

**Allegheny Valley School District
Financial Statements
June 30, 2023**



CERTIFIED PUBLIC ACCOUNTANTS

Allegheny Valley School District

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Independent Auditor's Report

Members of the Board
Allegheny Valley School District
Cheswick, Pennsylvania

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 Allegheny Valley School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Allegheny Valley School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Allegheny Valley School District's basic financial statements. The accompanying schedule of expenditures of federal awards, 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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*, we have also issued our report dated January 31, 2024, on our consideration of Allegheny Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Allegheny Valley School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Allegheny Valley School District's internal control over financial reporting and compliance.

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
January 31, 2024

Allegheny Valley School District
Management's Discussion and Analysis
June 30, 2023

The discussion and analysis of Allegheny Valley School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

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

Financial Highlights

The School District saw an increase of various costs as they relate to the support of public education. As projected, expenses such as employer retirement contributions and health insurance premiums continue to outpace increases in revenues. The Board of Directors and administration closely scrutinized all expenses throughout the school year.

Overall revenues increased by 6.3% over the prior year. Local revenues constitute the main source of funding for the School District. The 2022/23 local revenues for the School District were up by 6%. The major contributors were collections for real estate that increased by 1%, delinquent tax collection that increased by 5% and earned income in 2022/23 up 7% higher than the previous year. Higher wages impacted the earned income collections positively. The higher collections were also a recovery from the impacts that the COVID-19 pandemic had on the economy and wages in the region in the spring of 2020. Miscellaneous revenue declined by 19% compared to the prior year. State funding increases for Basic Education and Special Education funding and overall state revenues increased by 16% over the previous year. Federal grants are not normally a significant source of funding for the School District but allocations from the federal government increased federal funding in response to the COVID-19 Pandemic.

Expenditures in the School District continued to rise by 2% without a corresponding increase in student enrollment in the School District. The big driver was personnel costs that comprised 61% of \$14.1 million of the expenditures. Salaries and benefits increased 4.75% compared to the prior year. Retirement rates continue to increase from 34.51% of eligible salaries to 34.94% in this fiscal year. Other major cost drivers were special education at \$3.4 million, debt service at \$2.34 million and transportation at \$1.3 million.

Using the Annual Financial Report

The Annual Financial Report consists of a financial section and a single audit section which issued to comply with federal guidelines as required in the Government Auditing Standards and the Uniform Grant Guidance. Within the financial statements are the management's discussion and analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand Allegheny Valley School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the statement of net position and the statement of activities. These provide both long-term and short-term information about the School District's overall financial status.

**Allegheny Valley School District
Management's Discussion and Analysis
June 30, 2023**

The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements. The governmental funds statements tell how general School District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that the School District operates like a business. For this School District, this is our food service fund. Fiduciary fund statements provide information about financial relationships where the School District acts solely as a trustee or custodian for the benefit of others, to whom the resources in question belong.

The financial statements also include notes to explain some of the information in the financial statements and provide more detailed data.

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
Allegheny Valley School District's
Financial Report

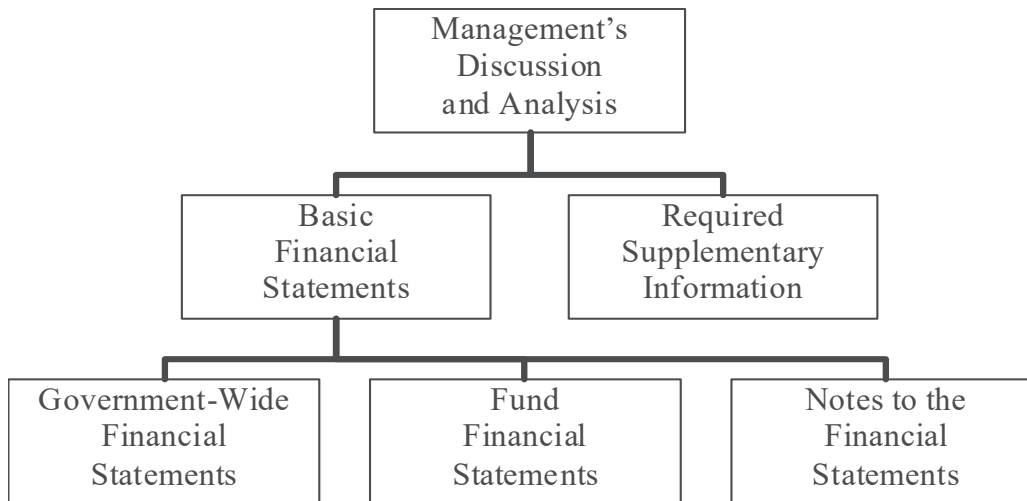


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents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

Allegheny Valley School District
Management's Discussion and Analysis
June 30, 2023

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

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as education, administration and community services	Activities the School District operates similar to private business - food services	Instances in which the School District is the trustee or agent to someone else's resources
Required financial statements	Statement of net position; statement of activities	Balance sheet; statement of revenues, expenditures, and changes in fund balance	Statement of net position; statement of revenues, expenses and changes in net position; statement of cash flows	Statement of fiduciary net position; statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, 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 in-flow/outflow information	All revenues and expenses during the 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 the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Allegheny Valley School District
Management's Discussion and Analysis
June 30, 2023

Overview of Financial Statements

Government-Wide Statements

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

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

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

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

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

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

Fund Financial Statements

The School District's fund financial statements, which begin with Exhibit 3, provide detailed information about the most significant funds - not the School District as a whole. Some funds are required by state law and by bond requirements.

