REDBANK VALLEY SCHOOL DISTRICT

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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, 2023

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

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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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the 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 and *Government Auditing Standards,* I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 – Detailed Schedule of Budgeted and Actual Revenues – General Fund and Detailed Scheduled of Budgeted and Actual Expenditures – General Fund on pages 46-50, is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards on page 64 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 Detailed Schedule of Budgeted and Actual Revenues – General Fund, the Detailed Schedule of Budgeted and Actual Expenditures – General Fund, and 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 April 9, 2024 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

April 16, 2024
New Brighton, Pennsylvania

REDBANK VALLEY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023. 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 2023 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, 2023 by $15,094,626 (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 $2,341,400 and $20,102,400 respectively for governmental activities and $34,600 and $837,600 respectively for business-type activities as of June 30, 2023 (Exhibit A).

  Total governmental activities revenues were $21,443,424. General revenues accounted for $14,351,695 or 67% of all revenues. Program specific revenues in the form of charges for services and grants accounted for $7,092,415 or 33% of total revenues.

  The School District had $18,297,729 in expenses related to governmental activities; $7,092,415 of these expenses were offset by program specific charges for services and grants. General revenue (primarily taxes and basic education subsidy) of $14,351,009 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 $4,775,328 or 22.2% of 2023-2024 budgeted general fund expenditures.

REDBANK VALLEY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

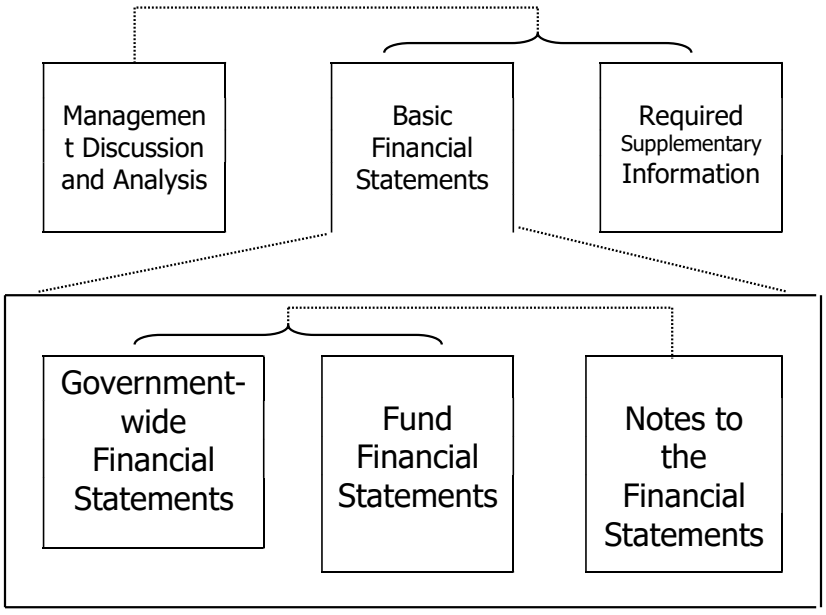
USING THE ANNUAL REPORT

This annual report consists of a series of financial statements and notes on 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

REDBANK VALLEY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

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 2022-2023"? 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 $3,305,672. Governmental activities increased by $3,145,695 and business-type activities increased by $159,977. 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, 2023, and 2022
Net Position

	JUNE 30, 2023			JUNE 30, 2022
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	TOTAL
Current Assets	$ 6,348,383	$ 294,782	$ 6,643,165	$ 6,123,315
Capital Assets	5,517,218	96,377	5,613,595	4,614,186
Deferred Outflows of Resources	3,573,862	126,328	3,700,190	4,642,797
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 15,439,463**	**$ 517,487**	**$ 15,956,950**	**$ 15,380,298**
Current Liabilities	$ 1,625,157	$ 40,262	$ 1,665,419	$ 1,848,555
Long-term Liabilities	26,887,772	872,200	27,759,972	27,111,856
Deferred Inflows of Resources	2,021,160	63,840	2,085,000	5,279,000
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**$ 30,534,089**	**$ 976,302**	**$ 31,510,391**	**$ 34,239,411**
Net Investment in Capital Assets	$ 700,557	$ 96,377	$ 796,934	$ (961,275)
Unrestricted (Deficit)	(15,795,183)	(555,192)	(16,350,375)	(17,897,838)
TOTAL NET POSITION (DEFICIT)	**$ (15,094,626)**	**$ (458,815)**	**$ (15,553,441)**	**$ (18,859,113)**

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 increased from $19,338,000 at June 30, 2022 to $20,940,000 at June 30, 2023. The District's total net OPEB liability decreased from $2,592,000 at June 30, 2022 to $2,376,000 at June 30, 2023.

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 the past two fiscal years.

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

	JUNE 30, 2023			JUNE 30, 2022
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	TOTAL
REVENUES				
Program Revenues:				
Charges for Services	$ 123,327	$ 143,193	$ 266,520	$ 242,347
Grants and Contributions	6,969,088	956,916	7,926,004	7,121,165
General Revenues:				
Property Taxes	3,532,473	-	3,532,473	3,299,268
Other Taxes	1,010,287	-	1,010,287	942,215
Grants, Subsidies and Contributions	9,721,180	-	9,721,180	9,196,286
Other	87,069	36,434	123,503	168,640
TOTAL REVENUES	**$ 21,443,424**	**$ 1,136,543**	**$ 22,579,967**	**$ 20,969,921**
EXPENSES				
Instruction	$ 12,255,075	$ -	$ 12,255,075	$ 11,196,589
Instructional Student Support	959,540	-	959,540	734,816
Administrative and Financial Support	1,560,440	-	1,560,440	1,276,782
Operation and Maintenance of Plant	1,381,863	-	1,381,863	1,382,330
Pupil Transportation	1,630,415	-	1,630,415	1,488,015
Student Activities	379,187	-	379,187	284,433
Community Services	13,649	-	13,649	-
Interest on Long-term Debt	117,560	-	117,560	129,064
Food Services	-	976,566	976,566	772,440
TOTAL EXPENSES	**$ 18,297,729**	**$ 976,566**	**$ 19,274,295**	**$ 17,264,469**
CHANGE IN NET POSITION	**$ 3,145,695**	**$ 159,977**	**$ 3,305,672**	**$ 3,705,452**

Grants and Contributions increased by $524,894 (5.7%) due to several COVID-19 related grants received by the District, and General Revenues increased in total by $781,034 (5.7%) mainly due to an increase in tax revenue, an increase in basic education subsidy, and an increase in property tax relief subsidy. Overall expenses increased by $2,009,826 or 11.6%.

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, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

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

	JUNE 30, 2023		JUNE 30, 2022	
	TOTAL COST OF SERVICE	NET COST OF SERVICE	TOTAL COST OF SERVICE	NET COST OF SERVICE
EXPENSES				
Instruction	$ 12,255,075	$ 8,268,943	$ 11,196,589	$ 6,678,713
Instructional Student Support	959,540	765,997	734,816	530,172
Administrative and Financial Support	1,560,440	1,183,918	1,276,782	995,332
Operation and Maintenance of Plant	1,381,863	255,830	1,382,330	1,125,795
Pupil Transportation	1,630,415	435,058	1,488,015	542,472
Student Activities	379,187	206,824	284,433	110,817
Community Services	13,649	(28,816)	-	-
Interest on Long-term Debt	117,560	117,560	129,064	129,064
TOTAL EXPENSES	**$ 18,297,729**	**$ 11,205,314**	**$ 16,492,029**	**$ 10,112,365**
Less:				
Unrestricted Grants, Subsidies		9,721,180		9,185,516
TOTAL NEEDS FROM LOCAL TAXES AND OTHER REVENUES		**$ 1,484,134**		**$ 926,849**

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, 2023 and June 30, 2022
Business-Type Activities

	JUNE 30, 2023		JUNE 30, 2022	
	TOTAL COST OF SERVICE	NET COST OF SERVICE	TOTAL COST OF SERVICE	NET COST OF SERVICE
EXPENSES				
Food Service	$ 976,566	$ (123,543)	$ 772,440	$ (211,408)
Investment Earnings/Other		36,434		16,146
TOTAL BUSINESS-TYPE ACTIVITIES CHANGE IN NET POSITION		**$ 159,977**		**$ 227,554**

GENERAL FUND BUDGETARY HIGHLIGHTS

Total General Fund actual revenues, (not including other financing sources), were more than budgeted revenues by $88,861 or .42%. Local revenues were over budget by $112,980 (2.3%), state revenues were under budget 519,3176 (3.5%), and federal revenues were over budget by $495,198 (30.9%). Total General Fund expenses, (not including other financing uses), exceeded budget slightly by $325,760 (1.6%).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the School District had $5,613,595 (governmental and business-type activities), invested in land, buildings and equipment, net of accumulated depreciation. This represents a net increase of $1,190,081 over the past fiscal year, mainly as a result of capital purchases exceeding the depreciation expense for the current fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Debt Administration

At July 1, 2022 the School District had total outstanding debt principal of $5,400,000 on its General Obligation Bond Issues Series 2013 and 2017. During the 2022-2023 fiscal year, the District made total principal payments on existing debt totaling $570,000 resulting in ending outstanding debt as of June 30, 2023 of $4,830,000. The District is scheduled to make principal and interest payments on this debt totaling $692,853 during the 2023-2024 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 do lend concern for the District's long-term operational and financial position. The District is hopeful that enrollments have bottomed out and we will see a more stable level or even increases in subsequent years. For Clarion County the drop in enrollments over the past 25 years is 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 2023-2024 year is $21,497,619. This represents a $219,270 (1.0%) increase in budgeted revenues over 2022-2023. The expenditure budget for the 2023-2024 year is $21,497,619. This represents an increase of $219,270 (1.0%) over 2022-2023. The budget requires a contribution of $0 from the fund balance as approved by the Board of School Directors.

