REDBANK VALLEY SCHOOL DISTRICT

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022
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REDBANK VALLEY SCHOOL DISTRICT

NEW BETHLEHEM, PENNSYLVANIA

FINANCIAL STATEMENTS

AND

OTHER INFORMATION REQUIRED BY GOVERNMENT AUDITING STANDARDS AND UNIFORM GUIDANCE

WITH REPORTS OF

CERTIFIED PUBLIC ACCOUNTANT

FOR THE YEAR ENDED JUNE 30, 2022

REDBANK VALLEY SCHOOL DISTRICT
CLARION AND ARMSTRONG COUNTIES, PENNSYLVANIA
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REDBANK VALLEY SCHOOL DISTRICT
CLARION AND ARMSTRONG COUNTIES, PENNSYLVANIA
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Mark C. Turnley

Certified Public Accountant

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To the Board of Education
Redbank Valley School District
Clarion and Armstrong Counties, Pennsylvania

Independent Auditor's Report

Opinions

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Redbank Valley School District as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, I:

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

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

Required Supplementary Information

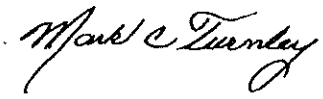
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv-xiv and the other required supplementary information on pages 51-58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Redbank Valley School District's basic financial statements. The accompanying supplementary information – the schedule of expenditures of federal awards on page 59 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the 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 24, 2023 on my consideration of the Redbank Valley School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Redbank Valley School District's internal control over financial reporting and compliance.



Mark C. Turnley, CPA

March 24, 2023
New Brighton, Pennsylvania

REDBANK VALLEY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

The discussion and analysis of Redbank Valley School District's financial performance provides an overall review of the School District's financial activities for the year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and notes to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2022 are as follows:

- The District's total governmental activities liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources as of June 30, 2022 by $18,268,526 (net position - deficit). This change was mainly the result of the District's required implementation of GASB 75 'Accounting and Financial Reporting for Postemployment Benefits other than Pensions' which started with the June 30, 2018 fiscal year and GASB 68 'Accounting and Financial Reporting for Pensions' which started with the June 30, 2015 fiscal year. The District is now required to recognize a liability for their post-employment healthcare plan, to recognize a liability for their proportionate share of the Pennsylvania School Employees Retirement System (PSERS) overall net healthcare obligation, and to recognize their proportionate share of the Pennsylvania School Employees Retirement System (PSERS) overall net pension obligation. For the Redbank Valley School District, these liabilities are $2,547,280 and $18,564,480 respectively for governmental activities and $44,720 and $773,520 respectively for business-type activities as of June 30, 2022 (Exhibit A).

  Total governmental activities revenues were $19,959,157. General revenues accounted for $13,579,493 or 68% of all revenues. Program specific revenues in the form of charges for services and grants accounted for $6,379,664 or 32% of total revenues.

  The School District had $16,318,792 in expenses related to governmental activities; $6,379,664 of these expenses were offset by program specific charges for services and grants. General revenue (primarily taxes and basic education subsidy) of $13,579,493 covered a majority of the remaining net cost of program expenses.

  At the end of the current fiscal year, unassigned fund balance of the general fund was $4,230,144 or 19.9% of 2022-2023 budgeted general fund expenditures.

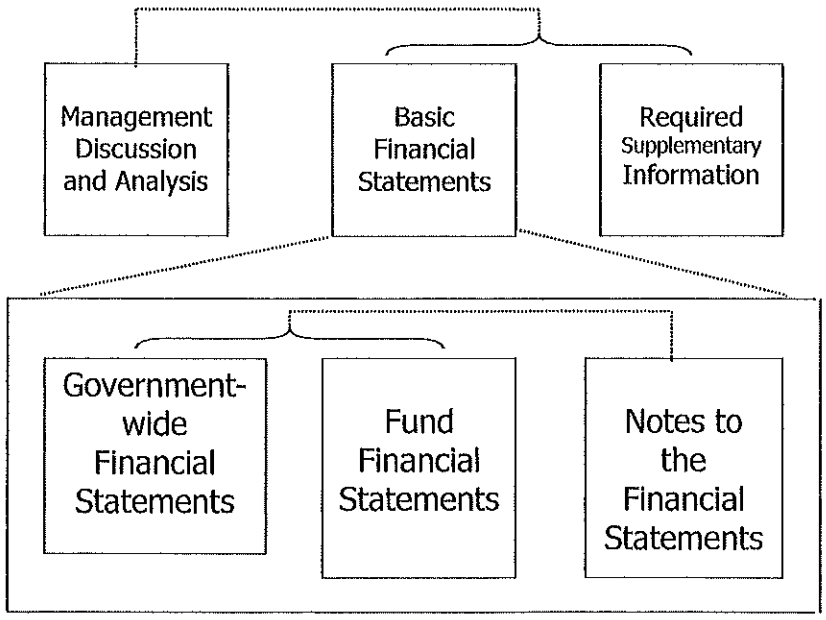
USING THE ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Redbank Valley School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole school district, presenting both an aggregate view of the school district's finances and longer-term view of these finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the school district's most significant funds. In the case of Redbank Valley School District, the general fund is by far the most significant fund.

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

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



USING THE ANNUAL REPORT (Continued)

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

Figure A-2
Major Features of 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 – Custodial Funds
Required financial statements	Statement of net position Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, 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

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Governmental-Wide Financial Statements

Statement of Net Position and the Statement of Activities

While this document contains a majority of the funds (excludes fiduciary funds) used by the school district to provide programs and activities, the view of the school district as a whole, looks at all financial transactions and asks the questions, "How did we do financially during 2021-2022"? The Statement of Net Position and the Statement of Activities answer the question. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by most public companies. The accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. The change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the school district has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the school district's property tax base, student enrollment, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the school district financial information is divided into two distinct kinds of activities:

Governmental Activities – Most of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover the expenses of the goods or services provided. The School District Food Service Fund is reported as a business activity.

These Government-Wide Financial Statements can be found on pages 1-2 of this report.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the school district's major funds begins on page 3. Fund financial reports provide detailed information about the School District's major funds. The school district uses three funds to account for a multitude of financial transactions. However, these fund financial statements focus on the school district's most significant funds. The school district's major governmental fund is the general fund.

Governmental Funds – Most of the school district's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds 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 funds statements provide a detailed short-term view of the school district's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements on page 4 and page 6, respectively.

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these fund financial statements will essentially match the government-wide financial statements.

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

THE SCHOOL DISTRICT AS A WHOLE

The District's total net position increased $3,867,919. Governmental activities increased by $3,640,365 and business-type activities increased by $227,554. A comparative breakdown of the assets, liabilities and net position of the District for the past two fiscal years is as follows:

THE SCHOOL DISTRICT AS A WHOLE (Continued)

Table A-1
Fiscal Year ended June 30, 2022 and 2021
Net Position

	JUNE 30, 2022			JUNE 30, 2021
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	TOTAL
Current Assets	$ 5,844,061	$ 268,484	$ 6,112,545	$ 7,299,598
Capital Assets	4,423,514	-	4,423,514	4,644,070
Deferred Outflows of Resources	4,484,205	158,592	4,642,797	3,666,371
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 14,751,780**	**$ 427,076**	**$ 15,178,856**	**$ 15,610,039**
Current Liabilities	$ 1,635,850	$ 39,468	$ 1,675,318	$ 2,056,796
Long-term Liabilities	26,293,616	818,240	27,111,856	33,702,623
Deferred Inflows of Resources	5,090,840	188,160	5,279,000	1,493,000
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**$ 33,020,306**	**$ 1,045,868**	**$ 34,066,174**	**$ 37,252,419**
Net Investment in Capital Assets	$ (961,275)	$ -	$ (961,275)	$ (6,098,925)
Unrestricted (Deficit)	(17,307,251)	(618,792)	(17,926,043)	(15,543,455)
TOTAL NET POSITION (DEFICIT)	**$ (18,268,526)**	**$ (618,792)**	**$ (18,887,318)**	**$ (21,642,380)**

The change in long-term liabilities, and deferred inflows of resources, along with the increase in net position, is attributed to the updated valuation received from the Pennsylvania School Employees Retirement System (PSERS), in accordance with GASB Statement No. 68, '*Accounting and Financial Reporting for Pensions'),* and the implementation as of June 30, 2018 of GASB Statement No. 75, '*Accounting and Financial Reporting for Postemployment Benefits other than Pensions*'. The District's total net pension liability decreased from $24,373,000 at June 30, 2021 to $19,338,000 at June 30, 2022. The District's total net OPEB liability decreased from $3,449,000 at June 30, 2021 to $2,592,000 at June 30, 2022.

The results of this year's operations as a whole are reported in the Statement of Activities on Page 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues.

THE SCHOOL DISTRICT AS A WHOLE (Continued)

The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

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

Table A-2
Fiscal Year ended June 30, 2022 and June 30, 2021
Changes in Net Position

	JUNE 30, 2022			JUNE 30, 2021
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	TOTAL
REVENUES				
Program Revenues:				
Charges for Services	$ 133,980	$ 108,367	$ 242,347	$ 165,162
Grants and Contributions	6,245,684	875,481	7,121,165	5,688,594
General Revenues:				
Property Taxes	3,299,268	-	3,299,268	2,794,772
Other Taxes	942,215	-	942,215	894,051
Grants, Subsidies and Contributions	9,185,516	-	9,185,516	8,990,346
Other	152,494	16,146	168,640	543,813
TOTAL REVENUES	**$ 19,959,157**	**$ 999,994**	**$ 20,959,161**	**$ 19,076,738**
EXPENSES				
Instruction	$ 11,023,352	$ -	$ 11,023,352	$ 11,695,196
Instructional Student Support	734,816	-	734,816	1,158,108
Administrative and Financial Support	1,276,782	-	1,276,782	1,189,210
Operation and Maintenance of Plant	1,382,330	-	1,382,330	1,630,052
Pupil Transportation	1,488,015	-	1,488,015	1,162,024
Student Activities	284,433	-	284,433	377,957
Interest on Long-term Debt	129,064	-	129,064	142,056
Food Services	-	772,440	772,440	697,683
TOTAL EXPENSES	**$ 16,318,792**	**$ 772,440**	**$ 17,091,232**	**$ 18,052,286**
CHANGE IN NET POSITION	**$ 3,640,365**	**$ 227,554**	**$ 3,867,919**	**$ 1,024,452**

Grants and Contributions increased by $1,432,571 (25.2%) due to several COVID-19 related grants received by the District, and General Revenues increased in total by $1,177,303 (9.5%) mainly due to an increase in tax revenue. Overall expenses decreased by $961,054 or 5.3%.

THE SCHOOL DISTRICT AS A WHOLE (Continued)

Table A-3 shows the District's seven largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, long-term debt, as well as each program's net cost (total cost less revenues generated by the activities) for the past two fiscal years.