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

Proprietary funds - These funds are used to account for the School District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the School District charges customers for services it provides - whether to outside customers or to other units in the School District - these services are generally reported in proprietary funds.

Allegheny Valley School District
Management's Discussion and Analysis
June 30, 2023

The food service fund is the School District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

Fiduciary funds - The School District is the trustee, or fiduciary, for student activity funds and scholarship funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position on Exhibit 10 and statement of changes in net position on Exhibit 11. These funds are excluded from the School District's other financial statements as the funds cannot be used to finance its operations.

Financial Analysis of the School District as a Whole

The School District's total net position was a surplus \$5,364,503 at June 30, 2023 and a surplus \$213,932 at June 30, 2022.

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

	2023			2022		
	Governmental	Business-		Governmental	Business-	
	Activities	Type	Totals	Activities	Type	Totals
		Activities			Activities	
Current and Other Assets	\$ 26,065,899	\$ 223,491	\$ 26,289,390	\$ 22,764,829	\$ 387,831	\$ 23,152,660
Capital Assets	<u>34,160,010</u>	<u>6,390</u>	<u>34,166,400</u>	<u>35,542,173</u>	<u>8,258</u>	<u>35,550,431</u>
Total Assets	<u>60,225,909</u>	<u>229,881</u>	<u>60,455,790</u>	<u>58,307,002</u>	<u>396,089</u>	<u>58,703,091</u>
Deferred Outflows of Resources	<u>4,949,833</u>	<u>93,572</u>	<u>5,043,405</u>	<u>5,488,798</u>	<u>97,116</u>	<u>5,585,914</u>
Current and Other Liabilities	2,528,689	59,671	2,588,360	2,022,168	398,893	2,421,061
Noncurrent Liabilities						
Due Within One Year	1,692,705	-	1,692,705	1,689,717	-	1,689,717
Due in More Than One Year	<u>52,731,249</u>	<u>611,032</u>	<u>53,342,281</u>	<u>53,507,706</u>	<u>553,380</u>	<u>54,061,086</u>
Total Liabilities	<u>56,952,643</u>	<u>670,703</u>	<u>57,623,346</u>	<u>57,219,591</u>	<u>952,273</u>	<u>58,171,864</u>
Deferred Inflows of Resources	<u>2,465,442</u>	<u>45,904</u>	<u>2,511,346</u>	<u>5,791,591</u>	<u>111,618</u>	<u>5,903,209</u>

**Allegheny Valley School District
Management's Discussion and Analysis
June 30, 2023**

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

	2023			2022		
	Governmental	Business-		Governmental	Business-	
	Activities	Type		Activities	Type	
		Activities	Totals		Activities	Totals
Net Position						
Net Investment in Capital Assets	10,990,465	6,390	10,996,855	10,612,267	8,258	10,620,525
Unrestricted	<u>(5,232,808)</u>	<u>(399,544)</u>	<u>(5,632,352)</u>	<u>(9,827,649)</u>	<u>(578,944)</u>	<u>(10,406,593)</u>
Total Net Position	<u>\$ 5,757,657</u>	<u>\$ (393,154)</u>	<u>\$ 5,364,503</u>	<u>\$ 784,618</u>	<u>\$ (570,686)</u>	<u>\$ 213,932</u>

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

The results of this year's operations as a whole are reported in the statement of activities on Exhibit 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 School District's activities that are supported by other general revenues. The largest general revenues are the local taxes (property and earned income) assessed to community taxpayers.

Table A-2 takes the information from that statement, rearranges it slightly, so you can see our total revenues for the year.

Table A - 2
Years Ended June 30, 2023 and 2022
Change in Net Position

	2023			2022		
	Governmental	Business-		Governmental	Business-	
	Activities	Type		Activities	Type	
		Activities	Totals		Activities	Totals
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ 62,936	\$ 62,936	\$ -	\$ 15,572	\$ 15,572
Operating Grants and Contribs.	4,738,645	778,015	5,516,660	4,176,863	747,325	4,924,188
Capital Grants and Contribs.	311,235	-	311,235	262,615	-	262,615

Allegheny Valley School District
Management's Discussion and Analysis
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Table A - 2
Years Ended June 30, 2023 and 2022
Change in Net Position