REDBANK VALLEY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

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 **EXHIBIT A**
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 1,544,106	$ 149,743	$ 1,693,849
Investments	3,342,128	-	3,342,128
Internal Balances	(124,340)	124,340	-
Taxes Receivable, net	301,988	-	301,988
Due From Other Governments	936,660	-	936,660
Other Receivables	39,559	-	39,559
Prepaid Expenses	308,282	-	308,282
Inventory	-	20,699	20,699
Total Current Assets	**$ 6,348,383**	**$ 294,782**	**$ 6,643,165**
Noncurrent Assets:			
Land (non-depreciable)	$ 337,281	$ -	$ 337,281
Site Improvements (net)	54,479	-	54,479
Building & Building Improvements (net)	3,877,440	-	3,877,440
Machinery & Equipment (net)	1,248,018	96,377	1,344,395
Total Noncurrent Assets	**$ 5,517,218**	**$ 96,377**	**$ 5,613,595**
TOTAL ASSETS	**$ 11,865,601**	**$ 391,159**	**$ 12,256,760**
DEFERRED OUTLFOWS OF RESOURCES:			
Deferred Outflows Related to Pensions	$ 2,872,287	$ 119,679	$ 2,991,966
Deferred Outflows Related to OPEB	701,575	6,649	708,224
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$ 3,573,862**	**$ 126,328**	**$ 3,700,190**
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	**$ 15,439,463**	**$ 517,487**	**$ 15,956,950**
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 42,812	$ 10,875	$ 53,687
Current Portion - Long Term Debt	585,000	-	585,000
Accrued Interest	35,951	-	35,951
Payroll Withholdings	255,068	-	255,068
Accrued Salaries and Benefits	630,550	24,452	655,002
Unearned Revenue	75,776	4,935	80,711
Total Current Liabilities	**$ 1,625,157**	**$ 40,262**	**$ 1,665,419**
Noncurrent Liabilities:			
Bonds Payable - Long Term Portion (Net)	$ 4,231,661	$ -	$ 4,231,661
Accrued Compensated Absences	212,311	-	212,311
Net Pension Liability	20,102,400	837,600	20,940,000
Net OPEB Liability	2,341,400	34,600	2,376,000
Total Noncurrent Liabilities	**$ 26,887,772**	**$ 872,200**	**27,759,972**
TOTAL LIABILITIES	**$ 28,512,929**	**$ 912,462**	**$ 29,425,391**
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pensions	$ 1,264,320	$ 52,680	$ 1,317,000
Deferred Inflows Related to OPEB	756,840	11,160	768,000
TOTAL DEFERRED INFLOWS OF RESOURCES	**$ 2,021,160**	**$ 63,840**	**$ 2,085,000**
NET POSITION			
Net Investment in Capital Assets (Deficit)	$ 700,557	$ 96,377	$ 796,934
Unrestricted (Deficit)	(15,795,183)	(555,192)	(16,350,375)
Total Net Position (Deficit)	**$ (15,094,626)**	**$ (458,815)**	**$ (15,553,441)**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 15,439,463**	**$ 517,487**	**$ 15,956,950**

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, 2023

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	$ 12,255,075	$ 4,797	$ 3,981,335	$ -	$ (8,268,943)		$ (8,268,943)
Instructional Student Support	959,540	-	193,543	-	(765,997)		(765,997)
Administrative and Financial Support Services	1,560,440	-	376,522	-	(1,183,918)		(1,183,918)
Operation and Maintenance of Plant Services	1,381,863	1,625	1,124,408	-	(255,830)		(255,830)
Pupil Transportation	1,630,415	-	1,195,357	-	(435,058)		(435,058)
Student Activities	379,187	116,905	55,458	-	(206,824)		(206,824)
Community Services	13,649	-	42,465	-	28,816		28,816
Interest on Debt/Refund Prior Year Receipts	117,560	-	-	-	(117,560)		(117,560)
Total Governmental Activities	**$ 18,297,729**	**$ 123,327**	**$ 6,969,088**	**$ -**	**$ (11,205,314)**		**$ (11,205,314)**
Business-Type activities:							
Food Service	$ 976,566	$ 143,193	$ 956,916	$ -	$ -	$ 123,543	$ 123,543
Total Business-Type Activities	**$ 976,566**	**$ 143,193**	**$ 956,916**	**$ -**	**$ -**	**$ 123,543**	**$ 123,543**
Total Primary Government	**$ 19,274,295**	**$ 266,520**	**$ 7,926,004**	**$ -**	**$ (11,205,314)**	**$ 123,543**	**$ (11,081,771)**
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes (net)					$ 3,532,473	$ -	$ 3,532,473
Other Taxes Levied for General Purposes					1,010,287	-	1,010,287
Grants, Subsidies, and Contributions Not Restricted					9,721,180	-	9,721,180
Investment Earnings					63,899	5	63,904
Miscellaneous					23,170	36,429	59,599
Total General Revenues					**$ 14,351,009**	**$ 36,434**	**$ 14,387,443**
Change in Net Position					**$ 3,145,695**	**$ 159,977**	**$ 3,305,672**
Net Position - July 1, 2022 (Deficit)					(18,268,526)	(618,792)	(18,887,318)
Prior Period Adjustment (Net)					28,205	-	28,205
Net Position — June 30, 2023 (Deficit)					**$ (15,094,626)**	**$ (458,815)**	**$ (15,553,441)**

The accompanying notes are an integral part of these financial statements

REDBANK VALLEY SCHOOL DISTRICT **EXHIBIT C**

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2023

	GENERAL FUND	CAPITAL RESERVE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:			
Cash and Cash Equivalents	$ 1,544,106	$ -	$ 1,544,106
Investments	3,342,120	8	3,342,128
Taxes Receivable, net	301,988	-	301,988
Due From Other Governments	936,660	-	936,660
Other Receivables	39,559	-	39,559
Prepaid Expenses	308,282	-	308,282
TOTAL ASSETS	**$ 6,472,715**	**$ 8**	**$ 6,472,723**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
LIABILITIES:			
Due to Other Funds	$ 124,340	$ -	$ 124,340
Accounts Payable	42,814	-	42,814
Payroll Withholdings	255,068	-	255,068
Accrued Salaries and Benefits	630,550	-	630,550
Unearned Revenue	75,776	-	75,776
TOTAL LIABILITIES	**$ 1,128,548**	**$ -**	**$ 1,128,548**
DEFERRED INFLOWS OF RESOURCES:			
Delinquent Real Estate Taxes	$ 260,557	$ -	$ 260,557
TOTAL DEFERRED INFLOWS OF RESOURCES	**$ 260,557**	**$ -**	**$ 260,557**
FUND BALANCES:			
Non-Spendable	$ 308,282	$ -	$ 308,282
Assigned	-	8	8
Unassigned	4,775,328	-	4,775,328
TOTAL FUND BALANCES	**$ 5,083,610**	**$ 8**	**$ 5,083,618**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 6,472,715**	**$ 8**	**$ 6,472,723**

The accompanying notes are an integral part of these financial statements

EXHIBIT D

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

Total Fund Balances - Governmental Funds		**$ 5,083,618**
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 $14,510,390, and the accumulated depreciation is $8,993,172.		5,517,218
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.		260,557
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		2,872,287
Deferred outflows of resources related to OPEB		701,575
Deferred inflows of resources related to pensions		(1,264,320)
Deferred inflows of resources related to OPEB		(756,840)
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)	$ 4,816,661	
Net Pension Liability	20,102,400	
Accrued Interest on Bonds	35,951	
Net OPEB Liability	2,341,400	
Accrued Compensated Absences	212,311	(27,508,723)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (Deficit)		**$ (15,094,626)**

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, 2023

	GENERAL FUND	CAPITAL RESERVE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Local Sources	$ 5,027,746	$ -	$ 5,027,746
State Sources	14,244,743	-	14,244,743
Federal Sources	2,094,721	-	2,094,721
Total Revenue	**$ 21,367,210**	**$ -**	**$ 21,367,210**
EXPENDITURES			
Instruction	$ 12,812,677	$ -	$ 12,812,677
Support Services	6,790,602	-	6,790,602
Noninstructional Services	442,937	-	442,937
Facilities Acquisition and Improvements	19,040		
Debt Service	689,606	-	689,606
Total Expenditures	**$ 20,754,862**	**$ -**	**$ 20,735,822**
Excess (Deficiency) of Revenue over Expenditures	**$ 612,348**	**$ -**	**$ 631,388**
NET CHANGE IN FUND BALANCES	**$ 612,348**	**$ -**	**$ 612,348**
FUND BALANCE - JULY 1, 2022	4,633,730	8	4,633,738
Prior Period Adjustment	(162,468)	-	**(162,468)**
FUND BALANCE - JUNE 30, 2023	**$ 5,083,610**	**$ 8**	**$ 5,083,618**

