751,521	771,340
Special Programs	2,978,607	3,003,197	3,166,890	(163,693)
Vocational Programs	597,140	597,140	504,174	92,966
Other Instructional Programs	4,240	4,340	1,586	2,754
Community/Jr. College Programs	0	0	0	0
Support Services:				
Pupil Personnel Services	505,159	505,159	425,211	79,948
Instructional Staff Services	278,756	275,956	244,335	31,621
Administrative Services	899,760	927,890	995,422	(67,532)
Pupil Health	235,598	235,598	231,430	4,168
Business Services	189,845	197,401	196,788	613
Operation and Maintenance of Plant Services	1,282,633	1,289,701	1,162,749	126,952
Student Transportation Services	1,336,777	1,337,777	1,162,024	175,753
Central and Other Support Services	236,914	484,709	467,303	17,406
Other Support Services	12,573	12,573	12,311	262
Operation of Noninstructional Services:				
Student Activities	473,696	473,696	377,957	95,739
Community Services	0	0	0	0
Capital Outlay	0	0	0	0
Fac Acq., Const. & Imp.	0	0	0	0
Debt Service (Principal & Interest)	692,067	692,067	692,056	11
Refund of Prior Year Receipts	0	0	1,748	(1,748)
TOTAL EXPENDITURES	18,247,281	18,560,065	17,393,505	1,166,560
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	397,912	(847,468)	1,249,573	2,097,041

The accompanying notes are an integral part of these financial statements.

REDBANK VALLEY SCHOOL DISTRICT
NEW BETHLEHEM, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES -
BUDGET AND ACTUAL, (Continued)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
OTHER FINANCING SOURCES (USES)				
Sale of Bonds	$ 0	$ 0	$ 0	$ 0
Interfund Transfers	0	0	0	0
Sale/Compensation for Fixed Assets	0	0	0	0
Bond Discounts	0	0	0	0
Debt Service (Refunded Bonds)	0	0	0	0
Transfers Out	0	0	0	0
Budgetary Reserve	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0
Net Change in Fund Balances	397,912	(847,468)	1,249,573	2,097,041
Fund Balance - July 1, 2020	3,311,270	3,311,270	4,254,225	942,955
Fund Balance - June 30, 2021	$ 3,709,182	$ 2,463,802	$ 5,503,798	$ 3,039,996

The accompanying notes are an integral part of these financial statements.

REDBANK VALLEY SCHOOL DISTRICT
NEW BETHLEHEM, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021

		2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	$	177,000	97,000	94,000	127,000	-	-	-	-
Interest on Total OPEB Liability		72,000	76,000	80,000	83,000	-	-	-	-
Changes of Benefit Terms		-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience		-	375,000	-	-	-	-	-	-
Changes of Assumptions or Other Inputs		18,000	625,000	75,000	(296,000)	-	-	-	-
Benefit Payments		(115,000)	(120,000)	(140,000)	(173,000)	-	-	-	-
Net Change in Total OPEB Liability		152,000	1,053,000	109,000	(259,000)	-	-	-	-
Total OPEB Liability - Beginning of Year		3,297,000	2,244,000	2,135,000	2,394,000	-	-	-	-
Total OPEB Liability - End of Year	$	3,449,000	3,297,000	2,244,000	2,135,000	-	-	-	-

Notes to Schedule:

- GASB 75 was implemented beginning with the fiscal year ended June 30, 2017.
- Assumption Changes:
  - Discount rate used for fiscal year ending:

2017	0
2018	3.87
2019	3.50
2020	2.21
2021	2.16

Note: Information is not available prior to 2018.

See independent auditors' report.