	2023			2022		
	Governmental	Business-		Governmental	Business-	
	Activities	Type	Totals	Activities	Type	Totals
		Activities			Activities	
General Revenues						
Property Taxes	15,463,728	-	15,463,728	15,796,560	-	15,796,560
Other Taxes	1,865,249	-	1,865,249	1,738,422	-	1,738,422
Grants, Subsidies and Contribs.						
Unrestricted	3,399,007	-	3,399,007	3,054,119	-	3,054,119
Investment Earnings	793,150	-	793,150	17,923	-	17,923
Other	91,625	-	91,625	52,876	-	52,876
Total Revenues	<u>26,662,639</u>	<u>840,951</u>	<u>27,503,590</u>	<u>25,099,378</u>	<u>762,897</u>	<u>25,862,275</u>
Expenses						
Instruction	12,870,429	-	12,870,429	12,407,598	-	12,407,598
Instructional Student Support	1,422,444	-	1,422,444	1,436,038	-	1,436,038
Admin. and Fin. Support Svcs.	2,477,588	-	2,477,588	2,557,128	-	2,557,128
Operation and Maintenance						
of Plant Services	2,211,088	-	2,211,088	2,219,514	-	2,219,514
Pupil Transportation	1,293,786	-	1,293,786	1,214,386	-	1,214,386
Student Activities	812,406	-	812,406	749,116	-	749,116
Community Services	7,072	-	7,072	7,100	-	7,100
Interest on Long-Term Debt	594,787	-	594,787	584,140	-	584,140
Food Service	-	663,419	663,419	-	366,170	366,170
Total Expenses	<u>21,689,600</u>	<u>663,419</u>	<u>22,353,019</u>	<u>21,175,020</u>	<u>366,170</u>	<u>21,541,190</u>
Increase (Decrease) in Net Position	4,973,039	177,532	5,150,571	3,924,358	396,727	4,321,085
Beginning Net Position	<u>784,618</u>	<u>(570,686)</u>	<u>213,932</u>	<u>(3,139,740)</u>	<u>(967,413)</u>	<u>(4,107,153)</u>
Ending Net Position	<u>\$ 5,757,657</u>	<u>\$ (393,154)</u>	<u>\$ 5,364,503</u>	<u>\$ 784,618</u>	<u>\$ (570,686)</u>	<u>\$ 213,932</u>

**Allegheny Valley School District
Management's Discussion and Analysis
June 30, 2023**

The tables below present the expenses of both the governmental activities and the business-type activities of the School District.

Table A-3 shows the School District's largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, and interest on debt, as well as each program's net cost (total cost less revenues generated by the activities). 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
Years Ended June 30, 2023 and 2022
Governmental Activities

	2023		2022	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Instruction	\$ 12,870,429	\$ 9,980,506	\$ 12,407,598	\$ 9,561,894
Instructional Student Support	1,422,444	915,941	1,436,038	927,483
Admin. and Fin. Support Svcs.	2,477,588	2,217,640	2,557,128	2,309,339
Operation and Maintenance of Plant Services	2,211,088	1,967,185	2,219,514	2,028,553
Pupil Transportation	1,293,786	514,179	1,214,386	893,953
Student Activities	812,406	755,717	749,116	694,579
Community Services	7,072	5,000	7,100	(1,784)
Interest on Long-Term Debt	<u>594,787</u>	<u>283,552</u>	<u>584,140</u>	<u>321,525</u>
Total Governmental Activities	<u>\$ 21,689,600</u>	16,639,720	<u>\$ 21,175,020</u>	16,735,542
Less:				
Unrestricted Grants, Subsidies		<u>(3,399,007)</u>		<u>(3,054,119)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$13,240,713</u>		<u>\$13,681,423</u>

**Allegheny Valley School District
Management's Discussion and Analysis
June 30, 2023**

Table A-4 reflects the activities of the food service program, the only business-type activity of the School District.

Table A - 4
Years Ended June 30, 2023 and 2022
Business-Type Activities

	2023		2022	
Functions/Programs	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Food Service	<u>\$ 663,419</u>	<u>\$ (177,532)</u>	<u>\$ 366,170</u>	<u>\$ (396,727)</u>

The statement of revenues, expenses and changes in fund net position for this proprietary fund shown on Exhibit 8 will further detail the actual results of operations.

School District Funds

At June 30, 2023, the School District's general fund reported a fund balance of \$9,700,120.

General Fund Budget

A schedule showing the School District's original and final budget amounts, compared with amounts actually paid and received, is provided in the required supplementary information section.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2023, the School District's governmental funds had \$34,083,703 invested in a broad range of capital assets, including land, land improvements, buildings, furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$1,356,727, or 3.8% from last year.

**Allegheny Valley School District
Management's Discussion and Analysis
June 30, 2023**

Table A - 5
Governmental Activities
Capital Assets - Net of Depreciation

	2023	2022
Land	\$ 791,812	\$ 791,812
Land Improvements	643,453	835,518
Buildings and Building Improvements	32,158,194	33,231,960
Furniture and Equipment	490,244	581,140

Debt Administration

As of July 1, 2022, the School District had total outstanding bond and note principal of \$24,245,000. During the year, the School District made payments against principal of \$1,560,000 leaving a balance of \$22,685,000 at June 30, 2023.

Table A - 6
Outstanding Debt

General Obligation Bonds	As of 06/30/23	As of 06/30/22
Series of 2021	\$ 8,715,000	\$ 8,750,000
Series of 2020	5,875,000	6,285,000
Series of 2014	8,095,000	9,210,000

Other obligations include capital lease obligations and accrued sick leave for specific employees of the School District. More detailed information about our long-term liabilities is included in the notes to the financial statements.

Bond Rating

The School District's general obligation bond rating assigned by Moody's is A1 underlying and an A3 enhanced rating. The Commonwealth of Pennsylvania also provides additional security for the bonds through the Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to bond holders in the event of default.

Economic Factors and Next Year's Budgets and Rates

The School District will operate within the Act 1 Index for the 2023/24 budget. There are two contracts for support staff expiring at the end of this school year: the administrative assistants and paraprofessionals, and for the custodial maintenance staff. The expiration of the professional staff contract is June 30, 2027. Higher wages continue to impact the district expenditures.

The economic projections for the school year are higher wages and higher prices for food and commodities. The impact of higher wages impacts the overall economy with inflation. At the local level, while there is an increase in real estate transfers; high mortgage rates have impacted first time home buyers. Student enrollment has leveled off and the district does not anticipate growth in the upcoming years.