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, 2023

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	**$**	**612,348**
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 ($1,236,097) exceeds depreciation expense ($333,066) in the period.		903,031
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		881,448
Because certain property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources increased by this amount this year.		76,215
Repayment of bond, note, and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		570,000
Discounts and premiums on the sale of bonds are recognized as revenue and expenditures in the governmental funds, however these amounts are amortized over the life of the bond issue in the government-wide financial statements.		(1,872)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		3,918
In the statement of activities, certain operating expenses - compensated absences and net OPEB obligations - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). This year, compensated absences and net OPEB obligations paid exceeded the amount earned.		100,607
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	**$**	**3,145,695**

The accompanying notes are an integral part of these financial statements

REDBANK VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL
GOVERNMENTAL FUNDS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
REVENUES				
Local Sources	$ 4,914,766	$ 4,914,766	$ 5,027,746	$ 112,980
State Sources	14,764,060	14,764,060	14,244,743	(519,317)
Federal Sources	1,599,523	1,599,523	2,094,721	495,198
Total Revenues	**$ 21,278,349**	**$ 21,278,349**	**$ 21,367,210**	**$ 88,861**
EXPENDITURES				
Regular Programs	$ 9,315,845	$ 9,226,725	$ 9,260,186	$ (33,461)
Special Programs	3,046,299	3,100,075	2,989,146	110,929
Vocational Programs	537,575	561,641	561,641	-
Other Instructional Programs	5,752	5,752	1,704	4,048
Pupil Personnel Services	434,469	436,242	421,358	14,884
Instructional Staff Services	316,136	316,863	316,708	155
Administrative Services	975,071	975,071	1,033,671	(58,600)
Pupil Health	220,813	254,146	255,800	(1,654)
Business Services	194,697	277,947	287,466	(9,519)
Operation & Maintenance of Plant Services	2,291,993	2,583,700	2,546,836	36,864
Student Transportation Services	1,193,606	1,259,894	1,630,415	(370,521)
Support Services Central	253,531	273,631	286,447	(12,816)
Other Support Services	12,340	12,340	11,901	439
Student Activities	370,275	397,699	429,287	(31,588)
Community Services	-	13,650	13,650	-
Facilities Acquisition and Improvements	25,000	44,120	19,040	25,080
Debt Service	689,606	689,606	689,606	-
Total Expenditures	**$ 19,883,008**	**$ 20,429,102**	**$ 20,754,862**	**$ (325,760)**
Excess (Deficiency) of Revenues over Expenditures	**$ 1,395,341**	**$ 849,247**	**$ 612,348**	**$ (236,899)**
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	$ (500,000)	$ (500,000)	$ -	$ 500,000
Budgetary Reserve	(895,341)	(349,247)	-	349,247
Total Other Financing Sources (Uses)	**$ (1,395,341)**	**$ (849,247)**	**$ -**	**$ 849,247**
NET CHANGE IN FUND BALANCES	**$ -**	**$ -**	**$ 612,348**	**$ 612,348**
FUND BALANCE - JULY 1, 2022	5,503,798	5,503,798	4,633,730	(870,068)
Prior Period Adjustment	-	-	(162,468)	(162,468)
FUND BALANCE - JUNE 30, 2023	**$ 5,503,798**	**$ 5,503,798**	**$ 5,083,610**	**$ (420,188)**

The accompanying notes are an integral part of these financial statements

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

	FOOD SERVICES
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 149,743
Due From Other Funds	124,340
Inventory	20,699
TOTAL CURRENT ASSETS	**$ 294,782**
Noncurrent Assets:	
Machinery and Equipment (net)	$ 96,377
TOTAL NONCURRENT ASSETS	**$ 96,377**
TOTAL ASSETS	**$ 391,159**
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Outflows Related to Pensions	$ 119,679
Deferred Outflows Related to OPEB	6,649
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$ 126,328**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 517,487**
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 10,875
Accrued Wages and Benefits	24,452
Unearned Revenue	4,935
TOTAL CURRENT LIABILITIES	**$ 40,262**
Noncurrent Liabilities:	
Net OPEB Liability	$ 34,600
Net Pension Liability	837,600
TOTAL NONCURRENT LIABILITIES	**$ 872,200**
TOTAL LIABILITIES	**$ 912,462**
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows Related to Pensions	$ 52,680
Deferred Inflows Related to OPEB	11,160
TOTAL DEFERRED INFLOWS OF RESOURCES	**$ 63,840**
NET POSITION	
Unrestricted (Deficit)	$ (458,815)
TOTAL NET POSITION (Deficit)	**$ (458,815)**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 517,487**

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, 2023

		FOOD SERVICES
OPERATING REVENUES		
Food Service Revenue	$	143,193
Total Operating Revenues	**$**	**143,193**
OPERATING EXPENSES		
Personnel Services - Salaries	$	263,012
Personnel Services - Employee Benefits		194,498
Purchased Property Services		14,442
Other Purchased Services		1,876
Supplies		487,485
Property		6,542
Depreciation Expense		4,845
Other Operating Expenses		3,866
Total Operating Expenses	**$**	**976,566**
OPERATING INCOME/(LOSS)	**$**	**(833,373)**
NONOPERATING REVENUES (EXPENSES)		
Earnings on Investments	$	5
Local Sources		36,429
State Sources		155,325
Federal Sources		801,591
Total Nonoperating Revenues (Expenses)	**$**	**993,350**
CHANGE IN NET POSITION	**$**	**159,977**
NET POSITION - JULY 1, 2022 (Deficit)		(618,792)
NET POSITION - JUNE 30, 2023 (Deficit)	**$**	**(458,815)**

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, 2023

	FOOD SERVICES
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Users	$ 142,193
Cash Payments to Employees for Services	(136,726)
Cash Payments to Suppliers for Goods and Services	(302,644)
Net Cash (Used for) Operating Activities	**$ (297,177)**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Local Sources	$ 36,429
State Sources	72,207
Federal Sources	424,181
Net Cash Provided by Non-Capital Financing Activities	**$ 532,817**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Outlay	$ (90,347)
Net Cash (Used for) Capital and Related Financing Activities	$ (90,347)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	$ 3
Net Cash Provided (Used) by Investing Activities	$ 3
NET INCREASE IN CASH AND CASH EQUIVALENTS	**$ 145,296**
CASH AND CASH EQUIVALENTS - JULY 1, 2022	4,447
CASH AND CASH EQUIVALENTS - JUNE 30, 2023	**$ 149,743**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating Income (Loss)	**$ (833,373)**
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES:	
Depreciation	4,845
Donated Commodities	64,215
(Increase) Decrease in Due from Other Funds	459,506
(Increase) Decrease in Inventories	6,836
Increase (Decrease) in Accounts Payable	6,290
Increase (Decrease) in Accrued Wages and Benefits	(5,496)
Total Adjustments	**$ 536,196**
Net Cash (Used for) Operating Activities	**$ (297,177)**

NONCASH NONCAPITAL FINANCING ACTIVITIES:

During the year, the District received $64,215 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, 2023

	STUDENT ACTIVITY CUSTODIAL FUNDS
ASSETS	
Cash and Cash Equivalents	$ 41,586
Investments	27,348
TOTAL ASSETS	**$ 68,934**
LIABILITIES AND NET POSITION	
LIABILITIES:	
Other Current Liabilities	$ -
TOTAL LIABILITIES	**$ -**
NET POSITION:	
Unrestricted	$ 68,934
TOTAL NET POSITION	**$ 68,934**
TOTAL LIABILITIES AND NET POSITION	**$ 68,934**

The accompanyng notes are an intergral part of these financial statements

EXHIBIT L

REDBANK VALLEY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	STUDENT ACTIVITY CUSTODIAL FUNDS
ADDITIONS	
Student Club Organization Receipts	$ 138,575
TOTAL ADDITIONS	**$ 138,575**
DEDUCTIONS	
Student Club Organization Disbursements	$ 126,382
TOTAL DEDUCTIONS	**$ 126,382**
CHANGE IN NET POSITION	**$ 12,193**
NET POSITION - JULY 1, 2022	56,741
NET POSITION - JUNE 30, 2023	**$ 68,934**

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 define component units as legally separate entities that are included in the School District's reporting entity because of the significance of their operating or financial relationships with the School District. Based on the application of these criteria, the 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 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 in 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 an 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, 2023 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 2022-2023, and **4)** other miscellaneous revenues earned in fiscal year 2022-2023 but received subsequent to June 30, 2023. On the governmental fund financial statements, receivables that will not be collected within the 'available' period have been reported as 'deferred inflows of resources'.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at June 30, 2023, under the modified accrual basis are **1)** salaries, retirement, and social security budgeted and pertaining to the 2022-2023 fiscal year, but which were paid in July and August of 2023 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 2023, and **3)** utility costs and purchase orders for school supplies and operations obligated prior to June 30, 2023.

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 21, 2023, the Redbank Valley School District adopted its fiscal year June 30, 2023, annual budget for the General Fund totaling $21,278,349 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 2022-2023 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 America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

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

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

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 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 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 2022-2023 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 activities 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 $212,311 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 or unrestricted resources (net position), the School District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

FUND 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, 2023 was $308,282 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, the 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, and **3)** state and federal subsidies, including donated commodities, received from the U.S. Department of Agriculture. The District did not have non-operating expenses during the fiscal year.

ADOPTION OF GASB PRONOUNCEMENTS

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

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

PENDING GASB PRONOUNCEMENTS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PENDING GASB PRONOUNCEMENTS (Continued)

- **GASB issued Statement No 101**, *'Compensated Absences'.* The provisions of this Statement are effective for the School'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, 2023, Redbank Valley School District had the following carrying values on its cash and cash equivalents accounts:

	BANK BALANCE	CARRYING VALUE
General Fund	$ 1,894,857	$ 1,544,106
Proprietary Fund	151,988	145,743
Student Activity Custodial Funds	42,728	41,585
	$ 2,089,573	**$ 1,731,434**
CD's classified as Investments	3,342,115	3,342,115
TOTAL	**$ 5,431,688**	**$ 5,073,549**

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, 2023, $1,839,574 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.