This table also shows the net costs offset by the other unrestricted grants, subsides and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table A-3
Fiscal Year ended June 30, 2022 and June 30, 2021
Governmental Activities

	JUNE 30, 2022		JUNE 30, 2021	
	TOTAL COST OF SERVICE	NET COST OF SERVICE	TOTAL COST OF SERVICE	NET COST OF SERVICE
EXPENSES				
Instruction	$ 11,023,352	$ 6,505,476	$ 11,695,196	$ 8,310,398
Instructional Student Support	734,816	530,172	1,158,108	415,329
Administrative and Financial Support	1,276,782	995,332	1,189,210	1,189,210
Operation and Maintenance of Plant	1,382,330	1,125,795	1,630,052	1,630,052
Pupil Transportation	1,488,015	542,472	1,162,024	125,537
Student Activities	284,433	110,817	377,957	340,582
Interest on Long-term Debt	129,064	129,064	142,056	142,056
TOTAL EXPENSES	**$ 16,318,792**	**$ 9,939,128**	**$ 17,354,603**	**$ 12,153,164**
Less:				
Unrestricted Grants, Subsidies		9,185,516		8,990,346
TOTAL NEEDS FROM LOCAL TAXES AND OTHER REVENUES		**$ 753,612**		**$ 3,162,818**

THE SCHOOL DISTRICT AS A WHOLE (Continued)

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, 2022 and June 30, 2021
Business-Type Activities

	JUNE 30, 2022		JUNE 30, 2021	
	TOTAL COST OF SERVICE	NET COST OF SERVICE	TOTAL COST OF SERVICE	NET COST OF SERVICE
EXPENSES				
Food Service	$ 772,440	$ (211,408)	$ 697,683	$ 45,366
Investment Earnings/Other		16,146		7
TOTAL BUSINESS-TYPE ACTIVITIES CHANGE IN NET POSITION		$ 227,554		$ (45,359)

GENERAL FUND BUDGETARY HIGHLIGHTS

Total General Fund actual revenues, (not including other financing sources), were less than budgeted revenues by $223,738 or 1.1%. Local revenues were over budget by $137,289 (2.9%), state revenues exceeded budget by $6,626 (.048%), and federal revenues were less than budget by $367,653 (20.8%). Total General Fund expenses, (not including other financing uses), exceeded budget slightly by $166,741 (.83%).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the School District had $4,423,514 (governmental and business-type activities), invested in land, buildings and equipment, net of accumulated depreciation. This represents a net decrease of $220,556 over the past fiscal year, mainly as a result of depreciation expense exceeding the capital purchases for the current fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Debt Administration

At July 1, 2021 the School District had total outstanding debt principal of $5,965,000 on its General Obligation Bond Issues Series 2013 and 2017. During the 2021-2022 fiscal year, the District made total principal payments on existing debt totaling $565,000 resulting in ending outstanding debt as of June 30, 2022 of $5,400,000. The District is scheduled to make principal and interest payments on this debt totaling $689,605 during the 2022-2023 fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The School District's general obligation bond rating is a Standard & Poor's Rating 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 & Poor's 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 pensions 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 Counties does lend concern for the District's long-term operational and financial position. The Dist4rict 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 in 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 2022-2023 year is $21,278,349. This represents a $1,058,358 (5.2%) increase in budgeted revenues over 2021-2022. The expenditure budget for the 2022-2023 year is $21,278,349. This represents an increase of $1,058,358 (5.2%) over 2021-2022. The budget requires a contribution of $0 from the fund balance as approvd by the Board of School Directors.

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the district's finances and to show the school district's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Redbank Valley School District Business Office at 920 Broad Street, New Bethlehem, PA 16242, 814-275-2426. You may also view district information on our website at www.redbankvalley.net.

REDBANK VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

EXHIBIT A

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 1,463,481	$ 4,447	$ 1,467,928
Investments	2,805,216	-	2,805,216
Internal Balances	(236,502)	236,502	-
Taxes Receivable, net	239,057	-	239,057
Due From Other Governments	1,129,789	-	1,129,789
Other Receivables	39,434	-	39,434
Prepaid Expenses	403,586	-	403,586
Inventory	-	27,535	27,535
Total Current Assets	**$ 5,844,061**	**$ 268,484**	**$ 6,112,545**
Noncurrent Assets:			
Land (non-depreciable)	$ 337,281	$ -	$ 337,281
Site Improvements (net)	57,883	-	57,883
Building & Building Improvements (net)	2,825,009	-	2,825,009
Machinery & Equipment (net)	1,203,341	-	1,203,341
Total Noncurrent Assets	**$ 4,423,514**	**$ -**	**$ 4,423,514**
TOTAL ASSETS	**$ 10,267,575**	**$ 268,484**	**$ 10,536,059**
DEFERRED OUTLFOWS OF RESOURCES:			
Deferred Outflows Related to Pensions	$ 3,608,439	$ 150,352	$ 3,758,791
Deferred Outflows Related to OPEB	875,766	8,240	884,006
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$ 4,484,205**	**$ 158,592**	**$ 4,642,797**
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	**$ 14,751,780**	**$ 427,076**	**$ 15,178,856**
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 95,742	$ 4,585	$ 100,327
Current Portion - Long Term Debt	570,000	-	570,000
Accrued Interest	39,869	-	39,869
Payroll Withholdings	133,842	-	133,842
Accrued Salaries and Benefits	630,876	29,948	660,824
Unearned Revenue	165,521	4,935	170,456
Total Current Liabilities	**$ 1,635,850**	**$ 39,468**	**$ 1,675,318**
Noncurrent Liabilities:			
Bonds Payable - Long Term Portion (Net)	$ 4,814,789	$ -	$ 4,814,789
Accrued Compensated Absences	367,067	-	367,067
Net Pension Liability	18,564,480	773,520	19,338,000
Net OPEB Liability	2,547,280	44,720	2,592,000
Total Noncurrent Liabilities	**$ 26,293,616**	**$ 818,240**	**27,111,856**
TOTAL LIABILITIES	**$ 27,929,466**	**$ 857,708**	**$ 28,787,174**
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pensions	$ 4,419,840	$ 184,160	$ 4,604,000
Deferred Inflows Related to OPEB	671,000	4,000	675,000
TOTAL DEFERRED INFLOWS OF RESOURCES	**$ 5,090,840**	**$ 188,160**	**$ 5,279,000**
NET POSITION			
Net Investment in Capital Assets (Deficit)	$ (961,275)	$ -	$ (961,275)
Unrestricted (Deficit)	(17,307,251)	(618,792)	(17,926,043)
Total Net Position (Deficit)	**$ (18,268,526)**	**$ (618,792)**	**$ (18,887,318)**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 14,751,780**	**$ 427,076**	**$ 15,178,856**

The accompanying notes are an integral part of these financial statements

EXHIBIT B

REDBANK VALLEY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities:							
Instruction	$ 11,023,352	$ 26,271	$ 4,491,605	$ -	$ (6,505,476)		$ (6,505,476)
Instructional Student Support	734,816	-	204,644	-	(530,172)		(530,172)
Administrative and Financial Support Services	1,276,782	-	281,450	-	(995,332)		(995,332)
Operation and Maintenance of Plant Services	1,382,330	1,500	255,035	-	(1,125,795)		(1,125,795)
Pupil Transportation	1,488,015	-	945,543	-	(542,472)		(542,472)
Student Activities	284,433	106,209	67,407	-	(110,817)		(110,817)
Interest on Debt/Refund Prior Year Receipts	129,064	-	-	-	(129,064)		(129,064)
Total Governmental Activities	**$ 16,318,792**	**$ 133,980**	**$ 6,245,684**	**$ -**	**$ (9,939,128)**		**$ (9,939,128)**
Business-Type activities:							
Food Service	$ 772,440	$ 108,367	$ 875,481	$ -	$ -	$ 211,408	$ 211,408
Total Business-Type Activities	**$ 772,440**	**$ 108,367**	**$ 875,481**	**$ -**	**$ -**	**$ 211,408**	**$ 211,408**
Total Primary Government	**$ 17,091,232**	**$ 242,347**	**$ 7,121,165**	**$ -**	**$ (9,939,128)**	**$ 211,408**	**$ (9,727,720)**
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes (net)					$ 3,299,268	$ -	$ 3,299,268
Other Taxes Levied for General Purposes					942,215	-	942,215
Grants, Subsidies, and Contributions Not Restricted					9,185,516	-	9,185,516
Investment Earnings					8,004	11	8,015
Miscellaneous					144,490	16,135	160,625
Total General Revenues					**$ 13,579,493**	**$ 16,146**	**$ 13,595,639**
Change in Net Position					**$ 3,640,365**	**$ 227,554**	**$ 3,867,919**
Net Position - July 1, 2021 (Deficit)					(21,724,939)	82,559	(21,642,380)
Prior Period Adjustment					(183,952)	(928,905)	(1,112,857)
Net Position — June 30, 2022 (Deficit)					**$ (18,268,526)**	**$ (618,792)**	**$ (18,887,318)**

The accompanying notes are an integral part of these financial statements

EXHIBIT C

REDBANK VALLEY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	GENERAL FUND	CAPITAL RESERVE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:			
Cash and Cash Equivalents	$ 1,463,481	$ -	$ 1,463,481
Investments	2,805,208	8	2,805,216
Taxes Receivable, net	239,057	-	239,057
Due From Other Governments	1,129,789	-	1,129,789
Other Receivables	39,434	-	39,434
Prepaid Expenses	403,586	-	403,586
TOTAL ASSETS	$ 6,080,555	$ 8	$ 6,080,563
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
LIABILITIES:			
Due to Other Funds	$ 236,502	$ -	$ 236,502
Accounts Payable	95,742	-	95,742
Payroll Withholdings	133,842	-	133,842
Accrued Salaries and Benefits	630,876	-	630,876
Unearned Revenue	165,521	-	165,521
TOTAL LIABILITIES	$ 1,262,483	$ -	$ 1,262,483
DEFERRED INFLOWS OF RESOURCES:			
Delinquent Real Estate Taxes	$ 184,342	$ -	$ 184,342
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 184,342	$ -	$ 184,342
FUND BALANCES:			
Non-Spendable	$ 403,586	$ -	$ 403,586
Assigned	-	8	8
Unassigned	4,230,144	-	4,230,144
TOTAL FUND BALANCES	$ 4,633,730	$ 8	$ 4,633,738
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 6,080,555	$ 8	$ 6,080,563

The accompanying notes are an integral part of these financial statements

REDBANK VALLEY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total Fund Balances - Governmental Funds		**$ 4,633,738**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is $13,083,620, and the accumulated depreciation is $8,660,106.		4,423,514
Property taxes receivable in the statement of net position, which will not be available soon enough to pay for the current period's expenditures, are deferred and not recognized as revenue in governmental funds.		184,342
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions		3,608,439
Deferred outflows of resources related to OPEB		875,766
Deferred inflows of resources related to pensions		(4,419,840)
Deferred inflows of resources related to OPEB		(671,000)
Long term liabilities, including bonds and notes payable, are not due and payable in the current period, and therefore, are not reported as liablities in the governmental funds. Long-term liablities at year end consist of:		
Bonds Payable - (Net)	$ 5,384,789	
Net Pension Liability	18,564,480	
Accrued Interest on Bonds	39,869	
Net OPEB Liability	2,547,280	
Accrued Compensated Absences	367,067	(26,903,485)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (Deficit)		**$ (18,268,526)**

The accompanying notes are an integral part of these financial statements

EXHIBIT E

REDBANK VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL FUND	CAPITAL RESERVE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Local Sources	$ 4,882,243	$ -	$ 4,882,243
State Sources	13,714,237	-	13,714,237
Federal Sources	1,399,773	-	1,399,773
Total Revenue	**$ 19,996,253**	**$ -**	**$ 19,996,253**
EXPENDITURES			
Instruction	$ 13,510,755	$ -	$ 13,510,755
Support Services	5,713,007	-	5,713,007
Noninstructional Services	409,966	-	409,966
Debt Service	695,984	-	695,984
Total Expenditures	**$ 20,329,712**	**$ -**	**$ 20,329,712**
Excess (Deficiency) of Revenue over Expenditures	**$ (333,459)**	**$ -**	**$ (333,459)**
NET CHANGE IN FUND BALANCES	**$ (333,459)**	**$ -**	**$ (333,459)**
FUND BALANCE - JULY 1, 2021	5,503,796	8	5,503,804
Prior Period Adjustment	(536,607)	-	$ (536,607)
FUND BALANCE - JUNE 30, 2022	**$ 4,633,730**	**$ 8**	**$ 4,633,738**

The accompanying notes are an integral part of these financial statements

REDBANK VALLEY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	**$**	**(333,459)**
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays ($426,428) exceeds depreciation expense ($333,896) in the period.		92,532
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		1,936,259
months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year.		(37,096)
Repayment of bond, note, and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		565,000
Discounts and premiums on the sale of bonds are recognized as revenue and expenditures in the governmental funds, however these amounts are amortized over the life of the bond issue in the government-wide financial statements.		(1,872)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		3,792
In the statement of activities, certain operating expenses - compensated absences and net OPEB obligations - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). This year, compensated absences and net OPEB obligations paid exceeded the amount earned.		1,415,209
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	**$**	**3,640,365**