**Allegheny Valley School District
Management's Discussion and Analysis
June 30, 2023**

The comparison of revenue and expenditure categories is as follows:

Table A - 7

	Budgeted Revenues 2023/2024	Actual Revenues 2022/2023
Local	68.7%	68.9%
State	30.2%	28.0%
Federal	1.1%	3.1%

	Budgeted Expenditures 2023/2024	Actual Expenditures 2022/2023
Instruction	52.3%	53.2%
Support Services	35.4%	33.8%
Noninstructional Services	2.7%	2.8%
Fund Transfers/Debt/Other	9.6%	10.2%

Contacting the School District Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to show the Board and administration's accountability for the money it receives. All correspondence regarding this report can be sent to either Ms. Janice Zastawniak, Public Relations or Mrs. Hamsini Rajgopal, Business Manager at Allegheny Valley School District, 300 Pearl Avenue, Cheswick, PA 15024, 724-274-5300.

Allegheny Valley School District
Statement of Net Position
June 30, 2023

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 23,477,327	\$ 203,686	\$ 23,681,013
Taxes Receivable, Net	1,503,942	-	1,503,942
Due From Other Governments	1,014,715	-	1,014,715
Other Receivables	69,795	7,637	77,432
Inventories	-	11,673	11,673
Prepaid Items	120	495	615
Capital Assets not Being Depreciated			
Land	791,812	-	791,812
Capital Assets, Net of Accumulated Depreciation			
Land Improvements	643,453	-	643,453
Building & Building Improvements	32,158,194	-	32,158,194
Furniture & Equipment	490,244	6,390	496,634
Intangible Right-to-Use Assets, Net of Amort.	76,307	-	76,307
TOTAL ASSETS	60,225,909	229,881	60,455,790
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	608,168	-	608,168
Amounts Related to OPEB - District	363,467	-	363,467
Amounts Related to OPEB - PSERS	204,081	4,678	208,759
Amounts Related to Pension	3,774,117	88,894	3,863,011
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,949,833	93,572	5,043,405
LIABILITIES			
Internal Balances	(52,220)	52,220	-
Accounts Payable	154,068	2,526	156,594
Accrued Interest	110,853	-	110,853
Accrued Salaries and Benefits	2,224,620	-	2,224,620
Unearned Revenues	10,728	4,925	15,653
Other Current Liabilities	80,640	-	80,640
Noncurrent Liabilities:			
Due Within One Year	1,692,705	-	1,692,705
Due in More Than One Year:			
Compensated Absences	246,008	-	246,008
Bonds Payable	22,059,740	-	22,059,740
Lease Payable	52,602	-	52,602
Other Post-Employment Benefits - District	3,205,931	-	3,205,931
Other Post-Employment Benefits - PSERS	1,078,734	24,266	1,103,000
Net Pension Liability	26,088,234	586,766	26,675,000
TOTAL LIABILITIES	56,952,643	670,703	57,623,346
DEFERRED INFLOWS OF RESOURCES			
Amounts Related to OPEB - District	424,566	-	424,566
Amounts Related to OPEB - PSERS	334,668	7,528	342,196
Amounts Related to Pension	1,706,208	38,376	1,744,584
TOTAL DEFERRED INFLOWS OF RESOURCES	2,465,442	45,904	2,511,346
NET POSITION			
Net Investment in Capital Assets	10,990,465	6,390	10,996,855
Unrestricted	(5,232,808)	(399,544)	(5,632,352)
TOTAL NET POSITION	\$ 5,757,657	\$ (393,154)	\$ 5,364,503

See Accompanying Notes

**Allegheny Valley School District
Statement of Activities
Year Ended June 30, 2023**

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
Instruction	\$ 12,870,429	\$ -	\$ 2,889,923	\$ -	\$ (9,980,506)	\$ -	\$ (9,980,506)
Instructional Student Support	1,422,444	-	506,503	-	(915,941)	-	(915,941)
Administrative and Financial Support Services	2,477,588	-	259,948	-	(2,217,640)	-	(2,217,640)
Operation and Maintenance of Plant Services	2,211,088	-	243,903	-	(1,967,185)	-	(1,967,185)
Pupil Transportation	1,293,786	-	779,607	-	(514,179)	-	(514,179)
Student Activities	812,406	-	56,689	-	(755,717)	-	(755,717)
Community Services	7,072	-	2,072	-	(5,000)	-	(5,000)
Interest on Long-Term Debt	594,787	-	-	311,235	(283,552)	-	(283,552)
Total Governmental Activities	21,689,600	-	4,738,645	311,235	(16,639,720)	-	(16,639,720)
Business-type Activities:							
Food Service	663,419	62,936	778,015	-	-	177,532	177,532
Total Primary Government	\$ 22,353,019	\$ 62,936	\$ 5,516,660	\$ 311,235	(16,639,720)	177,532	(16,462,188)
General Revenues							
Taxes							
Property Taxes Levied for General Purposes, Net					15,463,728	-	15,463,728
Earned Income Taxes					1,402,243	-	1,402,243
Real Estate Transfer Taxes					413,687	-	413,687
Other Taxes Levied for General Purposes, Net					49,319	-	49,319
Grants, Subsidies and Contributions not Restricted					3,399,007	-	3,399,007
Investment Earnings					793,150	-	793,150
Miscellaneous Income					91,625	-	91,625
Total General Revenues					21,612,759	-	21,612,759
Change in Net Position					4,973,039	177,532	5,150,571
Net Position - July 1, 2022					784,618	(570,686)	213,932
Net Position - June 30, 2023					\$ 5,757,657	\$ (393,154)	\$ 5,364,503