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS

The amortized cost and fair value and maturity term of the District's investments as of June 30, 2023 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.

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District's investments in 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.

Interest Rate Risk:

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

Credit Risk:

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

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Fair Value Measurements (Continued):

- **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 on July 1 of each fiscal year. The tax millage assessment for the 2022-2023 fiscal year was 32.8448 mills for Armstrong County and 44.5949 for Clarion County, which represents $32.8448 and $44.5949 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 as 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 $228,065 in unpaid 2023 property taxes, which represents 6.5% of the total assessed property taxes ($3,499,772) for the current fiscal year.

Taxes receivable as shown in the government-wide statement of net position includes delinquent property taxes of $260,557. 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 receivables are comprised of the following at June 30, 2023:

Taxes receivable, as reflected on Exhibits A and C, are comprised of the following at June 30, 2023:

Delinquent Property Taxes	$	260,557
Delinquent Property Taxes (collected within 60 days)		37,411
Deed Transfer Taxes		4,020
	$	**301,988**

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, 2023:

Commonwealth of PA - State Subsidies	$	653,191
Federal Grants/Subsidies		241,768
Clarion County Career Center		37,689
Punxsutawney Area School District		596
Clarion Area School District		447
Clarion Limestone Area School District		554
Achievement House Cyber Charter School		3,416
	$	**937,661**

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 $39,559 in miscellaneous revenues due the General Fund.

NOTE 6 – UNEARNED REVENUE

Unearned revenue totaling $75,776, 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 $68,876 and advance payments on student lunch and breakfast accounts totaling $6,900.

NOTE 7 - CAPITAL ASSETS

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

	Balance 7/1/2022	Additions	Adjustments/ Deductions	Balance 6/30/2023
Governmental Activities:				
Capital Assets, not being depreciated				
Land	$ 337,281	$ -	$ -	$ 337,281
Total Capital Assets, not being depreciated	**$ 337,281**	**$ -**	**$ -**	**$ 337,281**
Capital Assets, being depreciated				
Site Improvements	$ 1,273,017	$ -	$ -	$ 1,273,017
Building and Building Improvements	6,342,950	1,248,576	-	7,591,526
Machinery and Equipment	5,130,372	178,193	-	5,308,565
Total Capital Assets, being depreciated	**$ 12,746,339**	**$ 1,426,769**	**$ -**	**$ 14,173,109**
Less: Accumulated depreciation				
Site Improvements	$ (1,215,134)	$ (3,405)	$ -	$ (1,218,539)
Building and Building Improvements	(3,517,941)	(196,145)	-	(3,714,086)
Machinery and Equipment	(3,927,031)	(133,516)	-	(4,060,547)
Total Accumulated Depreciation	**$ (8,660,106)**	**$ (333,066)**	**$ -**	**$ (8,993,172)**
Governmental Activities Capital Assets, Net	**$ 4,423,514**	**$ 1,093,703**	**$ -**	**$ 5,517,218**

	Balance 7/1/2022	Additions	Deductions	Balance 6/30/2023
Business-Type Activities:				
Capital Assets, being depreciated				
Furniture and Equipment	$ -	$ 101,222	$ -	$ 101,222
Less: Accumulated Depreciation	-	(4,845)	-	(4,845)
Business-Type Activities Capital Assets, Net	**$ -**	**$ 96,377**	**$ -**	**$ 96,377**

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 246,890
Instructional Student Support	23,132
Administrative and Financial Support Services	39,792
Operation and Maintenance of Plant Services	14,056
Student Activities	9,196
	$ 333,066

NOTE 8 – INTER-FUND OBLIGATIONS

Inter-fund receivables and payables as reflected on the governmental funds balance sheet (Exhibit C) and the proprietary fund statement of net position (Exhibit H) are as follows:

	RECEIVABLE	PAYABLE
General Fund	$ -	$ 124,340
Cafeteria Fund	124,340	-
	$ 124,340	**$ 124,340**

Inter-fund obligations between governmental activities and business-type activities are shown net on the statement of net position as part of the line-item 'internal balances'.

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.

NOTE 9 - LONG-TERM LIABILITIES (Continued)

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 $13,339 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, 2023, 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, 2023 is as follows:

YEAR END JUNE 30,	2013 PRINCIPAL	2017 PRINCIPAL	TOTAL INTEREST	TOTAL
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	55,000	585,000	54,931	694,931
2029-3031	445,000	1,325,000	67,178	1,837,178
	$ 715,000	**$ 4,115,000**	**$ 478,450**	**$ 5,308,450**

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

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Due Within One Year
General Obligation Bonds	$ 5,400,000	$ -	$ 570,000	$ 4,830,000	$ 585,000
Compensated Absences	367,067	-	154,756	212,311	-
Net Pension Liability	18,564,480	1,537,920	-	20,102,400	-
Net OPEB Obligation	2,547,280	37,000	242,880	2,341,400	-
	$ 26,878,827	**$ 1,574,920**	**$ 967,636**	**$ 27,486,111**	**$ 585,000**

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Due Within One Year
Business-Type Activities:					
Net Pension Liability	$ 773,520	$ 64,080	$ -	$ 837,600	$ -
Net OPEB Obligation	44,720	-	10,120	34,600	-
	$ 818,240	**$ 64,080**	**$ 10,120**	**$ 872,200**	**$ -**

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 $561,641 in tuition and $36,689 back from the Career Center for the year ended June 30, 2023. 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.

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 $11,902 and $9,047 for an operating contribution and transportation recovery contribution respectively, to RIU6 through state subsidy withholdings, for the year-ended June 30, 2023. 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 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.

NOTE 11 – PENSION PLAN (Continued)

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age.

Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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

Benefits are generally between 1% and 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

NOTE 11 – PENSION PLAN (Continued)

Contributions

Member Contributions:

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

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

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

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2023, was 34.31%* of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $2,356,966 for the year ended June 30, 2023.

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

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

At June 30, 2023, the School District reported a liability of $20,940,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021, to June 30, 2022. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023 the School District's proportion was .0471% which was a decrease of .0169% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of $1,530,361. At June 30, 2023, 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	$ 10,000	$ 181,000
Changes in assumptions	625,000	-
Net difference between projected and actual investment earnings	-	355,000
Changes in proportion	-	781,000
Contributions subsequent to the measurement date	2,356,966	-
	$ 2,991,966	**$ 1,317,000**

NOTE 11 – PENSION PLAN (Continued)

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

The $2,356,966 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ended June 30, 2023.

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

Measurement Date Year ended June 30,	Reporting Date Year ended June 30,	Amortization Amount
2023	2024	$ (418,000)
2024	2025	(214,000)
2025	2026	(546,000)
2026	2027	496,000

Changes in Actuarial Assumptions

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

- Valuation Date – June 30, 2021
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.00%, includes inflation at 2.75%.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2021, and as of June 30, 2022.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021, actuarial valuation:

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

NOTE 11 – PENSION PLAN (Continued)

Changes in Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2022, valuation was based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

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

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

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

The above table was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

Discount Rate

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

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

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

NOTE 11 – PENSION PLAN (Continued)

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School District's proportionate share of the net pension liability	$ 27,085,000	$ 20,940,000	$ 15,760,000

Pension plan fiduciary net position

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

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' Health Options Program. As of June 30, 2022, 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 retire after reaching superannuation age.

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

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

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)

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 PSERS' Health Options Program.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $51,224 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of $865,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021, to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.0470%, which is a decrease of .0171% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, Redbank Valley School District recognized OPEB expense of $18,996. At June 30, 2023, 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)

PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 8,000	$ 5,000
Changes in assumptions	96,000	204,000
Net difference between projected and actual investment earnings	2,000	-
Changes in proportion	9,000	70,000
Contributions subsequent to the measurement date	51,224	-
	$ 166,224	**$ 279,000**

The $51,224 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Date Year ended June 30,	Reporting Date Year ended June 30,	Amortization Amount
2023	2024	$ (38,000)
2024	2025	(30,000)
2025	2026	(28,000)
2026	2027	(35,000)
2027	2028	(33,000)
Thereafter	Thereafter	-

Actuarial Assumptions

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

- Actuarial Cost Method – Entry Age Normal – level % of pay.
- Investment Return – 4.09% based on the S&P 20 Year Municipal Bond Rate.
- Salary Increases – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at $1,200 per year.

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)

Actuarial Assumptions (Continued)

- Assumed Healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020, determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021, was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	0.5%
	100.0%	

The above table was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

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 4.09%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.09%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2022, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. As of June 30, 2022, 93,293 retirees were receiving the maximum amount allowed of $1,200 per year and 582 members were receiving less than the maximum amount allowed of $1,200 per year. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the net OPEB liability for June 30, 2022, calculated using current Healthcare cost trends as well as what the District net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rates	1% Increase
Net OPEB Liability	$ 865,000	$ 865,000	$ 865,000

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

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

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
Net OPEB Liability	$ 978,000	$ 865,000	$ 770,000

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)

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.

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 2022-2023 fiscal year, the Redbank Valley School District paid premiums of $14,387 for 2 participants.