REDBANK VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

	FOOD SERVICES
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 4,447
Due From Other Funds	236,502
Inventory	27,535
TOTAL CURRENT ASSETS	**$ 268,484**
TOTAL ASSETS	**$ 268,484**
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Outflows Related to Pensions	$ 150,352
Deferred Outflows Related to OPEB	8,240
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$ 158,592**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 427,076**
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 4,585
Accrued Wages and Benefits	29,948
Unearned Revenue	4,935
TOTAL CURRENT LIABILITIES	**$ 39,468**
Noncurrent Liabilities:	
Net OPEB Liability	$ 44,720
Net Pension Liability	773,520
TOTAL NONCURRENT LIABILITIES	**$ 818,240**
TOTAL LIABILITIES	**$ 857,708**
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows Related to Pensions	$ 184,160
Deferred Inflows Related to OPEB	4,000
TOTAL DEFERRED INFLOWS OF RESOURCES	**$ 188,160**
NET POSITION	
Unrestricted (Deficit)	$ (618,792)
TOTAL NET POSITION (Deficit)	**$ (618,792)**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 427,076**

The accompanying notes are an integral part of these financial statements

EXHIBIT I

REDBANK VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	FOOD SERVICES
OPERATING REVENUES	
Food Service Revenue	$ 108,367
Total Operating Revenues	**$ 108,367**
OPERATING EXPENSES	
Personnel Services - Salaries	$ 283,897
Personnel Services - Employee Benefits	147,943
Purchased Property Services	24,789
Other Purchased Services	1,121
Supplies	309,320
Property	4,860
Other Operating Expenses	510
Total Operating Expenses	**$ 772,440**
OPERATING INCOME/(LOSS)	**$ (664,073)**
NONOPERATING REVENUES (EXPENSES)	
Earnings on Investments	$ 11
Local Sources	34,520
State Sources	100,576
Federal Sources	740,385
Refund of Prior Year Expenditures	16,135
Total Nonoperating Revenues (Expenses)	**$ 891,627**
CHANGE IN NET POSITION	**$ 227,554**
NET POSITION - JULY 1, 2021	82,559
Prior Period Adjustment	(928,905)
NET POSITION - JUNE 30, 2022 (Deficit)	**$ (618,792)**

The accompanying notes are an integral part of these financial statements

REDBANK VALLEY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	FOOD SERVICES
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Users	$ 99,268
Cash Payments to Employees for Services	(550,820)
Cash Payments to Suppliers for Goods and Services	(295,354)
Net Cash (Used for) Operating Activities	**$ (746,906)**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Local Sources	$ 34,520
State Sources	99,109
Federal Sources	457,572
Net Cash Provided by Non-Capital Financing Activities	**$ 591,201**
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	$ 11
Net Cash Provided (Used) by Investing Activities	**$ 11**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**$ (155,694)**
CASH AND CASH EQUIVALENTS - JULY 1, 2021	160,141
CASH AND CASH EQUIVALENTS - JUNE 30, 2022	**$ 4,447**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating Income (Loss)	**$ (683,699)**
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES:	
Donated Commodities	44,939
(Increase) Decrease in Due from Other Funds	(103,940)
(Increase) Decrease in Inventories	307
Increase (Decrease) in Accounts Payable	4,585
Increase (Decrease) in Unearned Revenue	(9,098)
Total Adjustments	**$ (63,207)**
Net Cash (Used for) Operating Activities	**$ (746,906)**

NONCASH NONCAPITAL FINANCING ACTIVITIES:
During the year, the District received $44,939 of food commodities from the U.S. Department of Agriculture.

The accompanying notes are an integral part of these financial statements

REDBANK VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2022

	STUDENT ACTIVITY CUSTODIAL FUNDS
ASSETS	
Cash and Cash Equivalents	$ 29,570
Investments	27,171
TOTAL ASSETS	**$ 56,741**
LIABILITIES AND NET POSITION	
LIABILITIES:	
Other Current Liabilities	$ -
TOTAL LIABILITIES	**$ -**
NET POSITION:	
Unrestricted	$ 56,741
TOTAL NET POSITION	**$ 56,741**
TOTAL LIABILITIES AND NET POSITION	**$ 56,741**

The accompanyng notes are an intergral part of these financial statements

REDBANK VALLEY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	STUDENT ACTIVITY CUSTODIAL FUNDS
ADDITIONS	
Student Club Organization Receipts	$ 100,365
TOTAL ADDITIONS	**$ 100,365**
DEDUCTIONS	
Student Club Organization Disbursements	$ 106,668
TOTAL DEDUCTIONS	**$ 106,668**
CHANGE IN NET POSITION	**$ (6,303)**
NET POSITION - JULY 1, 2021 (Restated)	63,044
NET POSITION - JUNE 30, 2022	**$ 56,741**

The accompanying notes are an integral part of these financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Redbank Valley School District was established under the authority of an act of the state legislature that designated a school board as the governing body. This District serves the surrounding municipalities which include the Boroughs of Hawthorn, New Bethlehem, and South Bethlehem, and the Townships of Madison, Mahoning, Oak Hall Independent, Porter, and Redbank. The School District operates under a locally-elected nine-member Board form of government and provides educational services as mandated by the Commonwealth of Pennsylvania and selected federal agencies. The Board of Education has complete authority over the operations and administration of the School District's activities.

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

The School District is associated with two jointly governed organizations (Note 10) and one public entity risk pool (Note 13). These organizations are:

- Jointly Governed Organizations:
  Clarion County Career Center
  Riverview Intermediate Unit #6

- Public Entity Risk Pool:
  Northwest School Health Consortium

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

The most significant of the School District's accounting policies are as follows:

FINANCIAL STATEMENT PRESENTAITON

GOVERNMENT-WIDE FINANCIAL STATEMENTS – The statement of net position (Exhibit A) and the statement of activities (Exhibit B) display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT PRESENTATION (Continued)

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

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

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

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

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

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

Fiduciary funds are reported using the economic resources measurement focus.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

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

The management of the Redbank Valley School District has determined that the revenues most susceptible to accrual (measurable and available) at June 30, 2022 under the modified accrual basis are **1)** delinquent real estate taxes collected by the district within 60 days following the close of the fiscal year, **2)** certain Act 511 taxes, **3)** federal and state subsidies earned in the fiscal year 2021-2022, and **4)** other miscellaneous revenues earned in fiscal year 2021-2022 but received subsequent to June 30, 2022. On the governmental fund financial statements, receivables that will not be collected within the 'available' period have been reported as 'deferred inflows of resources'.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at June 30, 2022, under the modified accrual basis are **1)** salaries, retirement, and social security budgeted and pertaining to the 2021-2022 fiscal year, but which were paid in July and August of 2022 in accordance with labor agreements, **2)** the District's share of retirement pay on salaries and wages earned during the first and second quarter of 2022, and **3)** utility costs and purchase orders for school supplies and operations obligated prior to June 30, 2022.

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

FUND ACCOUNTING

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Continued)

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

MAJOR GOVERNMENTAL FUNDS:

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

CAPITAL RESERVE FUND - The Capital Reserve Fund is used to account for financial resources used for the acquisition or construction of capital assets, as deemed necessary by the Board of Education.

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

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

BUDGETS

On June 24, 2021, the Redbank Valley School District adopted its fiscal year June 30, 2022 annual budget for the General Fund totaling $20,219,991 in accordance with the provisions of the Pennsylvania School Code. The budget is prepared utilizing the modified accrual basis of accounting in accordance with generally accepted accounting principles. The original and final budgetary amounts are reflected in these financial statements (Exhibit G). Actual expenditures exceeded budgeted expenditures during the 2021-2022 fiscal year. All annual appropriations of the General Fund lapse at year-end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETS (Continued)

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

a. Prior to May of the preceding fiscal year, the school district prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the revenues and other sources of funds used to finance these expenditures.
b. At least 20 days prior to the date set for budget adoption, the budget is made available for public inspection.
c. A meeting of the Board of Education is then held for the purpose of adopting the proposed budget. The meeting may only be held after 10 days of public notification.
d. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board of Education.
e. The budget must be filed with the Commonwealth of Pennsylvania, Department of Education by July 15 of the fiscal year or within 30 days of adoption.
f. Budgetary transfers are permitted after the first 90 days of the school district's fiscal year.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposit accounts and any other highly liquid, short-term investments, with original maturity terms of less than three months.

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

INVESTMENTS

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

I. Obligations of (a) the United States of American or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

II. Deposits in savings accounts, time deposits and share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral, as provided by law, is pledged by the depository.

III. U.S. government obligations, short-term commercial paper issued by a public corporation, and banker's acceptances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS (Continued)

Investments of the Redbank Valley School District include deposits pooled for investment purposes with PA Invest and Certificates of Deposits with maturities exceeding three months. Investments are reported at fair value.

There were no deposit and investment transactions during the year that were in violation of state statutes.

INVENTORIES

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

CAPITAL ASSETS AND DEPRECIATION

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

All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The School District maintains a capitalization threshold of $1,500. The cost of infrastructure is included as part of site improvements in the government-wide statement of net position. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities.

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

▪ Site Improvements	20-50 years
▪ Buildings and Improvements	20-50 years
▪ Furniture and Equipment	5-20 years
▪ Vehicles	8-20 years
▪ Library Books	7 years

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements (Exhibit E). The results of capitalizing fixed assets net of depreciation on the government-wide statement of net position and statement of activities, as opposed to recording these same assets as an expenditure in the fund financial statements (Exhibit E), is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

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

LONG-TERM DEBT FINANCING COSTS

Bond and note issue costs are recorded as expenditures in the governmental fund financial statements in the year paid. The School District did not incur bond or note issuance costs during the 2021-2022 fiscal year.

PENSIONS

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS), and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value. More information on pension activity is included in Note 11.

OTHER POSTEMPLOYMENT BENEFITS

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS), and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value. More information on other postemployment benefits activity is included in Note 12.

COMPENSATED ABSENCES

The School District reports compensated absences in accordance with the provisions of applicable GASB Statements. Separation payment benefits are accrued for professional employees (teachers) with 20 or more years of service based upon annual salary, years of service and an assigned factor as detailed in the collective bargaining agreement. Vacation benefits are accrued for support (20 day maximum) and administrative (20 day maximum) personnel based on their daily or hourly rate of pay.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES (Continued)

The entire compensated absences liability of $367,067 is shown as a non-current liability in the government-wide statement of net position. For governmental fund financial statements, compensated absences are recorded as expenditures when paid, rather than accrued when earned, as the likelihood of payment in the immediate fiscal year with available expendable resources is not assured.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of compensated absences and retiree health benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources.

In general, liabilities that mature or come due for payment during the fiscal year are considered to have been paid with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. The District's General Fund is typically used to liquidate long-term liability obligations.

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

UNEARNED REVENUE

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

NET POSITION

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

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.

- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION (Continued)

- Unrestricted – Consists of net position that do not meet the definition of 'restricted' or 'net investment in capital assets'.

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

FUND BALANCE

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

- Non-spendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact. Non-spendable fund balance of the Redbank Valley School District at June 30, 2022 was $403,586 for prepaid expenses.

- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation.

- Committed fund balance – amount constrained to specific purposes by the School District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

- Assigned fund balance – amounts the School District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

- Unassigned fund balance – amount that are available for any purpose.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND BALANCE (Continued)

Act 48 of 2003 prohibits school districts from increasing real property taxes beyond the annual index increase permitted by law, unless the school district has adopted a budget for such school year that includes an estimated ending unassigned fund balance which is not more than a specified percentage of the district's total budgeted expenditures. For the Redbank Valley School District, estimated ending unassigned fund balance must not exceed 8% of total budgeted expenditures.

ESTIMATES

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

OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Redbank Valley School District, these revenues are food service charges for lunch and breakfast service. Operating expenses are the necessary costs incurred to provide the aforementioned food service. Non-operating revenues of the District's food service proprietary fund are **1)** investment earnings, **2)** local contributions, **3)** state and federal subsidies, including donated commodities, received from the U.S. Department of Agriculture and **4)** refund of prior year expenditures. The District did not have non-operating expenses during the fiscal year.

ADOPTION OF GASB PRONOUNCEMENTS

The requirements of the following GASB Statement were adopted for the School District's 2021-2022 financial statements:

GASB issued Statement No. 87, *'Leases'*. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments.