See Accompanying Notes

Allegheny Valley School District
Balance Sheet
Governmental Funds
June 30, 2023

Exhibit 3

	General Fund	Capital Reserve Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 14,458,654	\$ 7,294,088	\$ 1,724,585	\$ 23,477,327
Taxes Receivable, Net	1,503,942	-	-	1,503,942
Due from Other Funds	52,220	3,851,729	-	3,903,949
Due from Other Governments	1,014,715	-	-	1,014,715
Other Receivables	69,729	66	-	69,795
Prepaid Items	120	-	-	120
TOTAL ASSETS	<u>\$ 17,099,380</u>	<u>\$ 11,145,883</u>	<u>\$ 1,724,585</u>	<u>\$ 29,969,848</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Due to Other Funds	\$ 3,700,729	\$ -	\$ 151,000	\$ 3,851,729
Accounts Payable	154,068	-	-	154,068
Accrued Salaries and Benefits	2,224,620	-	-	2,224,620
Unearned Revenues	10,728	-	-	10,728
Other Current Liabilities	80,640	-	-	80,640
Total Liabilities	<u>6,170,785</u>	<u>-</u>	<u>151,000</u>	<u>6,321,785</u>
Deferred Inflows of Resources				
Unavailable Revenues - Property Taxes	1,228,475	-	-	1,228,475
Fund Balances				
Nonspendable	120	-	-	120
Committed	-	11,145,883	1,573,585	12,719,468
Assigned	8,700,000	-	-	8,700,000
Unassigned	1,000,000	-	-	1,000,000
Total Fund Balances	<u>9,700,120</u>	<u>11,145,883</u>	<u>1,573,585</u>	<u>22,419,588</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 17,099,380</u>	<u>\$ 11,145,883</u>	<u>\$ 1,724,585</u>	<u>\$ 29,969,848</u>

See Accompanying Notes

Allegheny Valley School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023

Exhibit 4

Total Fund Balances - Governmental Funds	\$ 22,419,588
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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 \$72,642,889, and the accumulated depreciation is \$38,559,186.	34,083,703
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Intangible right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The value of these assets is \$127,179 and the accumulated amortization is \$50,872.	76,307
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Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and, therefore, are not reported as assets in governmental funds.	1,228,475
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Premiums and discounts on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position.	(1,014,740)
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Deferred charges on refunding bonds issued are amortized over the life of the bonds as deferred outflows of resources in the statement of net position.	608,168
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Long-term liabilities, including bonds and capital leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds Payable	\$ (22,685,000)	
Accrued Interest on the Bonds	(110,853)	
Leases Payable	(77,973)	
Compensated Absences	(273,342)	(23,147,168)

Allegheny Valley School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023

Exhibit 4

Some liabilities including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

OPEB Liability - District	(3,205,931)	
OPEB Liability - PSERS	(1,078,734)	
Net Pension Liability	<u>(26,088,234)</u>	(30,372,899)

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

Deferred Outflows of Resources Related to Pensions	3,774,117	
Deferred Inflows of Resources Related to Pensions	(1,706,208)	
Deferred Outflows of Resources Related to OPEB - District	363,467	
Deferred Inflows of Resources Related to OPEB - District	(424,566)	
Deferred Outflows of Resources Related to OPEB - PSERS	204,081	
Deferred Inflows of Resources Related to OPEB - PSERS	<u>(334,668)</u>	<u>1,876,223</u>

Total Net Position - Governmental Activities	<u>\$ 5,757,657</u>
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See Accompanying Notes

**Allegheny Valley School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023**

Exhibit 5

	General Fund	Capital Reserve Fund	Nonmajor Funds	Total Governmental Funds
Revenues				
Local Sources	\$ 18,173,920	\$ 206,460	\$ 59,523	\$ 18,439,903
State Sources	7,408,127	-	-	7,408,127
Federal Sources	<u>828,736</u>	<u>-</u>	<u>-</u>	<u>828,736</u>
Total Revenues	<u>26,410,783</u>	<u>206,460</u>	<u>59,523</u>	<u>26,676,766</u>
Expenditures				
Instruction	12,352,536	301,266	-	12,653,802
Support Services	7,837,344	360,305	-	8,197,649
Noninstructional Services	656,855	-	-	656,855
Debt Service (Principal & Interest)	2,366,525	-	-	2,366,525
Refunds of Prior Year's Receipts	<u>4,636</u>	<u>-</u>	<u>-</u>	<u>4,636</u>
Total Expenditures	<u>23,217,896</u>	<u>661,571</u>	<u>-</u>	<u>23,879,467</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,192,887</u>	<u>(455,111)</u>	<u>59,523</u>	<u>2,797,299</u>
Other Financing Sources (Uses)				
Transfers In	-	2,246,399	-	2,246,399
Transfers Out	<u>(2,246,399)</u>	<u>-</u>	<u>-</u>	<u>(2,246,399)</u>
Total Other Financing Sources (Uses)	<u>(2,246,399)</u>	<u>2,246,399</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	946,488	1,791,288	59,523	2,797,299
Fund Balances - July 1, 2022	<u>8,753,632</u>	<u>9,354,595</u>	<u>1,514,062</u>	<u>19,622,289</u>
Fund Balances - June 30, 2023	<u>\$ 9,700,120</u>	<u>\$ 11,145,883</u>	<u>\$ 1,573,585</u>	<u>\$ 22,419,588</u>

See Accompanying Notes

**Allegheny Valley School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2023**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds	\$ 2,797,299
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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 difference between depreciation and capital outlays in the period.