Participant Data

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

	PARTICIPANT DATA
Active employees	120
Retirees	5
Total	**125**

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)

Changes in the Total OPEB Liability

The District's total OPEB liability of $1,511,000 was measured as of June 30, 2023, and was determined by an actuarial valuation performed as of July 1, 2021. As the District's OPEB plan is unfunded, the total OPEB liability is equal to the net OPEB liability.

Balance at July 1, 2022	$	1,474,000
Changes for the year:		
Service cost		59,000
Interest		51,000
Changes of benefit terms		-
Effect of liability gains or losses		-
Changes in assumptions or other inputs		(11,000)
Benefit payments		(62,000)
Net Changes		37,000
Balance at June 30, 2023	**$**	**1,511,000**

Actuarial Assumptions

- Discount Rate – 3.65% - based on the Bond Buyer 20 Year Bond GO 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 – RP-2014 Mortality Tables with Mortality Improvement Projection Scale MP2019 to the PubT-2010 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.

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)

OPEB Expense

	AMOUNT
Service cost	$ 59,000
Interest	51,000
Changes of benefit terms	-
Recognition of economic/demographic gains/losses	46,000
Recognition of assumption changes or inputs	(7,000)
OPEB Expense	**$ 149,000**

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

For the year ended June 30, 2023, Redbank Valley School District recognized OPEB expense of $101,387. At June 30, 2023, 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	$ 187,000	$ (2,000)
Changes of assumptions	355,000	(487,000)
	$ 542,000	**$ (489,000)**

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
2024	$ 39,000
2025	39,000
2026	80,000
2027	68,000
2028	(55,000)
Thereafter	(118,000)

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 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Total OPEB Liability	**$ 1,629,000**	**$ 1,511,000**	**$ 1,398,000**

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)

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	$ 1,341,000	$ 1,511,000	$ 171,000

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 Allegheny County Schools Health Insurance Consortium as of the 2022-2023 fiscal year. (The District discontinued their prior membership with 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, 2023, the net assets available for benefits of the Consortium were $43,578,886 of which $174,741 is attributable to the Redbank Valley School District due to the 2022-2023 being their first year with the consortium and still have two more years to pay their buy-in amount of $166,500. Redbank Valley School District's contributions to the Consortium for the fiscal year ended June 30, 2023, totaled $2,125,917.

NOTE 13 - RISK AND UNCERTAINTIES (Continued)

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 14 – PRIOR PERIOD ADJUSTMENT

The prior period adjustment of $162,468 to the July 1, 2022 fund balance and $190,672 to the July 1, 2022 net position of the Red Bank Valley School District, as reflected on the Statement of Activities (Exhibit B) and the Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit E), reflects adjustments to the federal expenditures from the prior year and also fixed asset adjustments. The prior period adjustment of $7,590,227 to the July 1, 2022 net position of the Red Bank Valley School District, as reflected on the Statement of Activities (Exhibit B), reflects adjustments to fixed assets based on an updated appraisal report.

NOTE 15 – SUBSEQUENT EVENTS

Management has determined that there are no events, subsequent to June 30, 2023, through the May 15, 2024, date of the ‘Independent Auditor’s Report’, which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

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	$ 3,322,350	$ 3,231,964	$ (90,386)
Public Utility Tax	3,339	4,191	852
Payments in Lieu of Taxes	2,649	5,090	2,441
Current Per Cap 679	13,757	10,731	(3,026)
Current Act 511 PC Flat	28,133	37,181	9,048
Current Act 511 Occup Flat	30,000	21,830	(8,170)
Wage Taxes/Delinquent Wage Taxes	757,400	853,832	96,432
RE Transfer Tax	55,799	69,817	14,018
Delinquent Real Estate Taxes	207,860	224,294	16,434
Delinquent Act 511 PC	11,070	4,701	(6,369)
Delinquent Act 511 Occup Tax	8,815	2,916	(5,899)
Delinquent EIT	16,160	-	(16,160)
Interest on Investments	32,754	63,899	31,145
Admissions	18,500	54,420	35,920
Bookstore Sales	18,025	18,259	234
Fees	31,850	44,226	12,376
State Revenue Received School	89,000	104,340	15,340
Federal Revenue Received Other	40,001	10,732	(29,269)
Federal Pass Thru IDEA Fund	192,212	194,828	2,616
Federal Pass Thrue - Title I ARRA	-	40,903	40,903
Rentals	1,531	1,625	94
Contributions and Donations	-	2,765	2,765
Regular School Tuition	28,560	1,597	(26,963)
Summer School Tuition	-	3,200	3,200
Miscellaneous	5,001	20,405	15,404
TOTAL LOCAL SOURCES	**$ 4,914,766**	**$ 5,027,746**	**$ 9,212**
STATE SOURCES:			
Basic Education	$ 9,897,726	$ 9,405,594	$ (492,132)
Tuition Orphans & Child	23,963	12,266	(11,697)
Special Education	1,052,746	1,025,598	(27,148)
SD Tranportation	1,039,852	1,190,737	150,885
Non Public Trans	6,999	4,620	(2,379)
Health Services / Act 25	19,467	17,818	(1,649)
Property Tax Relief	315,586	315,586	-
Safe Schools Revenue	-	33,866	33,866
Ready to Learn Grant	229,939	229,939	-
Social Security	396,383	371,706	(24,677)
Retirement	1,781,399	1,637,013	(144,386)
TOTAL STATE SOURCES	**$ 14,764,060**	**$ 14,244,743**	**$ (374,929)**

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	$ 244,672	$ 230,135	$ (14,537)
Title II - Individuals With Disability	33,078	36,166	3,088
Title III	1,909	-	(1,909)
Title IV	18,539	20,960	2,421
PCCD CARES Act	-	23,900	23,900
GEERs CEEG Cares	5,763	28,816	23,053
ESSER II	287,145	461,097	173,952
ARP ESSER III	877,921	1,096,538	218,617
PCCD CARES Act	31,000	-	(31,000)
ARP ESSER Learning Loss	25,217	25,389	172
ARP ESSER Summer Program	5,043	1,881	(3,162)
ARP ESSER After School	5,043	9,260	4,217
ARP ESSER Children and Youth	-	13,649	13,649
SBAP	62,500	100,000	37,500
Med Assist Reimb Admin	1,693	530	(1,163)
TOTAL FEDERAL SOURCES	**$ 1,599,523**	**$ 2,048,321**	**$ 448,798**
TOTAL REVENUES AND OTHER FINANCING SOURCES	**$ 21,278,349**	**$ 21,320,810**	**$ 83,081**

The accompanying notes are an integral part of these financial statements

REDBANK VALLEY SCHOOL DISTRICT
DETAILED SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
INSTRUCTION:			
REGULAR PROGRAMS:			
Personnel Services - Salaries	$ 4,595,099	$ 4,449,942	$ 145,157
Personnel Services - Employee Benefits	3,027,876	2,860,316	167,560
Purchased Professional/Technical Services	139,267	258,354	(119,087)
Purchased Property Services	18,300	16,763	1,537
Other Purchased Services	1,104,500	1,288,529	(184,029)
Supplies	285,156	327,180	(42,024)
Property	50,527	53,446	(2,919)
Other Objects	6,000	5,656	344
TOTAL REGULAR PROGRAMS	**$ 9,226,725**	**$ 9,260,186**	**$ (33,461)**
SPECIAL PROGRAMS:			
Personnel Services - Salaries	$ 1,060,638	$ 1,074,681	$ (14,043)
Personnel Services - Employee Benefits	819,890	819,890	-
Purchased Professional/Technical Services	917,521	927,395	(9,874)
Purchased Property Services	6,500	3,089	3,411
Other Purchased Services	216,200	145,107	71,093
Supplies	73,826	16,525	57,301
Property	2,000	1,748	252
Other Objects	3,500	711	2,789
TOTAL SPECIAL PROGRAMS	**$ 3,100,075**	**$ 2,989,146**	**$ 107,888**
VOCATIONAL EDUCATION PROGRAMS:			
Other Purchased Services	$ 561,641	$ 561,641	$ -
TOTAL VOCATIONAL EDUCATION PROGRAMS	**$ 561,641**	**$ 561,641**	**$ -**
OTHER INSTRUCTIONAL PROGRAMS:			
Personnel Services - Salaries	$ 3,500	$ 1,008	$ 19,524
Personnel Services - Employee Benefits	1,502	436	19,778
Other Purchased Services	500	260	240
Supplies	250	-	250
TOTAL OTHER INSTRUCTIONAL PROGRAMS	**$ 5,752**	**$ 1,704**	**$ 39,792**
TOTAL INSTRUCTION	**$ 12,894,193**	**$ 12,812,677**	**$ 114,219**
PUPIL PERSONNEL:			
Personnel Services - Salaries	$ 251,705	$ 242,688	$ 9,017
Personnel Services - Employee Benefits	179,682	175,323	4,359
Purchased Professional/Technical Services	300	-	300
Purchased Property Services	450	450	-
Other Purchased Services	930	920	10
Supplies	1,475	855	620
Property	500	-	500
Other Objects	1,200	1,122	78
TOTAL PUPIL PERSONNEL	**$ 436,242**	**$ 421,358**	**$ 14,884**
INSTRUCTIONAL STAFF:			
Personnel Services - Salaries	$ 129,194	$ 134,616	$ (5,422)
Personnel Services - Employee Benefits	116,670	139,204	(22,534)
Purchased Professional/Technical Services	49,500	33,396	16,104
Purchased Property Services	600	600	-
Other Purchased Services	15,200	3,231	11,969
Supplies	5,699	5,661	38
TOTAL INSTRUCTIONAL STAFF	**$ 316,863**	**$ 316,708**	**$ 155**
ADMINISTRATION:			
Personnel Services - Salaries	$ 482,391	$ 511,740	$ (29,349)
Personnel Services - Employee Benefits	310,561	351,621	(41,060)
Purchased Professional/Technical Services	114,734	95,982	18,752
Purchased Property Services	1,945	1,816	129
Other Purchased Services	35,990	41,220	(5,230)
Supplies	16,750	17,819	(1,069)
Other Objects	12,700	13,473	(773)
TOTAL ADMINISTRATION	**$ 975,071**	**$ 1,033,671**	**$ (58,600)**