GASB issued Statement No. 89, *'Accounting for Interest Cost Incurred before the end of a Construction Period'*. The primary objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and, (b) to simplify accounting for certain interest costs.

GASB issued Statement No. 92, *'Omnibus 2020'*. The primary objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of GASB Statement Nos. 73, 74, 84, and 87.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ADOPTION OF GASB PRONOUNCEMENTS (Continued)

GASB issued Statement No. 92 (Continued)

In addition, the Statement addresses various topics and includes specific provisions concerning the following:

- Measurement of liabilities (and assets, if any) related to asset retirement obligations (ARO') in a government acquisition
- Reporting by entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

GASB issued Statement No. 93, *'Replacement of Interbank Offered Rates'*. The primary objectives of this Statement are to address the accounting and financial reporting implications that result from the replacement of an interbank offering rate (IBOR).

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

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

PENDING GASB PRONOUNCEMENTS

GASB issued Statement No. 91, *'Conduit Debt Obligations'*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions of this Statement are effective for the School District's June 30, 2023 financial statements.

GASB issued Statement No. 94, *'Public-Private and Public-Public Partnerships and Availability Payment Arrangements'*. The primary objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and provide guidance for accounting and financial reporting for availability payment arrangements (APAs). The provisions of this Statement are effective for the School District's June 30, 2023 financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PENDING GASB PRONOUNCEMENTS (Continued)

GASB issued Statement No. 96, *'Subscription-Based Information Technology Arrangements'.* The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The provisions of this Statement are effective for the School District's June 30, 2023 financial statements.

GASB issued Statement No 99, *'Omnibus 2022.* The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PENDING GASB PRONOUNCEMENTS (Continued)

GASB issued Statement No 99 (Continued)

- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

The requirements related to leases, PPPs, and SBITAs are effective for the School District's June 30, 2023 financial statements.

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the School District's June 30, 2024 financial statements.

GASB issued Statement No 100, *'Accounting Changes and Error Correction'.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The provisions of this Statement are effective for the School District's June 30, 2024 financial statements.

GASB issued Statement No 101, *'Compensated Absences'.* The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this Statement are effective for the School District's June 30, 2025 financial statements.

The effects of implementing these Statements on the School District's financial statements have not yet been determined.

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS

At June 30, 2022, Redbank Valley School District had the following carrying values on its cash and cash equivalents accounts:

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS (Continued)

	BANK BALANCE	CARRYING VALUE
General Fund	$ 1,805,327	$ 1,463,481
Proprietary Fund	4,447	4,447
Student Activity Custodial Funds	30,352	29,570
	$ 1,840,126	**$ 1,497,498**
CD's classified as Investments	2,805,203	2,805,203
TOTAL	**$ 4,645,329**	**$ 4,302,701**

The difference between the bank balance and carrying value represents year-end reconciling items such as deposits in transit and outstanding checks. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is $250,000 per official custodian. This coverage includes checking and savings accounts, money market deposit accounts, and certificates of deposit.

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The School District's investment policy complies with Section 440.1 of the Public School Code of 1949 with the primary objectives being safety, liquidity and yield. As of June 30, 2022, $4,395,329 of the School District's bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the School District's name. In accordance with Act Number 7201971 Session on the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of $250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

INVESTMENTS

The amortized cost and fair value and maturity term of the District's investments as of June 30, 2022 is as follows:

	Amortized Cost/Fair Value	No Stated Maturity
Governmental:		
Investments	**$ 13**	**$ 13**

The purpose of PA Invest is to enable their available funds for investments authorized under the Intergovernmental Cooperation Act of 1972. The funds operate in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. The funds use amortized cost to report net position to compute share prices. These funds maintain net asset values of $1 per share. Accordingly, the fair value of the position in these funds is the same as the value of these shares.

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District's investments in PA Invest are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The District does not have a specific policy that would limit its investment choices to those with certain credit ratings.

Interest Rate Risk:

The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District has no formal policy, in addition to the requirements of the Pennsylvania School Code that limits its investment choices based on credit ratings by nationally recognized rating organizations. As of June 30, 2022, PA Invest was rated AAAm by the Standard and Poors nationally recognized statistical rating organization.

Fair Value Measurements:

The Redbank Valley School District's investments are reported at fair value within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No 72, *Fair Value Measurement and Application, provides a* framework for measuring fair value which establishes a three-level fair value hierarchy that prioritizes the inputs to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable (level 3 measurements). The three levels of the fair value hierarchy are described below:

- **Level 1** – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes.

- **Level 2** – Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data.

- **Level 3** – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments held in external investment pools such as PA Invest are not subject to the provisions of fair value measurements as they are recorded at amortized cost.

NOTE 3 - PROPERTY TAXES

The Redbank Valley School District levies property taxes July 1 of each fiscal year. The tax millage assessment for the 2021-2022 fiscal year was 30.0738 mills for Armstrong County and 43.9880 for Clarion County, which represents $30.0738 and $43.9880 of revenue respectively for every $1,000 of assessed property value. Taxpayers are entitled to a 2% discount if taxes are paid prior to September 1. Collections beginning November 1 are assessed a 10% penalty. Tax collectors are required under Act 169 of the Commonwealth of Pennsylvania to submit a reconciliation of their tax duplicate to the District by January 15th of the year following levy. Unpaid taxes are submitted to the Clarion County Tax Claim Bureau for collection. The final tax collector reconciliations reflected $199,717 in unpaid 2022 property taxes, which represents 5.9% of the total assessed property taxes ($3,357,033) for the current fiscal year.

Taxes receivable as shown in the government-wide statement of net position includes delinquent property taxes of $184,342. For purposes of the governmental fund financial statements, these delinquent property taxes receivable, although measurable, do not meet the available criteria to finance current fiscal year operations. Accordingly, this amount is equally off-set as a credit to 'deferred inflows of resources' in the fund financial statements.

The effect of recognizing property tax revenue when taxes are levied, as opposed to when they are received using the 'measurable and available' criteria under the modified accrual basis of accounting, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F). Taxes receivable are comprised of the following at June 30, 2022:

Taxes receivable, as reflected on Exhibits A and C, are comprised of the following at June 30, 2022:

Delinquent Property Taxes	$	184,342
Delinquent Property Taxes (collected within 60 days)		52,432
Deed Transfer Taxes		2,283
	$	**239,057**

NOTE 4 – DUE FROM OTHER GOVERNMENTS

The amount of 'due from other governments', as reflected on the government-wide statement of net position, the governmental funds balance sheet, and the propriety fund statement of net position is comprised of the following at June 30, 2022:

Commonwealth of PA - State Subsidies	$	652,726
Federal Grants/Subsidies		307,644
Riverview Intermediate Unit		20,442
Lancaster/Lebanon Intermediate Unit		10,000
Clarion County Career Center		116,177
AC Valley School District		22,800
	$	**1,129,789**

NOTE 5 – OTHER RECEIVABLES

The amount of 'other receivables' as reflected on the governmental funds balance sheet (Exhibits C) and the government wide statement of net position (Exhibit A), is comprised of $39,434 in miscellaneous revenues due the General Fund.

NOTE 6 – UNEARNED REVENUE

Unearned revenue totaling $170,456, as reflected on the government wide statement of net position (Exhibit A), the governmental funds balance sheet (Exhibit C), and the proprietary fund statement of net position (Exhibit H), is comprised of federal grant program revenue totaling $165,521 and advance payments on student lunch and breakfast accounts totaling $4,935.

NOTE 7 - CAPITAL ASSETS

A summary of the governmental fixed asset activity for the 2021-2022 fiscal year was as follows:

	Balance 7/1/2021	Additions	Deductions and Adjustments	Balance 6/30/2022
Governmental Activities				
Land (Non-Depreciable)	$ 337,281	$ -	$ -	$ 337,281
Site Improvements	1,273,017	-	-	1,273,017
Building and Improvements	6,919,413	12,450	(588,913)	6,342,950
Machinery and Equipment	4,440,569	413,978	275,825	5,130,372
	$ 12,970,280	**$ 426,428**	**$ (313,088)**	**$ 13,083,620**
Less: Accumulated depreciation				
Site Improvements	$ (1,211,729)	$ (3,405)	-	$ (1,215,134)
Building and Improvements	(3,394,306)	(123,635)	-	(3,517,941)
Machinery and Equipment	(3,720,175)	(206,856)	-	(3,927,031)
	$ (8,326,210)	**$ (333,896)**	**$ -**	**$ (8,660,106)**
Governmental Activities Capital Assets, Net	**$ 4,644,070**	**$ 92,532**	**$ (313,088)**	**$ 4,423,514**

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 254,892
Instructional Student Support	22,409
Administrative and Financial Support Services	30,776
Operation and Maintenance of Plant Services	16,239
Student Activities	9,580
	$ 333,896

NOTE 8 – INTER-FUND OBLIGATIONS

Inter-fund receivables and payables as reflected on the governmental and proprietary funds balance sheets (Exhibits C and H) are as follows:

	RECEIVABLE	PAYABLE
General Fund	$ -	$ 236,502
Cafeteria Fund	236,502	-
	$ 236,502	**$ 236,502**

NOTE 9 - LONG-TERM LIABILITIES

GENERAL OBLIGATION BONDS - SERIES OF 2013

On January 10, 2013, the Redbank Valley School District issued General Obligation Bonds, Series of 2013 in the amount of $1,135,000. The proceeds of the bond issue will be used to **1)** refund, on an advance refunding basis, all of the School District's outstanding State Public School Building Authority, School Revenues Bonds, Series of 2009, **2)** fund certain capital improvements to the School District, and **3)** pay the costs associated with the issuance of the bonds. The bonds were issued in denominations of $5,000 with interest payable on March 1 and September 1 each year through maturity. Interest rates on the bonds range between 1.0% and 3.0%, with the bonds scheduled to mature on September 1, 2030. The bonds provide for early redemption options for the School District as more fully described in the detailed Official Statement.

GENERAL OBLIGATION BONDS – SERIES OF 2017

On October 18, 2017, the Redbank Valley School District issued General Obligation Bonds ,Series of 2017 in the amount of $5,750,000. The proceeds of the bond issue will be used to 1) refund, on a current refunding basis, all of the School District's outstanding General Obligation Bonds, Series B of 2012 and 2) to pay the costs associated with the issuance of the bonds. The bonds were issued in denominations of $5,000 with interest payable on March 1, and September 1 each year through maturity. Interest rates on the bonds range between 2.0% and 2.7%, with the bonds scheduled to mature on September 1, 2030. The bonds provide for early redemption options for the School District as more fully described in the official statement.

DEFAULT PROVISIONS – GENERAL OBLIGATION BONDS

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

The School District paid bond discount costs in connection with its various outstanding general obligation bond issues. These costs are being amortized on a straight-line basis over the life of the bond issue. The unamortized amount of bond discount totaling $15,211 is reflected as a component of 'Bonds Payable – Long-Term Portion (Net)' in the governmental activities column on the government-wide statement of net position. Amortization expense for the year ended June 30, 2022 was $1,872. This amount was charged to the 'Interest on Long-Term Debt' expense category in the statement of activities.