REDBANK VALLEY SCHOOL DISTRICT
NEW BETHLEHEM, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILTY
Pennsylvania Public School Employees' Retirement System (PSERS)

	Measurement Date						
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	0.0495%	0.0512%	0.0520%	0.0520%	0.0524%	0.0524%	0.0547%
District's proportion of the net pension liability - dollar value	$ 24,373,000	$ 23,953,000	$ 24,098,000	$ 25,682,000	$ 25,968,000	$ 23,694,000	$ 22,694,000
District's covered employee payroll	$ 6,933,475	$ 7,064,415	$ 6,760,939	$ 6,923,304	$ 6,785,774	$ 7,041,151	$ 6,966,379
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	351.53%	339.07%	356.43%	370.95%	382.68%	336.51%	325.76%
Plan fiduciary net position as a percentage of the total pension liabiltiy	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

In accordance with GASB Statement No. 68, this schedule has ben prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

The accompanying notes are an integral part of these financial statements.

REDBANK VALLEY SCHOOL DISTRICT
NEW BETHLEHEM, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT PENSION PLAN CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 2,310,601	$ 2,414,861	$ 2,305,742	$ 2,082,909	$ 1,968,806	$ 1,773,412	$ 1,458,142
Contributions in relation to the contractually required contribution	2,310,601	2,414,861	2,305,742	2,082,909	1,968,806	1,773,412	1,458,142
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
District's covered - employee payroll	$ 6,933,475	$ 7,064,415	$ 6,760,939	$ 6,562,410	$ 6,742,486	$ 7,182,714	$ 7,161,798
Contributions as a percentage of covered - employee payroll	33.33%	34.18%	34.10%	31.74%	29.20%	24.69%	20.36%

In accordance with GASB Statement No. 68, this schedule has ben prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

The accompanying notes are an integral part of these financial statements.

REDBANK VALLEY SCHOOL DISTRICT
SINGLE AUDIT SUPPLEMENT
YEAR ENDED JUNE 30, 2021

REDBANK VALLEY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR PROGRAM TITLE	SOURCE CODE	FEDERAL CFDA NO.	PASS THROUGH GRANTOR'S #	GRANT PERIOD BEGINNING/ ENDING DATE	PROGRAM OR AWARD AMOUNT	TOTAL RECEIVED FOR THE YEAR	ACCRUED (DEFERRED) REVENUE AT 07/01/20	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (DEFERRED) REVENUE AT 06/30/21	AMOUNT PASSED THRU TO SUB-RECIPIENTS
US Department of Education:											
Passed through PA Dept of Education											
Title I Improving Basic	I	84.010	013-200357	7/1/19-6/30/20	$ 330,227	$ 141,318	$ 141,318	$ 0	$ 0	$ 0	$ 0
Title I Improving Basic	I	84.010	013-210357	7/1/20-6/30/21	282,860	161,150	0	282,860	282,860	121,710	0
Total CFDA #84.010						302,468	141,318	282,860	282,860	121,710	0
Title II Improving Teacher	I	84.367	020-200357	7/1/19-9/30/21	45,327	16,204	32,407	0	0	16,203	0
Title II Improving Teacher	I	84.367	020-210357	7/1/20-6/30/21	36,342	10,383	0	36,342	36,342	25,959	0
Title IIA Teachers in workplace	I	84.367	220-200357	7/1/19-6/30/20		4,545	0	4,545	4,545	0	0
Total CFDA #84.367						31,132	32,407	40,887	40,887	42,162	0
Title IV Student Support	I	84.424	144-210357	7/1/20-6/30/21	24,841	7,097	0	7,097	7,097	0	0
Rural & Low Income Schools	I	84.358	007-210357	7/1/20-6/30/21	6,520	6,520	0	6,520	6,520	0	0
Cares Act-Esser	I	84.425	200-200357	3/13/20-9/30/21	269,024	184,069	0	156,143	156,143	(27,926)	0
GEERs CEEG	I	84.425	253-200357	3/13/20-9/30/21	36,500	7,684	0	7,684	7,684	0	0
Cares Act-Esser	I	84.425	200-210357	7/1/20-6/30/21		48,054	0	0	0	(48,054)	0
Total CFDA #84.425						239,807	0	163,827	163,827	(75,980)	0
Passed through the Clarion IU #6											
IDEA		84.027	N/A	7/1/20-6/30/21	N/A	190,629	207,607	190,629	190,629	0	0
Covid-19 SECIM	I	84.027	252-200357	7/1/20-9/30/21	6,952	6,489	0	6,952	6,952	463	0
Total CFDA #84.027						197,118	207,607	197,581	197,581	463	0
TOTAL U.S. DEPARTMENT OF EDUCATION						$ 784,142	$ 381,332	$ 698,772	$ 698,772	$ 88,355	$ 0
U.S. Department of Agriculture:											
Passed though PA Dept of Agriculture:											
Value of USDA Donated Commodities	I	10.555	N/A	7/1/20-6/30/21	N/A	45,959	(6,990)	42,426	42,426 *	(10,523)	0
Passed through PA Dept of Education:											
National School Lunch Program:											
Federal Lunch	I	10.555	362	7/1/20-6/30/21	N/A	387,561	21,641	365,920	365,920 *	0	0
Total CFDA #10.555						433,520	14,651	408,346	408,346	(10,523)	0
Federal Breakfast	I	10.553	365	7/1/20-6/30/21	N/A	155,667	13,662	142,005	142,005 *	0	0
Federal Breakfast	I	10.553	367	7/1/20-6/30/21	N/A	0	0	0	0	0	0
Total CFDA #10.553						155,667	13,662	142,005	142,005	0	0
Total Nutrition Cluster						589,187	28,313	550,351	550,351	(10,523)	0
TOTAL U.S. DEPARTMENT OF AGRICULTURE					N/A	589,187	28,313	550,351	550,351	(10,523)	0
TOTAL FEDERAL AWARDS						$ 1,373,329	$ 409,645	$ 1,249,123	$ 1,249,123	$ 77,832	$ 0