REDBANK VALLEY SCHOOL DISTRICT
DETAILED SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
PUPIL HEALTH:			
Personnel Services - Salaries	$ 120,277	$ 137,750	$ (17,473)
Personnel Services - Employee Benefits	93,736	82,975	10,761
Purchased Professional/Technical Services	36,034	31,253	4,781
Purchased Property Services	300	280	20
Other Purchased Services	300	73	227
Supplies	3,499	3,469	30
TOTAL PUPIL HEALTH	**$ 254,146**	**$ 255,800**	**$ (1,654)**
BUSINESS:			
Personnel Services - Salaries	$ 85,324	$ 87,826	$ (2,502)
Personnel Services - Employee Benefits	78,669	80,194	(1,525)
Purchased Professional/Technical Services	1,550	2,723	(1,173)
Purchased Property Services	425	255	170
Other Purchased Services	1,230	1,345	(115)
Supplies	15,699	15,525	174
Other Objects	95,050	99,598	(4,548)
TOTAL BUSINESS	**$ 277,947**	**$ 287,466**	**$ (9,519)**
OPERATION & MAINTENANCE OF PLANT SERVICES:			
Personnel Services - Salaries	$ 362,051	$ 312,969	$ 49,082
Personnel Services - Employee Benefits	361,038	300,631	60,407
Purchased Professional/Technical Services	139,200	178,504	(39,304)
Purchased Property Services	1,151,611	1,157,716	(6,105)
Other Purchased Services	193,791	194,849	(1,058)
Supplies	236,848	261,157	(24,309)
Property	138,761	138,761	-
Other Objects	400	2,249	(1,849)
OF PLANT SERVICES	**$ 2,583,700**	**$ 2,546,836**	**$ 36,864**
STUDENT TRANSPORTATION:			
Other Purchased Services	$ 1,255,594	$ 1,626,115	$ (370,521)
Supplies	4,300	4,300	-
TOTAL STUDENT TRANSPORTATION	**$ 1,259,894**	**$ 1,630,415**	**$ (370,521)**
CENTRAL:			
Personnel Services - Salaires	$ 77,727	$ 89,638	$ (11,911)
Personnel Benefits	57,944	79,054	(21,110)
Purchased Prof & Tech	4,900	3,168	1,732
Purchased Property Services	18,000	16,056	1,944
Other Purchased Services	15,635	25,570	(9,935)
Supplies	75,200	48,854	26,346
Property	23,600	23,507	93
Other Objects	625	600	25
TOTAL CENTRAL SERVICES	**$ 273,631**	**$ 286,447**	**$ (12,816)**
OTHER SUPPORT SERVICES:			
Other Purchased Services	$ 12,340	$ 11,901	$ 439
TOTAL OTHER SUPPORT SERVICES:	**$ 12,340**	**$ 11,901**	**$ 439**
TOTAL SUPPORT SERVICES	**$ 6,389,834**	**$ 6,790,602**	**$ (400,768)**

REDBANK VALLEY SCHOOL DISTRICT
DETAILED SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
OPERATION OF NON-INSTRUCTIONAL SERVICES:			
STUDENT ACTIVITIES:			
Personnel Services - Salaries	$ 204,488	$ 204,749	$ (261)
Personnel Services - Employee Benefits	50,370	43,797	6,573
Purchased Professional/Technical Services	30,800	30,758	42
Purchased Property Services	1,000	-	1,000
Other Purchased Services	50,400	68,216	(17,816)
Supplies	14,297	8,536	5,761
Property	41,070	66,499	(25,429)
Other Objects	5,274	6,732	(1,458)
TOTAL STUDENT ACTIVITIES	**$ 397,699**	**$ 429,287**	**$ (31,588)**
COMMUNITY SERVICES:			
Other Purchased Services	$ 13,490	$ 13,490	$ -
Supplies	160	160	-
TOTAL COMMUNITY SERVICES	**$ 13,650**	**$ 13,650**	**$ -**
TOTAL OPERATION OF NON-INSTRUCTIONAL SERVICES	**$ 411,349**	**$ 442,937**	**$ (31,588)**
FACILITIES ACQUISITION, CONSTRUCTION & IMPROVEMENT SERVICES:			
EXISTING SITE IMPROVEMENTS			
Property	$ 25,080	$ -	$ 25,080
TOTAL EXISTING SITE IMPROVEMENTS	**$ 25,080**	**$ -**	**$ 25,080**
BUILDING ACQUISITION & CONSTRUCTION SERVICES:			
Purchased Professional/Technical Services	$ 19,040	$ 19,040	$ -
TOTAL BUILDING ACQUISITION & CONSTRUCTION SVCS	**$ 19,040**	**$ 19,040**	**$ -**
TOTAL FACILITIES ACQUISITION, CONSTRUCTION & IMPROVEMENT SERVICES	**$ 44,120**	**$ 19,040**	**$ 25,080**
OTHER FINANCING USES:			
DEBT SERVICE:			
Other Objects	$ 119,606	$ 119,606	$ -
Other Uses Of Funds	570,000	570,000	-
TOTAL DEBT SERVICE/REFUND PRIOR YEAR	**$ 689,606**	**$ 689,606**	**$ -**
FUND TRANSFERS:			
Transfer to Debt Service Fund	$ 500,000	$ -	$ 500,000
TOTAL FUND TRANSFERS	**$ 500,000**	**$ -**	**$ 500,000**
BUDGETARY RESERVE	**$ 349,247**	**$ -**	**$ 349,247**
TOTAL OTHER FINANCING USES	**$ 1,538,853**	**$ 689,606**	**$ 849,247**
TOTAL EXPENDITURES	**$ 21,278,349**	**$ 20,754,862**	**$ 523,487**

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,	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0471%	0.0471%	0.0495%	0.0512%	0.0502%	0.0520%	0.0524%	0.0524%
District's proportionate share of the net pension liability	$ 20,940,000	$ 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	$ 6,917,254	$ 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	302.72%	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	61.34%	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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	$ 2,356,966	$ 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	(2,356,966)	(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	$ 7,461,346	$ 6,917,254	$ 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	31.59%	38.87%	33.73%	33.35%	33.26%	30.93%	29.20%	24.69%	20.36%

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

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

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,	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.0470%	0.0472%	0.0494%	0.0512%	0.0502%	0.0520%
District's proportionate share of the net OPEB liability	$ 865,000	$ 1,118,000	$ 1,067,000	$ 1,089,000	$ 1,047,000	$ 1,059,000
District's covered payroll	$ 6,917,254	$ 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	12.50%	16.74%	15.10%	16.11%	15.95%	15.71%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	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,

	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	$ 51,224	$ 63,006	$ 54,903	$ 59,157	$ 57,247	$ 53,080
Contribution in relation to the contractually required contribution	(51,224)	(63,006)	(54,903)	(59,157)	(57,247)	(53,080)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 7,461,346	$ 6,917,254	$ 6,687,146	$ 7,064,515	$ 6,760,939	$ 6,562,410
Contributions as a percentage of covered payroll	0.69%	0.91%	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,

	2023	2022	2021	2020	2019	2018
Service cost	$ 59,000	$ 183,000	$ 177,000	$ 97,000	$ 94,000	$ 127,000
Interest	51,000	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	(11,000)	(519,000)	18,000	625,000	75,000	(296,000)
Benefit payments	(62,000)	(89,000)	(115,000)	(120,000)	(140,000)	(173,000)
Net Change in Total OPEB Liability	**$ 37,000**	**$ (1,975,000)**	**$ 152,000**	**$ 1,053,000**	**$ 109,000**	**$ (259,000)**
Total OPEB Liability - Beginning of Year	**1,474,000**	**3,449,000**	**3,297,000**	**2,244,000**	**2,135,000**	**2,394,000**
Total OPEB Liability - End of Year	**$ 1,511,000**	**$ 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, 2022

None

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

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

Actuarial Assumptions used in Calculations of Actuarially Determined Contributions

None

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

Changes in Benefit Terms

None

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

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

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

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

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

Changes in Actuarial Assumptions used in Calculations of Actuarially Determined Contributions

None

Actuarial Assumptions used in Calculations of Actuarially Determined Contributions

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

- The results of the actuarial valuation as of June 30, 2020, determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset Valuation Method: Market value
- Participation Rate: The actual data for retirees benefiting under the Plan as of June 30, 2021, was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

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

Changes in Benefit Terms

None

Changes in Assumptions

- The discount rate has increased from 3.54% to 3.65% based on the Bond Buyer 20 Year Bond GO Index.
- Per capita claims costs were updated.
- Future retiree healthcare trend rates were updated to reflect current expectations of future experience.
- Assumed termination, retirement and salary increase rates have been updated.
- Assumed retiree healthcare election rates for future Teacher and Support Staff retirees have been reduced.
- Assumed spousal coverage election rates have been reduced for future retirees.
- The mortality assumption has been updated for the RP-2014 Mortality Tables with Mortality Improvement Projection Scale MP2019 to the PubT-2010 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

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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 the 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 The Redbank Valley School District's major federal programs for the year ended June 30, 2023. The 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, The 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, 2023.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; The standards applicable to financial audits contained in Government Auditing Standards. Issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost 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 The 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 The 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 The 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 The 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 The 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 the 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 the 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.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questions costs as items (2023-004). My opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Redbank Valley School District's response to the noncompliance findings identified in my audit described in the accompanying schedule of findings and questioned costs. The Redbank Valley School District's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, I express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I did identify certain deficiencies in internal control over compliance that I consider to be material weaknesses.