A summary of the debt service requirements on the Redbank Valley School District's general obligation bonds outstanding at June 30, 2022 is as follows:

NOTE 9 - LONG-TERM LIABILITIES

YEAR END JUNE 30,	2013 PRINCIPAL	2017 PRINCIPAL	TOTAL INTEREST	TOTAL
2023	$ 45,000	$ 525,000	$ 119,606	$ 689,606
2024	50,000	535,000	107,853	692,853
2025	55,000	545,000	95,635	695,635
2026	55,000	555,000	83,150	693,150
2027	55,000	570,000	69,703	694,703
2028-2031	500,000	1,910,000	122,109	2,532,109
	$ 760,000	**$ 4,640,000**	**$ 598,056**	**$ 5,998,056**

The following represents the changes in the District's governmental and business-type activities long-term liabilities during the 2021-2022 fiscal year:

	Balance 7/1/2021	Additions	Reductions	Balance 6/30/2022	Due Within One Year
General Obligation Bonds	$ 5,965,000	$ -	$ 565,000	$ 5,400,000	$ 570,000
Compensated Absences	360,207	6,860	-	367,067	-
Net Pension Liability	24,373,000	-	5,808,520	18,564,480	-
Net OPEB Obligation	3,449,000	1,073,280	1,975,000	2,547,280	-
	$ 34,147,207	**$ 1,080,140**	**$ 8,348,520**	**$ 26,878,827**	**$ 570,000**

	Balance 7/1/2021	Additions	Reductions	Balance 6/30/2022	Due Within One Year
Business-Type Activities:					
Net Pension Liability	$ -	$ 773,520	$ -	$ 773,520	$ -
Net OPEB Obligation	-	44,720	-	44,720	-
	$ -	**$ 818,240**	**$ -**	**$ 818,240**	**$ -**

NOTE 10 – JOINTLY GOVERNED ORGANIZATIONS

CLARION COUNTY CAREER CENTER

The Redbank Valley School District, in conjunction with six other School Districts (Union, Clarion-Limestone, Clarion, North Clarion, Keystone, and Allegheny Clarion Valley) funds the operating budget of the Clarion County Career Center. The Career Center is designed to teach students from member districts trade related professions. Each district's share of tuition is based on the percentage of the district's enrollment to the total enrollment at the Career Center. The Career Center's Joint Operating Committee is comprised of two appointed board members from each of the seven School Districts. The Redbank Valley School District contributed $497,809 in tuition and received $102,135 subsidy from the Career Center for the year ended June 30, 2022. The Career Center issues separate financial statements annually, a copy of which can be obtained by contacting the Clarion County Career Center's business office at 447 Career Road, Shippenville, PA 16254.

NOTE 10 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

RIVERVIEW INTERMEDIATE UNIT

The Redbank Valley School District participates with 16 other School Districts and 3 Vocational-Technical schools located in Venango, Clarion, Jefferson and Forest Counties and parts of Armstrong, Butler, Clearfield, Crawford and Indiana Counties in the Riverview Intermediate Unit #6 (RIU6). The RIU6 was established in 1971 by Act 102 of the Commonwealth of Pennsylvania to function as a regional educational service agency for 17 school districts, as well as nonpublic schools and other institutions, located within these Counties. The RIU6 provides numerous support programs, training and therapy services. The Riverview Intermediate Unit is governed by a seventeen (17) member board appointed by the 17 participating school districts on a rotating basis. The School District contributed $12,340 and $20,004 for an operating contribution and transportation recovery contribution respectively, to RIU6 through state subsidy withholdings, for the year-ended June 30, 2022. The Riverview Intermediate Unit issues separate financial statements annually which can be obtained by contacting the RIU6 directly.

NOTE 11 - PENSION PLAN

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

Plan Description

PSERS is a governmental cost-sharing multiple-employer defined-benefit 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 a least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age.

Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

NOTE 11 – PENSION PLAN (Continued)

Benefits Provided (Continued)

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% 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.

Member Contributions

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

NOTE 11 – PENSION PLAN (Continued)

Member Contributions (Continued)

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

Employer Contributions

Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2022, the rate of employer's contribution was 34.14% (33.99% employer pension rate and .15% Act 5 defined contribution rate) of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the employer were $2,688,791 for the year ended June 30, 2022.

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

At June 30, 2022, the School District reported a liability of $19,338,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2020, to June 30, 2021. The School 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, 2021 (the measurement date), the School District's proportion was .0471% which was a decrease of .0024% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized pension expense of $497,229. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 14,000	$ 254,000
Changes in assumptions	938,000	-
Net difference between projected and actual investment earnings	-	3,078,000
Changes in proportion	118,000	1,272,000
Contributions subsequent to the measurement date	2,688,791	-
	$ 3,758,791	**$ 4,604,000**

The $2,688,791 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ended June 30, 2022.

NOTE 11 – PENSION PLAN (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Date Year ended June 30,	Reporting Date Year ended June 30,	Amortization Amount
2022	2023	$ (1,009,000)
2023	2024	(867,000)
2024	2025	(663,000)
2025	2026	(995,000)

Actuarial Assumptions

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

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

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

Investment Asset Allocation

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

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

NOTE 11 – PENSION PLAN (Continued)

Investment Asset Allocation (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	27.0%	5.20%
Private equity	12.0%	7.30%
Fixed Income	35.0%	1.80%
Commodities	10.0%	2.00%
Absolute return	8.0%	3.10%
Infrastructure/MLP's	8.0%	5.10%
Real estate	10.0%	4.70%
Cash	3.0%	0.10%
Leverage	-13.0%	0.10%
	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, 2021.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School District's proportionate share of the net pension liability	$ 25,381,000	$ 19,338,000	$ 14,240,000

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.pa.gov.

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM

General Information about the Health Insurance Premium Assistance Program

PSERS provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS's Health Options Program. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the System (PSERS) can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program

Plan Description

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

Benefits Provided

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

Contributions

The District's contractually required contribution for the fiscal year ended June 30, 2022 was 0.80% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. During the 2021-2022 fiscal year, the Redbank Valley School District contributed $63,006 to the premium assistance program.

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)

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

At June 30, 2022, the District reported a liability of $1,118,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2020 to June 30, 2021. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021 (the measurement date), the district's proportion was 0.0472%, which is a decrease of .0022% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, Redbank Valley School District recognized OPEB expense of $48,425. At June 30, 2022, 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
Difference between expected and actual experience	$ 10,000	$ -
Changes in assumptions	119,000	15,000
Difference between projected and actual investment earnings	2,000	-
Changes in proportion	12,000	85,000
Contributions subsequent to the measurement date	63,006	-
	$ 206,006	**$ 100,000**

The $63,006 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Date Year ended June 30,	Reporting Date Year ended June 30,	Amortization Amount
2022	2023	$ 3,000
2023	2024	3,000
2024	2025	11,000
2025	2026	13,000
2026	2027	6,000
Thereafter	Thereafter	7,000

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)

Actuarial Assumptions

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

- Actuarial Cost Method – Entry Age Normal – level % of pay
- Investment Return – 2.18% based on the S&P 20 Year Municipal Bond Rate.
- Salary Increases – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at $1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

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

Investment Asset Allocation

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

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	79.8%	0.10%
US Core Fixed Income	17.5%	0.70%
Non-US Developed Fixed	2.7%	-0.30%
	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, 2021.

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.18%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.18% which represents the S&P 20-year Municipal Bond Rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the Net OPEB liability to changes in the Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2021, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. As of June 30, 2021, 93,392 retirees were receiving the maximum amount allowed of $1,200 per year and 611 members were receiving less than the maximum amount allowed of $1,200 per year. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the net OPEB liability of the District as of the June 30 2021 measurement date, calculated using current Healthcare cost trends as well as what the District net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rates	1% Increase
Net OPEB Liability	$ 1,118,000	$ 1,118,000	$ 1,118,000

Sensitivity of the Net OPEB liability to changes in the Discount Rate

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

	1% Decrease 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
Net OPEB Liability	$ 1,283,000	$ 1,118,000	$ 982,000

OPEB plan fiduciary net position

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

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

DISTRICT – POST-RETIREMENT HEALTHCARE BENEFIT PLAN

Plan Description

In addition to the retirement benefits as described in Note 11, the Redbank Valley School District provides post-retirement health care benefits (health and prescription drug insurance), as detailed in the collective bargaining agreement between the District and the Redbank Valley Education Association. 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.

The plan is unfunded and no financial report is prepared. These benefits are accounted for in accordance with GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

Funding Policy

The contribution requirements of plan members and the School District are established and may be amended by the Redbank Valley Board of Education. The plan is funded on a pay-as-you-go basis, i.e., premiums are paid to fund the health care benefits provided to current retirees. There are no assets that have been segregated and restricted to provide for retiree medical benefits. During the 2021-2022 fiscal year, the Redbank Valley School District paid premiums of $19,719 for 4 participants.

Participant Data

The July 1, 2021 valuation reflected the following participant data:

	PARTICIPANT DATA
Active employees	128
Retirees	9
Total	**137**

Changes in the Total OPEB Liability

The District's total OPEB liability of $1,474,000 was measured as of July 1, 2021, and was determined by an actuarial valuation performed as of July 1, 2020. As the District's OPEB plan is unfunded, the total OPEB liability is equal to the net OPEB liability.

Balance at July 1, 2021	$ 3,449,000
Changes for the year:	
Service cost	183,000
Interest	74,000
Changes of benefit terms	(1,620,000)
Effect of liability gains or losses	(4,000)
Changes in assumptions or other inputs	(519,000)
Benefit payments	(89,000)
Net Changes	(1,975,000)
Balance at June 30, 2022	**$ 1,474,000**

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)

Actuarial Assumptions

- Discount Rate – 3.54% - based on 20-Bond GO Bond Buyer municipal bond index.
- CPI – 2.30% compounded annually – based on the 30-year breakeven inflation rate in combination with the Blue Chip Financial Forecasts.
- Health Cost Trend – 5.70% in 2023 decreasing to 3.70 in 2075 and later.
- Monthly Per Capita Claims Cost – vary by age, gender and employee versus spouse.
- Coverage Election Rates – Teachers – 75% 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 – 50% of current active members who do not retire with an incentive are assumed to elect to purchase coverage. Support Staff – 25% of current active members who are eligible to purchase coverage at retirement are assumed to elect to purchase coverage.
- Dependent Coverage – Teachers, Administrators, and Support Staff – 10% of current active members who elect coverage upon retirement are assumed to cover a spouse, with wives 3 years younger than husbands.
- Mortality – PubG-H2010 Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2021 from 2010 base year and projected forward on a generational basis with Scale MP-2021.
- Termination – Withdrawal rates are based on rates utilized in the Actuarial Valuation for PSERS and vary by age, service, and gender.
- Retirement – Retirement rates are based on the rates utilized in the Actuarial Valuation for PSERS and vary by age, service, and gender.
- Salary Increases – For purposes of cost method allocation, assumed salary increases are based on the rates utilized in the Actuarial Valuation for PSERS and vary by age.

OPEB Expense

	AMOUNT
Service cost	$ 183,000
Interest	74,000
Changes of benefit terms	(1,620,000)
Recognition of economic/demographic gains/losses	46,000
Recognition of assumption changes or inputs	(6,000)
OPEB Expense	**$ (1,323,000)**

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

For the year ended June 30, 2022, Redbank Valley School District recognized OPEB expense of a negative $1,392,281. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 234,000	$ 3,000
Changes of assumptions	444,000	572,000
	$ 678,000	$ 575,000

Other amounts currently reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Amortization Amount
2023	$ 40,000
2024	40,000
2025	40,000
2026	81,000
2027	69,000
Thereafter	(167,000)

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

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

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Total OPEB Liability	$ 1,592,000	$ 1,474,000	$ 1,361,000

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

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

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 1,308,000	$ 1,474,000	$ 1,668,000

NOTE 13 - RISK AND UNCERTAINTIES

GENERAL INSURANCE

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

HEALTH INSURANCE

The Redbank Valley School District is a member of the Northwest School Health Consortium. The Consortium is a public entity risk pool designed to administer health and medical insurance risks on a pooled risk basis. The Consortium elected to finance these health care benefits using a self-insured approach known as an Administrative Service Contract (ASC) arrangement. Under this arrangement, the consortium contracts for an insurer (Highmark Blue Cross/Blue Shield) to settle the payment for benefits at their provider discounted contract amounts plus a fee for administration rather than paying for benefits at non-discounted claims rates.

The Reschini Group performs billing and collection services for the Consortium's deposit (medical) and premium (supplemental) amounts. Billing administration is provided through Crown benefits Administration who also monitors and submits to Highmark all enrollment and eligibility changes for all coverages. Contributions from participating members are determined annually in advance by the Consortium's operating committee. These contributions are based on amounts required to fund anticipated benefits and claims, as well as operational costs.

The monthly payments of each member are determined by the terms of the medical benefit chosen by such members. Participating members are permitted to withdraw from the Consortium and are entitled to a vested interest in the Consortium fund balance after settlement of all claims related to that member over a period of 12 months from the date of withdrawal. As of June 30, 2022, the Consortium net position reflected a balance of $1,953,035. Redbank Valley School District's contributions to the plan for the fiscal year ended June 30, 2022 totaled $1,756,565.