Source Code:
I = Indirect Funding

40% Coverage Rule Used
Total Expenses per above $ 1,249,123

* Selected for Audit

National School Lunch & Breakfast 550,351
Total Federal Expenditure $ 1,249,123 = 44.06%

REDBANK VALLEY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SCOPE OF SCHEDULE

The Schedule of Expenditures of Federal Awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting except as noted for accounting of donated commodities in Note 3. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE 3 – VALUE OF USDA DONATED COMMODITIES LEGEND

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed under CFDA #10.555. As of June 30, 2021, the district had food commodities totaling $10,523 in inventory.

a) Total commodities received from the Pennsylvania Department of Agriculture valued at fair market value.
b) Beginning inventory at July 1, 2020.
c) Total amount of commodities used.
d) Ending inventory at June 30, 2021.

NOTE 4 – INDIRECT COST RATE

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

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

To the Board of Directors
Redbank Valley School District
New Bethlehem, Pennsylvania

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing 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 Redbank Valley School District ("the District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated March 15, 2021.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control weaknesses or that might be material or significant

deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did however identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-01, 2020-02, and 2020-03 that I consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Richard M. Troese, C.P.A.
Clarion, Pennsylvania
March 15, 2022

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Redbank Valley School District
New Bethlehem, Pennsylvania

Report on Compliance for Each Major Federal Program

I have audited Redbank Valley School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for the District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence the District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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.

Richard M. Troese, C.P.A.
Clarion, Pennsylvania
March 15, 2022

REDBANK VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

PART A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of Redbank Valley School District.

2. There were three significant deficiencies relating to the audit of the financial statements that are reported in the Independent Auditors' 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* but are not considered to be material weaknesses.

3. There are no instances of noncompliance material to the financial statements of Redbank Valley School District, which would be required to be reported in accordance with *Government Auditing Standards*, that were disclosed during the audit.

4. No material weaknesses or significant deficiencies relating to the audit of the major federal programs are reported in the Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance as Required by the Uniform Guidance.

5. The independent auditors' report on compliance for the major federal award program for Redbank Valley School District expresses an unmodified report.