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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items (2023-004) to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Redbank Valley School District's response to the findings identified in my audit and described in the accompanying schedule of findings and questions costs. The 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 the response.

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

April 9, 2024
New Brighton, Pennsylvania

Mark C. Turnley

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 Education
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, the business-type 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, 2023, and the related notes to the financial statements, which collectively comprise The Redbank Valley School District's basic financial statements, and have issued my report thereon dated May 15, 2024.

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 were not identified. I identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items (2023-001, 2023-002, 2023-003, 2023-004) that I consider to be material weaknesses.

Management and Board of Education
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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items (2023-001, 2023-002, 2023-003, 2023-004).

Redbank Valley School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Redbank Valley School District's response to the findings identified in my audit and described in the accompanying schedule of findings and questions costs. The 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 the response.

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

May 15, 2024
New Brighton, Pennsylvania

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

FEDERAL GRANTOR / PROJECT TITLE	FUNDING SOURCE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR NUMBER	GRANT PERIOD BEGINNING / ENDING DATE	PROGRAM AWARD AMOUNT	2022-2023 PASSED THROUGH TO SUBRECIPIENTS	TOTAL RECEIVED THIS PERIOD	ACCRUED (UNEARNED) REVENUE JULY 1	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE JUNE 30
U.S. DEPARTMENT OF EDUCATION:											
Passed through Pa. Department of Education:											
Title I	Indirect	84.010	013-230357	7/1/22-9/30/23	$ -	$ -	$ 131,744	$ -	$ 230,135	$ 230,135	$ 98,391
Title I	Indirect	84.010	013-220357	7/1/21-9/30/22	250,717	-	137,911	137,911	-	-	-
Title II - Improving Teacher Quality	Indirect	84.367	020-230357	7/1/22-9/30/23	-	-	18,015	-	18,169	18,169	154
Title II - Improving Teacher Quality	Indirect	84.367	020-220357	7/1/21-9/30/22	33,644	-	18,883	5,607	17,997	17,997	4,721
Title II - Improving Teacher Quality	Indirect	84.367	020-210357	7/1/20-9/30/21	36,543	-	18,312	18,312	-	-	-
Title II - Improving Teacher Quality	Indirect	84.367	020-200357	7/1/19-9/30/20	45,327	-	6,481	6,481	-	-	-
Title IV - Student Support & Academic Enrichment	Indirect	84.424	144-230357	7/1/22-9/30/23	-	-	5,704	-	-	-	(5,704)
Title IV - Student Support & Academic Enrichment	Indirect	84.424	144-220357	7/1/21-9/30/22	20,960	-	14,975	(5,985)	20,960	20,960	-
COVID-19 - GEERS - CEEG	Indirect	84.425C	253-200357	3/13/20-9/30/23	36,500	-	36,500	7,684	28,816	- 28,816 **(1)**	-
COVID-19 - ESSER II Fund Local	Indirect	84.425D	200-210357	3/13/20-9/30/23	1,029,229	-	215,359	(245,738) (2)	461,097	461,097 **(1)**	-
COVID-19 - ARP ESSER III Fund Local	Indirect	84.425U	223-210357	3/13/20-9/30/24	2,081,833	-	1,286,951	189,402 (2)	1,226,743	1,226,743 **(1)**	129,194
COVID-19 - ARP ESSER 7% (Learning Loss)	Indirect	84.425U	225-210357	3/13/20-9/30/24	115,576	-	73,548	(12,570) (2)	25,389	25,389 **(1)**	(60,729)
COVID-19 - ARP ESSER 7% (Summer School)	Indirect	84.425U	225-210357	3/13/20-9/30/24	23,115	-	14,709	18,712 (2)	1,881	1,881 **(1)**	5,884
COVID-19 - ARP ESSER 7% (After School)	Indirect	84.425U	225-210357	3/13/20-9/30/24	23,115	-	14,709	3,006 (2)	9,259	9,259 **(1)**	(2,444)
COVID-19 - ARP ESSER (Homeless Children & Youth)	Indirect	84.425W	181-212368	3/13/20-9/30/24	13,649	-	12,599	(1,050)	13,649	13,649 **(1)**	-
Total passed through Pa. Department of Education						**$ -**	**$ 2,006,400**	**$ 121,772**	**$ 2,054,095**	**$ 2,054,095**	**$ 169,467**
Passed through Pa. Commission on Crime and Delinquency											
COVID - PCCD	Indirect	84.425D	2020-ES-01-35476	3/13/20-9/30/22	$ 34,500	$ -	$ 34,500	$ 10,600 (2)	$ 23,900	$ 23,900	$ -
Total passed through Pa. Commission on Crime and Delinquency						**$ -**	**$ 34,500**	**$ 10,600**	**$ 23,900**	**$ 23,900**	**$ -**
Passed through Intermediate Unit 1 (Special Education Cluster):											
IDEA	Indirect	84.027	H027A220093	7/1/22-6/30/23	$ 192,358	$ -	$ 192,358	$ -	$ 192,358	$ 192,358	$ -
IDEA - Section 619	Indirect	84.173	H173A220090	7/1/22-6/30/23	2,470	-	2,470	-	2,470	2,470	-
COVID-19 IDEA - ARP	Indirect	84.027X	H027X210093	7/1/21-6/30/24	40,903	-	40,903		40,903	40,903	-
Total passed through Intermediate Unit 1 (Special Education Cluster)						**$ -**	**$ 235,731**	**$ -**	**$ 235,731**	**$ 235,731**	**$ -**
Total Special Education Cluster						**$ -**	**$ 270,231**	**$ 10,600**	**$ 259,631**	**$ 259,631**	**$ -**
TOTAL U.S. DEPARTMENT OF EDUCATION						**$ -**	**$ 2,276,631**	**$ 132,372**	**$ 2,313,726**	**$ 2,313,726**	**$ 169,467**
U.S. DEPARTMENT OF AGRICULTURE:											
Passed through Pa. Department of Education (Child Nutrition Program Cluster):											
National School											
Lunch Program	Indirect	10.555	N/A	7/1/22-6/30/23	N/A	$ -	$ 437,574	$ -	$ 437,574	$ 437,574	$ -
Lunch Program	Indirect	10.555	N/A	7/1/21-6/30/22	N/A	-	31,997	31,997	-	-	-
Breakfast Program	Indirect	10.553	N/A	7/1/22-6/30/23	N/A	-	177,870	-	177,870	177,870	-
Breakfast Program	Indirect	10.553	N/A	7/1/21-6/30/22	N/A	-	12,645	12,645	-	-	-
Supply Chain Assistance	Indirect	10.555	N/A	7/1/22-6/30/23	N/A	-	37,500	-	37,500	37,500	-
Total passed through Pa. Department of Education (Child Nutritin Program Cluster)						**$ -**	**$ 697,586**	**$ 44,642**	**$ 652,944**	**$ 652,944**	**$ -**
Passed through Pa. Deptartment of Agriculture (Child Nutrition Program Cluster):											
National School Lunch Program	Indirect	10.555	N/A	7/1/22-6/30/23	N/A	$ -	$ 64,215 *	$ (27,535) **	$ 71,051	$ 71,051	$ (20,699)
Total passed through Pa. Department of Agriculture (Child Nutrition Program Cluster)						**$ -**	**$ 64,215**	**$ (27,535)**	**$ 71,051**	**$ 71,051**	**$ (20,699)**
Total Child Nutrition Program Cluster						**$ -**	**$ 761,801**	**$ 17,107**	**$ 723,995**	**$ 723,995**	**$ (20,699)**
Passed through Pa. Department of Education:											
P-EBT Local Admin Funds	Indirect	10.649	N/A	7/1/22-6/30/23	N/A	$ -	$ 628	$ -	$ 628	$ 628	$ -
Total passed through Pa. Department of Education						**$ -**	**$ 628**	**$ -**	**$ 628**	**$ 628**	**$ -**
TOTAL U.S. DEPARTMENT OF AGRICULTURE						**$ -**	**$ 762,429**	**$ 17,107**	**$ 724,623**	**$ 724,623**	**$ (20,699)**
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	$ -	$ -	$ 852	$ (852)	$ (852)	$ -
Title 19	Indirect	93.778	N/A	7/1/22-6/30/23	N/A	-	530	-	530	530	-
Total passed through Pa. Department of Human Services						**$ -**	**$ 530**	**$ 852**	**$ (322)**	**$ (322)**	**$ -**
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						**$ -**	**$ -**	**$ 852**	**$ (852)**	**$ (852)**	**$ -**
TOTAL FEDERAL ASSISTANCE						**$ -**	**$ 3,039,060** #	**$ 150,331**	**$ 3,037,497**	**$ 3,037,497**	**$ 148,768**

 # Reconciliation with federal subsidy confirmation:

Per Above	$ 3,039,060
School Lunch/Breakfast Matching Subsidy	73,674
IDEA	(235,731)
Donated Commodities	(64,215)
Title 19	-
Medical Assistance - ACCESS	50,000
Per Confirmation	**$ 2,862,788**

* Total USDA Commodity Received
** Represents beginning inventory - 7/1/22
*** Represents ending inventory - 6/30/23
(1) Denotes Major Program
(2) Adustments made to prior year amounts

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

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the 'Schedule') includes the federal grant activity administered by the Redbank Valley School District for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grant Guidance – UGG).* Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the 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 2022-2023 fiscal year.