STATE AND FEDERAL SUBSIDIES

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

LEGAL MATTERS

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

NOTE 13 - RISK AND UNCERTAINTIES (Continued)

PANDEMIC IMPACT

The impact of the coronavirus (COVID-19) is ongoing and varies from region to region and from day to day, and any significant additional spreading of the virus could adversely affect the School District's operations and finances. The outbreak of the COVID-19 virus is likely to have a negative impact in 2022-2023 on the global and local economy and, might impact the School District's financial results in 2022-2023 and beyond. Given the dynamic nature of this pandemic, however, the extent to which the COVID-19 virus impacts the School District's results will depend on future developments, which remain highly uncertain and cannot be predicted at this time.

NOTE 14 – PRIOR PERIOD ADJUSTMENTS

The prior period adjustment totaling $536,607 to the July 1, 2020 fund balance of the District's General Fund, as reflected on Exhibits E and G, and $183,952, to the governmental activities net position of the District as reflected on Exhibit B, represents revisions to several prior year balance sheet items. The prior period adjustment totaling $928,905 to the July 1, 2020 net position of the District's Proprietary Fund, as reflected on Exhibits B and I, represents revisions to several prior year balance sheet items.

NOTE 15 – SUBSEQUENT EVENTS

Management has determined that there are no events, subsequent to June 30, 2022 through the March 24, 2023 date of the 'Independent Auditor's Report', which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

REDBANK VALLEY SCHOOL DISTRICT
DETAILED SCHEDULE OF BUDGETED AND ACTUAL REVENUES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
LOCAL SOURCES:			
Real Estate	$ 3,140,546	$ 3,120,507	$ (20,039)
Public Utility Tax	3,008	3,924	916
Payments in Lieu of Taxes	2,629	5,090	2,461
Per Capita Taxes	26,260	54,747	28,487
Occupation Taxes	25,760	26,935	1,175
Wage Taxes/Delinquent Wage Taxes	763,560	776,251	12,691
RE Transfer Tax	50,500	75,267	24,767
Delinquent Real Estate Taxes	186,850	215,857	29,007
Interest on Investments	65,650	8,004	(57,646)
Admissions	39,390	35,559	(3,831)
Bookstore Sales	14,140	17,950	3,810
Fees	79,726	52,700	(27,026)
State Revenue Received School	82,820	102,135	19,315
Federal Revenue Received Other	45,450	16,090	(29,360)
Federal Pass Thru IDEA Fund	212,100	198,965	(13,135)
Rentals	2,020	1,500	(520)
Contributions and Donations	-	2,000	2,000
Regular School Tuition	-	25,121	25,121
Summer School Tuition	-	1,150	1,150
Receipts Other LEAs In	505	-	(505)
Refund prior year expenses	-	9,428	9,428
Miscellaneous	4,040	133,062	129,022
TOTAL LOCAL SOURCES	**$ 4,744,954**	**$ 4,882,242**	**$ 79,462**
STATE SOURCES:			
Basic Education	$ 8,851,560	$ 8,935,063	$ 83,503
Tuition Orphans & Child	20,200	22,386	2,186
Special Education	1,039,706	961,748	(77,958)
SD Tranportation	1,112,616	940,154	(172,462)
Non Public Trans	10,100	5,390	(4,710)
Health Services / Act 25	20,806	-	(20,806)
Property Tax Relief	250,453	19,768	-
Safe Schools Revenue	-	250,453	250,453
Ready to Learn Grant	229,939	229,939	-
Social Security	396,748	412,732	15,984
Retirement	1,775,483	1,936,605	161,122
TOTAL STATE SOURCES	**$ 13,707,611**	**$ 13,714,238**	**$ 76,192**

REDBANK VALLEY SCHOOL DISTRICT
DETAILED SCHEDULE OF BUDGETED AND ACTUAL REVENUES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
FEDERAL SOURCES:			
Title I - Education Of Disadvantage	$ 285,689	$ 250,717	$ (34,972)
Title II - Individuals With Disability	37,228	15,849	(21,379)
Title IV	25,090	24,841	(249)
Title VI	21,772	-	(21,772)
CARES Act - ESSER I	70,796	112,881	42,085
GEERs CEEG Cares	-	-	-
ESSER II	576,643	685,282	108,639
ARP ESSER III	640,108	223,658	(416,450)
PCCD CARES Act	34,500	7,106	(27,394)
ARP ESSER Summer Program	-	21,174	-
ARP ESSER After School	-	5,457	-
SBAP	75,000	50,000	-
Med Assist Reimb Admin	600	2,808	-
TOTAL FEDERAL SOURCES	**$ 1,767,426**	**$ 1,399,773**	**$ (371,492)**
TOTAL REVENUES AND OTHER FINANCING SOURCES	**$ 20,219,991**	**$ 19,996,253**	**$ (215,838)**

The accompanying notes are an integral part of these financial statements

REDBANK VALLEY SCHOOL DISTRICT
DETAILED SCHEDULE OF BUDGETED AND ACTUAL REVENUES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

INSTRUCTION:	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REGULAR PROGRAMS:			
Personal Services - Salaries	$ 4,240,617	$ 4,647,605	$ (406,988)
Personal Services - Employee Benefits	2,992,743	3,103,090	(110,347)
Purchased Professional/Technical Services	155,503	145,603	9,900
Purchased Property Services	19,890	19,888	2
Other Purchased Services	1,063,101	1,343,749	(280,648)
Supplies	684,870	566,082	118,788
Property	284,897	157,360	127,537
Other Objects	3,550	6,416	(2,866)
TOTAL REGULAR PROGRAMS	$ 9,445,171	$ 9,989,793	$ (544,621)
SPECIAL PROGRAMS:			
Personal Services - Salaries	$ 1,074,964	$ 1,055,440	$ 19,524
Personal Services - Employee Benefits	829,609	809,831	19,778
Purchased Professional/Technical Services	901,266	874,876	26,390
Purchased Property Services	9,500	264	
Other Purchased Services	256,870	256,826	44
Supplies	19,215	21,538	(2,323)
Property	2,930	2,926	
Other Objects	1,520	551	
TOTAL SPECIAL PROGRAMS	$ 3,095,875	$ 3,022,253	$ 63,413
VOCATIONAL EDUCATION PROGRAMS:			
Other Purchased Services	$ 613,984	$ 497,809	$ 116,175
TOTAL VOCATIONAL EDUCATION PROGRAMS	$ 613,984	$ 497,809	$ 116,175
OTHER INSTRUCTIONAL PROGRAMS:			
Personal Services - Salaries	$ 15,562	$ -	$ 19,524
Personal Services - Employee Benefits	6,721	-	19,778
Other Purchased Services	300	-	-
Supplies	1,300	900	400
TOTAL OTHER INSTRUCTIONAL PROGRAMS	$ 23,883	$ 900	$ 39,702
TOTAL INSTRUCTION	$ 13,178,913	$ 13,510,764	$ (331,842)
PUPIL PERSONNEL:			
Personal Services - Salaries	$ 267,255	$ 228,385	$ 38,870
Personal Services - Employee Benefits	223,318	175,552	47,766
Purchased Professional/Technical Services	725	-	725
Purchased Property Services	300	-	300
Other Purchased Services	1,400	825	575
Supplies	3,083	754	2,329
Other Objects	1,425	-	1,425
TOTAL PUPIL PERSONNEL	$ 497,506	$ 405,516	$ 91,991
INSTRUCTIONAL STAFF:			
Personal Services - Salaries	$ 213,287	$ 135,448	$ 77,839
Personal Services - Employee Benefits	155,069	108,738	46,331
Purchased Professional/Technical Services	35,500	15,166	20,334
Purchased Property Services	600	600	
Other Purchased Services	16,000	4,208	11,792
Supplies	13,456	11,919	1,537
TOTAL INSTRUCTIONAL STAFF	$ 433,912	$ 276,079	$ 157,833
ADMINISTRATION:			
Personal Services - Salaries	$ 479,416	$ 522,352	$ (42,936)
Personal Services - Employee Benefits	326,561	336,850	(10,288)
Purchased Professional/Technical Services	142,256	141,598	658
Purchased Property Services	1,744	1,744	-
Other Purchased Services	26,670	29,770	(3,100)
Supplies	11,706	8,927	2,779
Property	160	160	-
Other Objects	11,264	12,003	(739)
TOTAL ADMINISTRATION	$ 999,777	$ 1,053,403	$ (53,627)

REDBANK VALLEY SCHOOL DISTRICT
DETAILED SCHEDULE OF BUDGETED AND ACTUAL REVENUES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
PUPIL HEALTH:			
Personal Services - Salaries	$ 137,567	$ 137,544	$ 22
Personal Services - Employee Benefits	86,368	90,486	(4,118)
Purchased Professional/Technical Services	29,426	24,573	4,853
Purchased Property Services	584	-	584
Other Purchased Services	175	112	63
Supplies	8,621	3,236	5,385
Property	438	248	190
TOTAL PUPIL HEALTH	$ 263,179	$ 256,199	$ 6,980
BUSINESS:			
Personal Services - Salaries	$ 93,090	$ 85,404	$ 7,686
Personal Services - Employee Benefits	87,231	82,743	4,488
Purchased Professional/Technical Services	6,300	1,722	4,578
Purchased Property Services	900	255	645
Other Purchased Services	3,780	3,559	221
Supplies	14,350	14,117	233
Property	1,470	1,468	
Other Objects	13,100	13,118	(18)
TOTAL BUSINESS	$ 220,221	$ 202,386	$ 17,834
OPERATION & MAINTENANCE OF PLANT SERVICES:			
Personal Services - Salaries	$ 363,430	$ 363,332	$ 98
Personal Services - Employee Benefits	312,175	330,692	(18,517)
Purchased Professional/Technical Services	66,446	66,438	8
Purchased Property Services	344,546	344,520	27
Other Purchased Services	208,826	208,808	18
Supplies	227,128	227,133	(5)
Property	66,105	65,664	441
Other Objects	352	352	-
OF PLANT SERVICES	$ 1,589,008	$ 1,606,939	$ (17,930)
STUDENT TRANSPORTATION:			
Other Purchased Services	$ 1,483,715	$ 1,483,715	$ -
Supplies	4,300	4,300	-
TOTAL STUDENT TRANSPORTATION	$ 1,488,015	$ 1,488,015	$ -
CENTRAL:			
Personal Services - Salaries	$ 80,830	$ 80,826	$ 3
Personal Services - Employee Benefits	69,607	71,703	(2,097)
Purchased Professional/Technical Services	8,000	3,420	4,580
Other Property Services	32,500	10,480	
Other Purchased Services	22,460	21,584	876
Supplies	101,265	98,731	2,534
Property	7,563	124,713	(117,150)
Other Objects	625	675	(50)
TOTAL CENTRAL SERVICES	$ 322,850	$ 412,132	$ (111,303)
OTHER SUPPORT SERVICES:			
Other Purchased Services	$ 12,340	$ 12,340	$ -
TOTAL OTHER SUPPORT SERVICES:	$ 12,340	$ 12,340	$ -
TOTAL SUPPORT SERVICES	$ 5,826,808	$ 5,713,007	$ 113,801

REDBANK VALLEY SCHOOL DISTRICT
DETAILED SCHEDULE OF BUDGETED AND ACTUAL REVENUES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
OPERATION OF NON-INSTRUCTIONAL SERVICES:			
STUDENT ACTIVITIES:			
Personal Services - Salaries	$ 223,264	$ 214,347	$ 8,918
Personal Services - Employee Benefits	69,729	53,066	16,662
Purchased Professional/Technical Services	30,400	28,621	1,779
Purchased Property Services	3,116	2,000	1,116
Other Purchased Services	56,300	56,557	(257)
Supplies	17,045	11,853	5,192
Property	-	-	-
Other Objects	41,403	37,438	3,965
Other Use of Funds	6,085	6,084	1
TOTAL STUDENT ACTIVITIES	$ 447,342	$ 409,966	$ 37,376
TOTAL OPERATION OF NON-INSTRUCTIONAL SERVICES	$ 447,342	$ 409,966	$ 37,376
OTHER FINANCING USES:			
DEBT SERVICE:			
Other Objects	$ 144,908	$ 130,984	$ 13,924
Other Uses of Funds	565,000	565,000	-
TOTAL DEBT SERVICE/REFUND PRIOR YEAR	$ 709,908	$ 695,984	$ 13,924
BUDGETARY RESERVE:	$ 57,021	$ -	$ 57,021
TOTAL OTHER FINANCING USES	$ 57,021	$ -	$ 57,021
TOTAL EXPENDITURES	$ 20,219,992	$ 20,329,712	$ (109,720)

REQUIRED SUPPLEMENTARY INFORMATION

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

As of the measurement date of June 30,	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0471%	0.0495%	0.0512%	0.0502%	0.0520%	0.0524%	0.0524%
District's proportionate share of the net pension liability	$ 19,338,000	$ 24,373,000	$ 23,953,000	$ 24,098,000	$ 25,682,000	$ 25,968,000	$ 23,694,000
District's covered payroll	$ 6,687,146	$ 7,064,515	$ 6,760,939	$ 6,562,410	$ 6,742,486	$ 7,182,714	$ 7,161,798
District's proportionate share of the net pension liability as a percentage of its covered payroll	289.18%	345.01%	354.29%	367.21%	380.90%	361.53%	330.84%
Plan fiduciary net position as a percentage of the total pension liability	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the preceding fiscal year.