6. Audit findings relative to the major federal award programs for Redbank Valley School District are reported in part C of this schedule.

7. The program tested as a major federal program was: National Scholl Lunch & Breakfast – CFDA #10.555 , #10.553.

8. The threshold for distinguishing type A and B programs was $750,000.

9. Redbank Valley School District was determined to be a low-risk auditee.

PART B. FINDINGS RELATED TO FINANCIAL STATEMENTS

Status of Prior Year Findings

Prior year findings have not been resolved and are still issues within the District.

Current Year Findings and Recommendations

Significant Deficiencies

Finding 2021-01 Limited Staff

Condition: The School District has a limited staff responsible for or access to: a) receipts b) check writing c) posting to the general ledger d) payroll records e) inventory records f) invoice approval. Due to the limited staff bank accounts not being reconciled on a monthly basis, balance sheet accounts not balanced and adjusted on a monthly basis, invoices payable are not being paid in a timely manner, and there are a large number of year end adjustments that need to be made during the audit process.

Because of limited staff, I realize segregation of the above duties is not practical, if not impossible. Because of this internal control situation, the responsibility of the Business Manager is greatly increased because the Board must rely on the Business Managers' knowledge of the everyday operations to discover any material changes in the School District's financial position.

Recommendation: Ideally, the School District would hire the number of staff necessary to segregate all duties. However, I realize segregation of duties is not practical, if not impossible. Because of this internal control situation, the responsibility of the Business Manager is greatly increased because the Board must rely on Business Managers' knowledge of the everyday operation to discover any material changes in the School District's financial position.

Finding 2021-02 Preparation of Financial Statements and Annual Financial Report

Condition: During the audit, the School District did not present financial statements reported in compliance with accounting principles generally accepted in the United States of America, nor did the District file its Annual Financial Report in a timely manner to the Pennsylvania Department of Education.

Recommendation: We realize that additional staffing costs would be needed to acquire the internal expertise to perform these functions, which could significantly outweigh the benefits derived. I, as your auditor, can propose adjustments and assist the School District in assembling or drafting the financial statements and annual financial report; however, I cannot establish or maintain the School District's controls over preventing or detecting material misstatements in the preparation of financial statements. Therefore, I recommend the School District carefully review the financial statements, ensuring they agree to the School District's internal records and the School District fully understands and accepts responsibility for the financial statements and notes. The accounting records need to be completed in a timely manner to ensure that the annual financial report is filed on time.

Finding 2021-03 Compensating Controls Over Fixed Assets

Condition: During the audit, I noted that one person is responsible for, or has access to, the handling, recording, and maintaining the fixed assets.

Recommendation: The School District does not have sufficient employee resources to ensure adequate segregation of duties over the fixed assets function. The Business Manager submits purchase requests, receives incoming material, issues equipment to the floor, and records related transactions, including deleting transactions in the fixed asset system. The risks to the School District include errors, unintentional losses, and misappropriation of assets. We recommend that the School District implement the following compensating controls to provide reasonable assurance that assets are physically accounted for, transactions are recorded properly, and fixed assets balance:

- Fixed assets should be periodically spot-checked, both at regular intervals and at unannounced times

PART C. FINDINGS RELATED TO FEDERAL AWARDS

Status of Prior Year Findings

None.

Current Year Findings and Recommendations

None.

REDBANK VALLEY SCHOOL DISTRICT
LIST OF REPORT DISTRBUTION
YEAR ENDED JUNE 30, 2021

Online -	Bureau of Census Data Preparation Division 1201 East 10th Street Jeffersonville, Indiana 47132 Attention: Single Audit Clearing House
Online -	Office of the Budget/Bureau of Audits 303 Walnut Street Bell Tower – Strawberry Square 6th Floor Harrisburg, Pennsylvania 17101
15 Reports -	Redbank Valley School District PO Box 370 New Bethlehem, Pennsylvania 16242

These reports are due by March 31, 2022.