NOTE 6 – INDIRECT COST RATE

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

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

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	___yes __X_no
• Significant deficiency(ies) identified?	__X_yes ___no
Noncompliance material to financial statements noted?	__X yes ____no

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	__X__yes ____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)?	__X__yes ____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	COVID-19 – ARP ESSER III Fund Local
84.425U	COVID-19 – ARP ESSER 7% (Learning Loss)
84.425U	COVID-19 – ARP ESSER 7% (Summer School)
84.425U	COVID-19 – ARP ESSER 7% (After School)
84.425W	COVID-19 – 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 2023-001 – 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, 2022 fiscal year.

Section II – Financial Statement Findings (Continued)

- **FINDING 2023-001 – 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 2023-002 – 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, 2022 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.

Section II – Financial Statement Findings (Continued)

- **FINDING 2023-002 – 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.

- **FINDING 2023-003 – PROCUREMENT PROCEDURES**

CONDITION: The Redbank Valley School District contracted with a third-party vendor (11400 Food Service Equipment) for cafeteria fund equipment for the District which exceeded the threshold for competitive procurement. The purchase was procured from a quote from the vendor. The District did obtain another quote for the equipment but was unable to provide documentation to verify that the third-party procurement contract was competitively procured, such as a bid evaluation and public solicitation.

CRITERIA: 24 Pa. Statutes 751 of the Public School Code prescribes the bidding requirements for equipment, supplies, and work of any nature made by a school district whereby the cost exceeds certain dollar thresholds as adjusted annually for an inflation index.

CAUSE: School District personnel directly responsible for the oversight and execution of this contract, unintentionally assumed that this particular third-party contract did not require the specific bidding requirements as outlined in 24 Pa. Statutes 751 of the Public School Code.

EFFECT: The Redbank Valley School District, although they obtained two written quotes did not comply with the requirements of 24 Pa. Statutes 751 of the Public School Code with regard to competitively bidding the procurement of the cafeteria fund equipment.

QUESTIONED COST: $83,805

RECOMMENDATION: I am recommending that the management of the School District review and update as necessary its procurement policies to ensure retention of the appropriate procurement documentation, in all instances, so as to comply with all applicable sections of 24 Pa. Statutes 751 of the Public School Code.

VIEWS OF RESPONSIBLE OFFICIALS: Management of the School District has reviewed the above noted finding and recommendation and have developed a corresponding 'Corrective Action Plan' to address this matter (See Corrective Action Plan).

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

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):

DEPARTMENT OF EDUCATION:

- **FINDING 2023-004 – REPORTING**

  ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND (ESSER)
  ALN 84.425D

  CONDITION: During my review of the District's compliance with the laws and regulations related to filing its federal grant program Final Expenditure Reports (FER), I noted that the School District Final Expenditure Report totals for the ESSER II grant program were not derived from general ledger totals posted to the funding source 989 as required to be used to record expenses for that grant by the Pennsylvania Department of Education Chart of Accounts. The District utilized a spreadsheet to accumulate and record applicable expenses in lieu of utilizing the general ledger funding source accounts. This spreadsheet was not completely updated and balanced with the FER.

  CRITERIA: The Department of Education requires the use of a general ledger account structure which includes funding sources to enable the District to track expenditures properly for each federal grant received by the District. This enables the District to accurately report the expenditures for each grant on the 'Final Expenditure Report' (FER).

  EFFECT: The District is not in compliance with the financial reporting requirements for accurate supporting documentation for expenditures the ties to the 'Final Expenditure Report' (FER) for its ESSER II grant program in accordance with PDE policy and Section 2 CFR 200.302 of the Uniform Guidance.

  QUESTIONED COST: None

  CAUSE: It was not readily determinable as to why the School District did not record expenses as required in their general ledger accounting system by funding source or accurately reflect expenditures in their off-line spreadsheet that tied to the filed the 'Final Expenditure Report'.

  RECOMMENDATION: I recommend that the District develop fiscal procedures to ensure that 'Final Expenditure Reports' for future fiscal years are completed and filed in a timely manner based on supporting financial information obtained from the District's general ledger accounting system, in order to **1)** comply with PDE reporting requirements for the District's applicable federal programs, and **2)** to avoid any future sanctions or withholding of grant monies from PDE as a result of not maintaining supporting documentation of grant expenditures for each program.

  VIEWS OF RESPONSIBLE OFFICIALS: The School District concurs with the above noted finding and addresses this issue in the 'Corrective Action Plan' included within this report.

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 66-70 of this report:

- **FINDING 2023-001 – 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, 2022 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 2023-2024 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.

- **FINDING 2023-002 – 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, 2022 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.

- **FINDING 2023-002 – RECONCILIATION OF BALANCE SHEET ACCOUNTS (Continued)**

MANAGEMENT'S CORRECTIVE ACTION PLAN: Early in the 2023-2024 fiscal year the District hired a new Business Manager that possesses the skills, knowledge and education to understand how 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. The new Business Manager worked diligently to reconcile the accounts for the 2022-2023 fiscal year in preparation for the audit. She will continue to work on adopting procedures to ensure that all transactions are posted properly and reconciliations are done timely going forward in 2023-2024 and beyond.

- **FINDING 2023-003 – PROCUREMENT PROCEDURES**

CONDITION: The Redbank Valley School District contracted with a third-party vendor (11400 Food Service Equipment) for cafeteria fund equipment for the District which exceeded the threshold for competitive procurement. The purchase was procured from a quote from the vendor. The District did obtain another quote for the equipment but was unable to provide documentation to verify that the third-party procurement contract was competitively procured, such as a bid evaluation and public solicitation.

CRITERIA: 24 Pa. Statutes 751 of the Public School Code prescribes the bidding requirements for equipment, supplies, and work of any nature made by a school district whereby the cost exceeds certain dollar thresholds as adjusted annually for an inflation index.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will review and update as necessary, it's current procurement policies and procedures to ensure compliance with all applicable sections of the Uniform Guidance, in specific, Sections 2 CFR 200.318(i) and 200.320(a)(2)(i) of the Uniform Guidance, as well as 24 PS 8.807.1. In specific, these procedures will include 1) obtaining all relevant information pertaining to procurements involving federal assistance from any cooperative purchasing group, 2) obtaining quotations from three qualified providers where applicable and documenting those results, and 3) properly document purchases using federal assistance when the vendor meets the criteria as a sole source provider. These three (3) updated procedures will be implemented during the remaining months of the 2023-2024 fiscal year, and all subsequent years, for future purchases where applicable.

- **FINDING 2023-004 – REPORTING**

ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND (ESSER)

ALN 84.425D

CONDITION: During my review of the District's compliance with the laws and regulations related to filing its federal grant program Final Expenditure Reports (FER), I noted that the School District Final Expenditure Report totals for the ESSER II grant program were not derived from general ledger totals posted to the funding source 989 as required to be used to record expenses for that grant by the Pennsylvania Department of Education Chart of Accounts. The District utilized a spreadsheet to accumulate and record applicable expenses in lieu of utilizing the general ledger funding source accounts. This spreadsheet was not completely updated and balanced with the FER.

CRITERIA: The Department of Education requires the use of a general ledger account structure which includes funding sources to enable the District to track expenditures properly for each federal grant received by the District. This enables the District to accurately report the expenditures for each grant on the 'Final Expenditure Report' (FER).

MANAGEMENT'S CORRECTIVE ACTION PLAN: Early in the 2023-2024 fiscal year the District hired a new Business Manager that possesses the skills, knowledge and education to understand how 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. The new Business Manager worked diligently to reconcile the accounts for the 2022-2023 fiscal year in preparation for the audit. She will continue to work on adopting procedures to ensure that all transactions are posted properly and reconciliations are done timely going forward in 2023-2024 and beyond.

RESPONSIBLE SCHOOL OFFICIALS FOR CORRECTIVE ACTION PLAN –

Amy Rupp, Superintendent and Rochelle Reitz, Business

REDBANK VALLEY SCHOOL DISTRICT
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDING JUNE 30, 2023

There following were findings in the audit report of the Redbank Valley School District for the year ended June 30, 2022, dated March 24, 2023.

- **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, 2022 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.

  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 treasurer's reports, budget to actual revenue and expense reports etc.

  CURRENT STATUS: Early in the 2023-2024 fiscal year the District hired a new business manager that possesses the skills, knowledge and education to assure that controls over business office procedures exist to segregate as many business office duties. The new Business Manager has been working diligently since her hire to institute and ensure that procedures are in place going forward to enable accurate financial information to be produced for management and the board of the District on a timely basis.

- **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, 2022 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.

  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.

  CURRENT STATUS: Early in the 2023-2024 fiscal year the District hired a new business manager that possesses the skills, knowledge and education to assure that controls over business office procedures exist to produce reliable, accurate financial information. The new Business Manager has been working diligently since her hire to institute and ensure that procedures are in place going forward to enable accurate financial information to be produced for management and the board on a timely basis.