Depreciation Expense	\$ (1,602,430)	
Intangible Right-to-Use Assets Amortization	(25,436)	
Capital Outlays	245,703	(1,382,163)

Because some property taxes will not be collected within the current financial resources measurement focus period, they are not considered as "available" revenues in the governmental funds. Unavailable revenues decreased by this amount this year. (14,127)

Repayment of bond, financing agreements, and lease payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,661,245

In the statement of activities, certain operating expenses-compensated absences (sick pay and vacations) and other post-employment benefits (OPEB)-are measured by the amounts earned during the year. In governmental funds, however, expenditures for the items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Compensated Absences	11,390	
Other Post-Employment Benefits - District	(57,226)	
Other Post-Employment Benefits - PSERS	47,260	1,424

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.

Net Change in Accrued Interest on Bonds	11,377
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**Allegheny Valley School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2023**

Exhibit 6

Bond discount, premium and deferred charges on bonds are reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the bonds in the statement of activities.

Amortization of Discount, Premium and Deferred Loss on Refunding	99,116
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Governmental funds report School District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense.

District Pension Contributions to PSERS	2,982,912	
Cost of Benefits Earned	(1,184,044)	1,798,868

Change in Net Position of Governmental Activities		\$ 4,973,039
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See Accompanying Notes

Allegheny Valley School District
Statement of Net Position
Proprietary Funds
June 30, 2023

Exhibit 7

	Food Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 203,686
Other Receivables	7,637
Inventories	11,673
Prepaid Items	495
Total Current Assets	<u>223,491</u>
Noncurrent Assets	
Furniture and Equipment, Net	<u>6,390</u>
TOTAL ASSETS	<u>229,881</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts Related to OPEB	4,678
Amounts Related to Pensions	<u>88,894</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>93,572</u>
LIABILITIES	
Current Liabilities	
Due to Other Funds	52,220
Accounts Payable	2,526
Unearned Revenues	<u>4,925</u>
Total Current Liabilities	<u>59,671</u>
Noncurrent Liabilities	
OPEB Liability	24,266
Net Pension Liability	<u>586,766</u>
Total Noncurrent Liabilities	<u>611,032</u>
TOTAL LIABILITIES	<u>670,703</u>
DEFERRED INFLOWS OF RESOURCES	
Amounts Related to OPEB	7,528
Amounts Related to Pensions	<u>38,376</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>45,904</u>
NET POSITION	
Invested in Capital Assets	6,390
Unrestricted	<u>(399,544)</u>
TOTAL NET POSITION	<u>\$ (393,154)</u>

See Accompanying Notes

Allegheny Valley School District
Statement of Revenues, Expenses and Changes
in Net Position
Proprietary Funds
Year Ended June 30, 2023

Exhibit 8

	Food Service Fund
Operating Revenues	
Food Service Revenue	\$ <u>62,936</u>
Operating Expenses	
Salaries	210,576
Employee Benefits	100,016
Purchased Property Services	250
Other Purchased Services	891
Supplies	349,723
Depreciation	1,868
Other Operating Expenditures	<u>95</u>
Total Operating Expenses	<u>663,419</u>
Operating Income (Loss)	<u>(600,483)</u>
Nonoperating Revenues (Expenses)	
State Sources	115,087
Federal Sources	<u>662,928</u>
Total Nonoperating Revenues (Expenses)	<u>778,015</u>
Change in Net Position	177,532
Net Position - July 1, 2022	<u>(570,686)</u>
Net Position - June 30, 2023	<u><u>\$ (393,154)</u></u>

See Accompanying Notes

Allegheny Valley School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

Exhibit 9

	Food Service Fund
Cash Flows From Operating Activities	
Cash Received from Users	\$ 67,996
Cash Payments to Employees for Services	(650,398)
Cash Payments to Suppliers for Goods and Services	(320,416)
Cash Payments for Other Operating Expenses	<u>(95)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(902,913)</u>
Cash Flows From Non-Capital Financing Activities	
State Sources	115,087
Federal Sources	<u>623,231</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>738,318</u>
Net Increase (Decrease) in Cash and Cash Flows	(164,595)
Cash and Cash Equivalents - July 1, 2022	<u>368,281</u>
Cash and Cash Equivalents - June 30, 2023	<u>\$ 203,686</u>

Allegheny Valley School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

Exhibit 9

	Food Service Fund
Operating Income (Loss)	<u>\$ (600,483)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation and Net Amortization	1,868
Change in Pensions and OPEB Liability	(4,518)
Donated Commodities	39,697
(Increase) Decrease in Accounts Receivable	1,532
(Increase) Decrease in Inventories	(1,292)
(Increase) Decrease in Prepaid Items	(495)
Increase (Decrease) in Accounts Payable	(7,462)
Increase (Decrease) in Advances from Other Funds	(335,288)
Increase (Decrease) in Unearned Revenue	<u>3,528</u>
Total Adjustments	<u>(302,430)</u>
Cash Provided by (Used for) Operating Activities	<u><u>\$ (902,913)</u></u>

Noncash Non-Capital Financing Activities

During the year ended June 30, 2023, the School District received \$38,940 of U.S.D.A Donated Commodities in the food service fund.