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

REDBANK VALLEY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE REQUIRED CONTRIBUTIONS
DEFINED BENEFIT PENSION PLAN
JUNE 30,

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	$ 2,688,791	$ 2,255,698	$ 2,355,704	$ 2,248,495	$ 2,029,829	$ 1,968,806	$ 1,773,412	$ 1,458,142
Contribution in relation to the contractually required contribution	(2,688,791)	(2,255,698)	(2,355,704)	(2,248,495)	(2,029,829)	(1,968,806)	(1,773,412)	(1,458,142)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 7,278,845	$ 6,687,146	$ 7,064,415	$ 6,760,939	$ 6,562,410	$ 6,742,486	$ 7,182,714	$ 7,161,798
Contributions as a percentage of covered payroll	36.94%	33.73%	33.35%	33.26%	30.93%	29.20%	24.69%	20.36%

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

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

As of the measurement date of June 30,	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.0472%	0.0494%	0.0512%	0.0502%	0.0520%
District's proportionate share of the net OPEB liability	$ 1,118,000	$ 1,067,000	$ 1,089,000	$ 1,047,000	$ 1,059,000
District's covered payroll	$ 6,678,146	$ 7,064,415	$ 6,760,939	$ 6,562,410	$ 6,742,486
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.74%	15.10%	16.11%	15.95%	15.71%
Plan fiduciary net position as a percentage of the total OPEB liability	5.30%	5.69%	5.56%	5.56%	5.73%

The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the preceding fiscal year.

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

REDBANK VALLEY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE REQUIRED OPEB CONTRIBUTIONS
PSERS PLAN
JUNE 30,

	2022	2021	2020	2019	2018
Contractually Required Contributions	$ 63,006	$ 54,903	$ 59,157	$ 57,247	$ 53,080
Contribution in relation to the contractually required contribution	(63,006)	(54,903)	(59,157)	(57,247)	(53,080)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 7,278,845	$ 6,687,146	$ 7,064,515	$ 6,760,939	$ 6,562,410
Contributions as a percentage of covered payroll	0.87%	0.82%	0.84%	0.85%	0.81%

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

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

	2022	2021	2020	2019	2018
Service cost	$ 183,000	$ 177,000	$ 97,000	$ 94,000	$ 127,000
Interest	74,000	72,000	76,000	80,000	83,000
Change of benefits terms	(1,620,000)	-	-	-	-
Effect of liability gains or losses	(4,000)	-	375,000	-	-
Changes of assumptions or other inputs	(519,000)	18,000	625,000	75,000	(296,000)
Benefit payments	(89,000)	(115,000)	(120,000)	(140,000)	(173,000)
Net Change in Total OPEB Liability	**$ (1,975,000)**	**$ 152,000**	**$ 1,053,000**	**$ 109,000**	**$ (259,000)**
Total OPEB Liability - Beginning of Year	**3,449,000**	**3,297,000**	**2,244,000**	**2,135,000**	**2,394,000**
Total OPEB Liability - End of Year	**$ 1,474,000**	**$ 3,449,000**	**$ 3,297,000**	**$ 2,244,000**	**$ 2,135,000**

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

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

Changes in Benefit Terms

None

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

- Investment return went from 7.25% including inflation at 2.75% to 7.00% including inflation at 2.50%
- Salary growth rate decreased from 5.00% to 4.50%
- Real growth rate and merit or seniority increases (components for salary growth), decreased from 2.75% and 2.25% to 2.50% and 2.00% respectively
- Mortality rates previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.

Changes in Assumptions used in the Measurement of PSERS' Total Pension Liability Beginning June 30, 2020

None

Changes in Actuarial Assumptions used in Calculations of Actuarially Determined Contributions

None

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

Changes in Benefit Terms

None

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

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

- Investment return went from 2.66% S&P 20 Year Municipal Bond Rate to 2.18% S&P 20 Year Municipal Bond Rate
- Salary growth rate decreased from 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases to 4.50%, comprised of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Mortality rates previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate decreased from 2.66% to 2.18%

Changes in Assumptions used in the Measurement of PSERS' Total OPEB Liability Beginning June 30, 2020

The discount rate decreased from 2.79% to 2.66%.

Changes in Actuarial Assumptions used in Calculations of Actuarially Determined Contributions

None

Actuarial Assumptions used in Calculations of Actuarially Determined Contributions

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

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date

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

Actuarial Assumptions used in Calculations of Actuarially Determined Contributions (Continued)

- Asset Valuation Method: Market value
- Participation Rate: 63% of eligible retirees are assumed to elect premium assistance
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale

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

Changes in Benefit Terms

- Teachers and support staff healthcare incentives have been removed

Changes in Assumptions

- Discount Rate – from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022
- Per capita claims costs were updated
- Future retiree healthcare trend rates were updated
- Coverage election rates for future retirees were updated
- Assumed termination, retirement and salary increase rates were updated
- The mortality assumption has been updated from the RP-2014 Mortality Tables with Mortality Improvement Projection Scale MP2019 to the PubG-H2010 Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2021 from 2010 base year and projected forward on a generational basis with Scale MP-2021

Actuarial Assumptions used in Calculations of Actuarially Determined Contributions

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

REDBANK VALLEY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

AS REQUIRED BY GOVERNMENT AUDITING STANDARDS AND UNIFORM GUIDANCE

Mark C. Turnley

Certified Public Accountant

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Certified Public Accountant

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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

Management and Board of Directors
Redbank Valley School District

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redbank Valley School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Redbank Valley School District 's basic financial statements, and have issued my report thereon dated March 24, 2023.

Report on Internal Control over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I identified certain deficiencies in internal control, described in the accompany schedule of findings and questioned costs as items 2022-001 and 2022-002 that I consider to be significant deficiencies.

Management and Board of Directors
Redbank Valley School District

Report on Compliance and Other Matters

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

Redbank Valley School District 's Response to Finding

Redbank Valley School District's response to the findings identified in my audit are described in the accompanying schedule of findings and questions costs. Redbank Valley School District 's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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 Redbank Valley School District 's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Redbank Valley School District 's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mark C. Turnley
Certified Public Accountant

March 24, 2023
New Brighton, Pennsylvania

Mark C. Turnley

Certified Public Accountant

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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

To the Board of Education
Redbank Valley School District

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

I have audited Redbank Valley School District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Redbank Valley School District's major federal programs for the year ended June 30, 2022. Redbank Valley School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Redbank Valley School District complied, in all material aspects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Redbank Valley School District's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.

- Obtain an understanding of Redbank Valley School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Redbank Valley School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

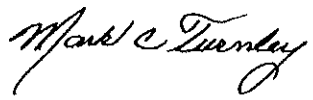
Report on Internal Control over Compliance

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

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

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

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



Mark C. Turnley
Certified Public Accountant

March 24, 2023
New Brighton, Pennsylvania

REDBANK VALLEY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR / PROJECT TITLE	FUNDING SOURCE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR NUMBER	GRANT PERIOD BEGINNING / ENDING DATE	PROGRAM AWARD AMOUNT	2021-2022 PASSED THROUGH TO SUBRECIPIENTS	TOTAL RECEIVED THIS PERIOD	ACCRUED (UNEARNED) REVENUE JULY 1	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE JUNE 30
U.S. DEPARTMENT OF EDUCATION:											
Passed through Pa. Department of Education:											
Title I	Indirect	84.010	013-220357	7/1/21-9/30/22	$ 250,717	$ -	$ 112,806 ✓	$ -	$ 250,717	$ 250,717	$ 137,911
Title I	Indirect	84.010	013-210357	7/1/20-9/30/21	281,407	-	120,257 ✓	121,710 (2)	(1,453)	(1,453)	-
Title II - Improving Teacher Quality	Indirect	84.367	020-220357	7/1/21-9/30/22	33,644	-	10,041 ✓	-	15,648	15,648	5,607
Title II - Improving Teacher Quality	Indirect	84.367	020-210357	7/1/20-9/30/21	36,543	-	7,848 ✓	25,959	201	201	18,312
Title II - Improving Teacher Quality	Indirect	84.367	020-200357	7/1/19-9/30/20	45,327	-	9,722 ✓	16,203	-	-	6,481
Title IIA - Teachers in the Workplace	Indirect	84.367	220-200357	7/1/19-9/30/20	25,000	-	15,909 ✓	15,909 (3)	-	-	-
Title IV - Student Support & Academic Enrichment	Indirect	84.424	144-220357	7/1/21-9/30/22	20,960	-	5,985 ✓	-	-	-	(5,985)
Title IV - Student Support & Academic Enrichment	Indirect	84.424	144-210357	7/1/20-9/30/21	24,841	-	17,744 ✓	(7,097) (4)	24,841	24,841	-
Rural and Low Income Schools	Indirect	84.358	007-210357	9/14/20-9/30/21	21,190	-	14,670 ✓	14,670 (5)	-	-	-
Rural and Low Income Schools	Indirect	84.358	007-200357	9/14/19-9/30/20	21,556	-	13,717 ✓	13,717 (6)	-	-	-
COVID-19 - GEERS - CEEG	Indirect	84.425C	253-200357	3/13/20-9/30/23	36,500	-	17,289 ✓	-	-	- (1)	(17,289)
COVID-19 - ESSER I Fund Local	Indirect	84.425D	200-200357	3/13/20-9/30/21	269,024	-	56,637 ✓	(56,244) (7)	112,881	112,881 (1)	-
COVID-19 - ESSER II Fund Local	Indirect	84.425D	200-210357	3/13/20-9/30/23	1,029,229	-	765,817 ✓	(48,054)	685,283	685,283 (1)	(128,588)
COVID-19 - ARP ESSER III Fund Local	Indirect	84.425U	223-210357	3/13/20-9/30/24	2,081,833	-	151,406 ✓	-	223,658	223,658 (1)	72,252
COVID-19 - ARP ESSER 7% (Learning Loss)	Indirect	84.425U	225-210357	3/13/20-9/30/24	115,576	-	12,608 ✓	-	-	- (1)	(12,608)
COVID-19 - ARP ESSER 7% (Summer School)	Indirect	84.425U	225-210357	3/13/20-9/30/24	23,115	-	2,522 ✓	-	21,174	21,174 (1)	18,652
COVID-19 - ARP ESSER 7% (After School)	Indirect	84.425U	225-210357	3/13/20-9/30/24	23,115	-	2,522 ✓	-	5,457	5,457 (1)	2,935
COVID-19 - ARP ESSER (Homeless Children & Youth)	Indirect	84.425W	181-212368	3/13/20-9/30/24	13,649	-	1,050 ✓	-	-	- (1)	(1,050)
Total passed through Pa. Department of Education						$ -	$ 1,338,550	$ 96,773	$ 1,338,407	$ 1,338,407	$ 96,630
Passed through Pa. Department of Education (Special Education Cluster):											
COVID-19 SECIM	Indirect	84.027	252-200357	7/1/20-9/30/21	$ 6,952	$ -	$ 463 ✓	$ 463	$ -	$ -	$ -
Total passed through Pa. Department of Education (Special Education Cluster)						$ -	$ 463 ✓	$ 463	$ -	$ -	$ -
Passed through Intermediate Unit 1 (Special Education Cluster):											
IDEA	Indirect	84.027	H027A210093	7/1/21-6/30/22	$ 196,313	$ -	$ 196,313	$ -	$ 196,313	$ 196,313*	$ -
IDEA - Section 619	Indirect	84.173	H173A210090	7/1/21-6/30/22	2,652	-	2,652	-	2,652	2,652	-
Total passed through Intermediate Unit 1 (Special Education Cluster)						$ -	$ 198,965	$ -	$ 198,965	$ 198,965	$ -
Total Special Education Cluster						$ -	$ 199,428	$ 463	$ 198,965	$ 198,965	$ -
TOTAL U.S. DEPARTMENT OF EDUCATION						$ -	$ 1,537,978	$ 97,236	$ 1,537,372	$ 1,537,372	$ 96,630
U.S. DEPARTMENT OF AGRICULTURE:											
Passed through Pa. Department of Education (Child Nutrition Program Cluster):											
National School											
Lunch Program	Indirect	10.555	N/A	7/1/21-6/30/22	N/A	$ -	$ 462,624 ✓	$ -	$ 494,621	$ 494,621	$ 31,997
Breakfast Program	Indirect	10.553	N/A	7/1/21-6/30/22	N/A	-	156,581 ✓	-	169,226	169,226	12,645
Supply Chain Assistance	Indirect	10.555	N/A	7/1/21-6/30/22	N/A	-	25,876 ✓	-	25,876	25,876	-
SNP Emergency Operating Costs	Indirect	10.555	N/A	7/1/21-6/30/22	N/A	-	5,109 ✓	-	5,109	5,109	-
Total passed through Pa. Department of Education (Child Nutritin Program Cluster)						$ -	$ 650,190	$ -	$ 694,832	$ 694,832	$ 44,642
Passed through Pa. Deptartment of Agriculture (Child Nutrition Program Cluster):											
National School Lunch Program	Indirect	10.555	N/A	7/1/21-6/30/22	N/A	$ -	$ 44,939 *	$ (10,523) **	$ 27,927	$ 27,927	$ (27,535)
Total passed through Pa. Department of Agriculture (Child Nutrition Program Cluster)						$ -	$ 44,939	$ (10,523)	$ 27,927	$ 27,927	$ (27,535)
Total Child Nutrition Program Cluster						$ -	$ 695,129	$ (10,523)	$ 722,759	$ 722,759	$ 17,107
Passed through Pa. Department of Education:											
P-EBT Local Admin Funds	Indirect	10.649	N/A	7/1/21-6/30/22	N/A	$ -	$ 614 ✓	$ -	$ 614	$ 614	$ -
Total passed through Pa. Department of Education						$ -	$ 614	$ -	$ 614	$ 614	$ -
TOTAL U.S. DEPARTMENT OF AGRICULTURE						$ -	$ 695,743	$ (10,523)	$ 723,373	$ 723,373	$ 17,107
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:											
Passed through Pa. Department of Human Services:											
Title 19	Indirect	93.778	N/A	7/1/21-6/30/22	N/A	$ -	$ 1,956	$ -	$ 2,808	$ 2,808	$ 852
Total passed through Pa. Department of Human Services						$ -	$ 1,956	$ -	$ 2,808	$ 2,808	$ 852
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						$ -	$ 1,956	$ -	$ 2,808	$ 2,808	$ 852
TOTAL FEDERAL ASSISTANCE						$ -	$ 2,235,677 #	$ 86,713	$ 2,263,553	$ 2,263,553	$ 114,589