See Accompanying Notes

Allegheny Valley School District
Statement of Net Position
Fiduciary Funds
June 30, 2023

Exhibit 10

	Private Purpose Trust Fund	Custodial Fund
ASSETS		
Cash and Cash Equivalents	<u>\$ 32,281</u>	<u>\$ 50,353</u>
LIABILITIES		
Other Current Liabilities	<u> 6,790</u>	<u> -</u>
NET POSITION		
Restricted for Scholarships	25,491	-
Student Groups	<u> -</u>	<u> 50,353</u>
TOTAL NET POSITION	<u><u>\$ 25,491</u></u>	<u><u>\$ 50,353</u></u>

See Accompanying Notes

Allegheny Valley School District
Statement of Change in Net Position
Fiduciary Funds
Year Ended June 30, 2023

Exhibit 11

	Private Purpose Trust Fund	Custodial Fund
Additions		
Gifts and Contributions	\$ 13,710	\$ -
Student Activities Revenue	-	52,091
Interest Earnings	535	680
	<hr/>	<hr/>
Total Additions	14,245	52,771
	<hr/>	<hr/>
Deductions		
Scholarships Awarded	10,250	-
Student Activities Program Expenditures	-	42,818
Service Charges	92	296
	<hr/>	<hr/>
Total Deductions	10,342	43,114
	<hr/>	<hr/>
Change in Net Position	3,903	9,657
	<hr/>	<hr/>
Net Position - July 1 , 2022	21,588	40,696
	<hr/>	<hr/>
Net Position - June 30, 2023	\$ 25,491	\$ 50,353
	<hr/>	<hr/>

See Accompanying Notes

Allegheny Valley School District
Notes to Financial Statements
June 30, 2023

Note 1 - Summary of Significant Accounting Policies

Allegheny Valley School District, located in Allegheny County, Pennsylvania, provides public education, kindergarten through twelfth grade, to the residents of the Boroughs of Cheswick and Springdale and the Townships of Harmar and Springdale. The School District operates under a nine-person elected Board of Directors.

A. Basic Financial Statements - Government-Wide Statements

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of Allegheny Valley School District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. In the government-wide statement of net position, governmental activities are represented on a consolidated basis by column.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

B. Basic Financial Statements - Fund Financial Statements

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three categories: governmental; proprietary; and fiduciary.

The emphasis in fund financial statements is on the major funds in the governmental category. Nonmajor funds are summarized in a single column. The nonmajor funds are combined in a column in the fund financial statements.

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The School District reports the following major governmental funds and fund types:

Allegheny Valley School District
Notes to Financial Statements
June 30, 2023

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital reserve fund*, a capital projects fund type, accounts for the resources accumulated from surplus monies in the general fund which is to be used for capital improvements.

The School District also reports the following nonmajor governmental funds:

The *capital projects fund* accounts for financial resources to be used for the acquisition of construction of major capital facilities or equipment (other than those financed by proprietary funds).

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The School District reports the following proprietary fund type:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The *food service fund* accounts for the revenues, food purchases and other costs and expenses for providing meals to students and/or faculty during the school year.

3. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and are therefore not available to support School District programs. The reporting focus is on net position and changes in net position. The School District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust funds, investment trust funds, private purpose trust funds, or custodial funds). The School District reports the following fiduciary fund types:

The *private purpose fund* is used to account for resources of monies contributed to the School District for scholarships. The scholarship funds are considered private purpose trust funds.

The *custodial fund* represents the School District's student activity funds. These funds account for student activities in the high school.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

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Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e. the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

C. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, intergovernmental revenues, interest, rent and certain miscellaneous income associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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The proprietary fund and fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

D. Joint Ventures

The School District is one of nine member school districts of the Forbes Road East Area Vocational-Technical School ("Forbes"). Forbes provides vocational-technical training and education to participating students of the member districts. Forbes is controlled and governed by the Joint Board, which is composed of all the school board members of all of the member districts. Direct oversight of Forbes' operations is the responsibility of the Joint Committee, which consists of one representative from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of Forbes. The School District's share of annual operating and capital costs for Forbes fluctuates, based on the percentage of enrollment of each member district in the school. The School District's financial obligation to Forbes for the year ended June 30, 2023 was \$145,662 which has been reported in the School District's general fund. The School District has no equity interest in Forbes as of June 30, 2023. Complete financial statements for Forbes can be obtained from the administrative offices at 607 Beatty Road; Monroeville, Pennsylvania 15146.

E. Cash and Cash Equivalents

The School District's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The market values of the funds approximate cost. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments are stated at fair value except that treasury and agency obligations that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost. Fair value is based on quoted market prices. Funds are invested pursuant to the Public School Code of 1949 and investment policy guidelines established by the School District and approved by the Members of the Board. The School Code states that authorized types of investments shall be: United States Treasury Bills; short-term obligations of the United States Government or its agencies or instrumentalities; deposits in savings accounts, time deposits or share accounts of institutions insured by the FDIC; obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States and the Commonwealth of Pennsylvania.

G. Budgets

The School Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis of accounting for the general fund. This is the only fund for which a budget is required and for which taxes may be levied. The general fund is the only fund that has an annual budget that has been legally adopted by the School Board. The Public School Code allows the School Board to authorize budget transfer amendments during the year, but only during the last nine months of the fiscal year. There were no supplemental budgetary appropriations made during the year ended June 30, 2023.