Reconciliation with federal subsidy confirmation:

Per Above	$ 2,235,677
School Lunch/Breakfast Matching Subsidy	20,499 ✓
IDEA	(198,965)
Donated Commodities	(44,939)
Title 19	(1,956)
Medical Assistance - ACCESS	50,000 ✓
Per Confirmation	$ 2,060,316

* Total USDA Commodity Received
** Represents beginning inventory - 7/1/21
*** Represents ending inventory - 6/30/22
(1) Denotes Major Program
(2) Beginning accrual understated by $1,453
(3) Beginning accrual understated by $15,909
(4) Beginning accrual understated by $7,097
(5) Beginning accrual understated by $14,670
(6) Beginning accrual understated by $13,717
(7) Beginning accrual understated by $28,318

REDBANK VALLEY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the 'Schedule') includes the federal grant activity administered by the Redbank Valley School District for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grant Guidance – UGG).* Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the Redbank Valley School District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

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

NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS

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

NOTE 4 – RECEIVABLES AND UNEARNED REVENUE

Federal grants receivable are included as part of 'due from other governments' in Exhibit A and Exhibit C as referenced in Note 4 to the Financial Statements. Unearned federal grant revenue, if any, is included as part of 'unearned revenue' in Exhibit A and Exhibit C as referenced in Note 6 to the Financial Statements.

NOTE 5 - NON-CASH ASSISTANCE

The Redbank Valley School District received donated commodities from the Department of Agriculture in connection with its food service program. The amount of non-cash assistance expended in the accompanying schedule of expenditures of federal awards reflects the fair market value of the commodities used during the 2021-2022 fiscal year.

NOTE 6 – INDIRECT COST RATE

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

REDBANK VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	____yes __X__no
• Significant deficiency(ies) identified?	__X__yes ____no
Noncompliance material to financial statements noted?	____yes __X__no

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	____yes __X__no
• Significant deficiency(ies) identified?	____yes __X__no
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____yes __X__no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425C	COVID-19 GEERS-CEEG
84.425D	COVID-19 ESSER II Fund Local
84.425U	American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER, 7%)
84.425W	American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER Homeless Children & Youth)

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

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

Auditee qualified as low-risk auditee? ____yes __X__no

Section II – Financial Statement Findings

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

- **FINDING 2022-001 – SEGREGATION OF DUTIES**

  CONDITION: The School District has a limited staff responsible for the following processes: a) receipts, b) check writing, c) posting to the general ledger, d) fixed asset reporting and e) payroll. This is a continuing finding from the June 30, 2020 fiscal year.

- **FINDING 2022-001 – SEGREGATION OF DUTIES (Continued)**

CRITERIA: The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

EFFECT: The lack of segregation of duties in the accounting processes in the business office which include independent oversight not only reduces the District's internal control over those processes, but also exposes the District to inaccurate financial reporting to management and the Board of Education, and the potential for irregularities that may result (unintentional or otherwise) that are not detected in a timely manner.

CAUSE: As a result of the minimal staff size in the District's business office, certain functions do not have the appropriate segregation of duties.

RECOMMENDATION: Ideally, the School District would hire the number of staff necessary to segregate all duties. However, segregation of duties is not always practical, if not impossible. I would recommend that the District management segregate as many business office duties as possible to allow for the proper oversight and approval in the areas mentioned above. In addition, the board of directors should also be diligent in their review of monthly reports such as treasurers reports, budget to actual revenue and expense reports etc.

VIEWS OF RESPONSIBLE OFFICIALS: See Corrective Action Plan.

- **FINDING 2022-002 – RECONCILIATION OF BALANCE SHEET ACCOUNTS**

CONDITION: The District personnel did not reconcile all balance sheet accounts on a monthly basis throughout the year included within its General Fund and Cafeteria Fund. This is a continuing finding from the June 30, 2021 fiscal year.

CRITERIA: Prudent internal control procedures require the reconciliation of all balance sheet accounts in the District's accounting system for both the General and Cafeteria Funds to supporting documentation.

EFFECT: The lack of reconciliation of balance sheet accounts on a regular basis with independent oversight exposes the District to inaccurate financial reporting to management and the Board of Education, and the potential for irregularities that may result (unintentional or otherwise) that are not detected in a timely manner. Had these reconciliations been performed, duplicate postings, non-postings, and inaccurate postings to the District's General Fund and Cafeteria Fund general ledger could have been detected and corrected in a timely manner to enhance internal controls and financial reporting in this important area of financial management.

CAUSE: The District personnel have not been adequately trained in the process of reconciling balance sheet accounts to supporting documentation. In addition, personnel does not understand not only how automatic postings affect the balance sheet accounts, but how to locate and correct potential errors in those postings.

- **FINDING 2022-002 – RECONCILIATION OF BALANCE SHEET ACCOUNTS (Continued)**

  RECOMMENDATION: I am recommending that the management of the School District establish written procedures for all accounting functions, but most notably for the function of general ledger balance sheet reconciliations. In addition, personnel should be trained in performing these functions. Management needs to ensure that the reconciliation of all balance sheet accounts in the General and Cafeteria Funds occur on a monthly basis. This process will significantly enhance the internal control over the financial accounting and reporting process relative to the School District's General and Cafeteria Fund general ledgers.

  VIEWS OF RESPONSIBLE OFFICIALS: See Corrective Action Plan.

Section III – Federal Award Findings and Questioned Costs

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

None

INDEPENDENT AUDIT FIRM:

MARK C. TURNLEY CPA

1000 3RD AVENUE

NEW BRIGHTON, PA. 15066

The following represents the management of Redbank Valley School District's corrective action plan related to findings and questioned costs related to Financial Statement Findings as described on pages 61-63 of this report:

- **FINDING 2022-001 – SEGREGATION OF DUTIES**

CONDITION: The School District has a limited staff responsible for the following processes: a) receipts, b) check writing, c) posting to the general ledger, d) fixed asset reporting and e) payroll. This is a continuing finding from the June 30, 2021 fiscal year.

CRITERIA: The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

MANAGEMENT'S CORRECTIVE ACTION PLAN: District management will reallocate as many job responsibilities in the Business Office as possible with their available staff in order to maximize segregation of duties during the 2022-2023 fiscal year and beyond to ensure that one employee will not be responsible for all phases of the receipt, disbursement and payroll processes. In addition every attempt will be made to have review and oversight responsibilities given to employees not involved in the above processes and the board of directors will provide additional independent review and oversight.

RESPONSIBLE SCHOOL OFFICIALS FOR CORRECTIVE ACTION PLAN – Superintendent and Business Manager

- **FINDING 2022-002 – RECONCILIATION OF BALANCE SHEET ACCOUNTS**

CONDITION: The District personnel did not reconcile all balance sheet accounts on a monthly basis throughout the year included within its General Fund and Cafeteria Fund. This is a continuing finding from the June 30, 2021 fiscal year.

- **FINDING 2022-002 – RECONCILIATION OF BALANCE SHEET ACCOUNTS (Continued)**

CRITERIA: Prudent internal control procedures require the reconciliation of all balance sheet accounts in the District's accounting system for both the General and Cafeteria Funds to supporting documentation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: District management will establish written procedures for all accounting functions and receive training in the 2022-2023 fiscal year. This training will be directed at learning to properly reconcile all balance sheet accounts on a routine basis in order to ensure that all transactions are properly posted on a timely basis so that accurate financial reporting can be provided to the Board of Directors monthly.

RESPONSIBLE SCHOOL OFFICIALS FOR CORRECTIVE ACTION PLAN – Superintendent and Business Manager

- **FINDING 2021-002 – PREPARATION OF FINANCIAL STATEMENTS AND FINANCIAL REPORT (Continued)**

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 of 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.

CURRENT STATUS: The Business Manager has made strides in reconciling cash and investment accounts with the general ledger. Certain other balance sheet accounts continue to be unreconciled at year end and require proposed audit adjustments to reflect financial reports in compliance with generally accepted accounting principles. The District did file its Annual Financial Report in a timely manner to the Pennsylvania Department of Education for the 2021-2022 fiscal year.

- **FINDING 2021-003 – COMPENSATING CONTROLS OVER FIXED ASSETS**

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

CRITERIA: Prudent internal control procedures over fixed assets reporting includes maintaining accurate fixed asset records that are updated, reviewed and reconciled at regular intervals along with independent oversight as part of the process.

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.

CURRENT STATUS: The District has not yet updated fixed asset procedures that include independent oversight as part of the process.