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The final budget data reflected in the financial statements includes the effect of approved budget transfer amendments and for comparative purposes the actual amounts have also been presented. The School District expenditures may not legally exceed the revised budget amounts by function. Function is defined as a program area such as instructional services. Management may amend the budget without seeking prior approval of the Board within a function. Amendments between functions require prior Board approval. Excess of expenditures over appropriations in the general fund is presented in the required supplementary information section.

H. Receivables and Payables

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

I. Inventories

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

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the general fund, if considered material. There was no material inventory balance as of June 30, 2023.

The inventory of the food service fund consists of food supplies and government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2023 are reported as unavailable revenue.

J. Prepaid Items

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

K. Capital Assets

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

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

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

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

Assets	Years
Buildings	40
Land Improvements	10
Furniture	7
Vehicles	5
Equipment	7
Computer Software	5

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 5-12 years.

L. Intangible Right-to-Use Assets

The School District has recorded intangible right-to-use assets as a result of implementing Governmental Accounting Standards Board (GASB) Statements No. 87 and No. 96. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease/subscription liability plus any payment made prior to the term, less any incentives, and plus any ancillary charges necessary to place the asset into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease/subscription. Per review of the information technology arrangements identified by the School District as potential SBITAs, the arrangements were determined to either not meet the definition of a SBITA or were immaterial to the financial statements.

M. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premium and discount are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premium and discount during the current period. The face amount of debt issued is reported as other financing sources while discount on debt issuances are reported as other financing uses.

N. Compensated Absences

The School District's policies regarding vacation and sick time is provided through various contracts. Employees can accumulate sick and/or vacation days which they are paid for upon retirement or termination of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. The liability for these compensated absences is recorded as long-term debt in the government-wide statements.

Allegheny Valley School District
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The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the amount of reimbursable unused vacation or sick leave to employees who have terminated their employment as of the end of the fiscal year, while the proprietary funds report the liability as it is incurred.

O. Defining Operating Revenues and Expenses

The School District's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the School District's food service fund consist of charges for meals and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School District has various items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other in the government-wide statement of net position is related to the participation in the cost sharing defined benefit pension plan and other post-employment benefit plans.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The School District has various items reported in the government-wide statement of net position relating to the cost sharing defined benefit pension plan and other post-employment plans. The School District also has items, which arise only under the modified accrual basis of accounting, which qualify for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as inflows of resources in the period that the amount becomes available.

Q. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Allegheny Valley School District
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Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Statements - Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, fund balance reporting and governmental fund type definitions, the School District classifies governmental fund balances as follows:

Nonspendable - amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to remain intact.

Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payments and includes a legally enforceable requirement on the use of these funds.

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action, approval of a motion by the majority of the School Board. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially commit the money.

Assigned - reflects the School District's intent to use the money for a specific purpose but is not considered restricted or committed. The assignment of fund balance can be assigned by management in the business office.

Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.

The School District's policy is that it considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. It also considers committed amounts to be spent first when an expenditure is incurred for purposes for which both committed and unassigned fund balance could be used.

The purposes of the restricted, committed and assigned fund balance as of June 30, 2023, are as follows:

1. The nonspendable fund balance in the general fund of \$120 is for prepaid items.
2. The assigned fund balance in the general fund of \$8,700,000 is assigned for future employer retirement costs of \$1,900,000, for future employer healthcare costs of \$1,100,000, and for future capital improvements of \$5,700,000.
3. The committed fund balance in the capital reserve fund of \$11,145,883 is committed for future technology capital expenditures of \$959,313 and for future capital projects of \$10,186,570.
4. The committed fund balance in the capital projects fund of \$1,573,585 is committed for future capital needs of the School District.

Allegheny Valley School District
Notes to Financial Statements
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Note 2 - Deposits and Investments

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of June 30, 2023, \$2,641,677 of the School District's bank balance of \$2,891,677 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging	
Bank's Agent not in the School District's Name	<u>\$2,641,677</u>

As of June 30, 2023, the School District had the following investments:

Investments	Fair Value
PLGIT	\$ 384,855
PSDLAF	<u>20,782,450</u>
	<u>\$ 21,167,305</u>

Interest Rate Risk - The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates except for its capital projects bond fund. This fund's investments in U. S. Obligations are permitted but only to the extent that the obligation is within six months from its retirement (due) date.

Credit Risks - The Pennsylvania Public School Code authorizes the types of investments allowed. These are described in Note 1F. The School District has no investment policy that would further limit its investment choices. The School District's investments in Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT) were rated AAAM by Standard & Poor's.

Credit risk is the risk the School District will have exposure to a swap counterparty under the swap. Credit Risk is mitigated by several factors, including minimum credit rating criteria and ratings downgrade triggers in the swap documents. The credit ratings for the counterparty are noted above.

Concentration of Credit Risks - The School District places no limit on the amount it may invest in any one issue.

Allegheny Valley School District
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Investments

The Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT) were established as common law trusts, organized under laws of the Commonwealth of Pennsylvania. Shares of the funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the funds is to enable such governmental units to pool their available funds for investments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended.

PSDLAF and PLGIT are governed by an elected board of trustees who are responsible for the overall management of the funds. The trustees are elected from the several classes of local governments participating in the funds. The funds are audited annually by independent auditors. PSDLAF and PLGIT are local government investment pools and are exempt from the requirement with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. The funds measure, for financial reporting purposes, its assets at amortized cost and maintain a stable net asset value of \$1 per share. Accordingly, the fair values of the position in PSDLAF and PLGIT are the same as the values of PSDLAF and PLGIT shares. There are no limitations or restrictions on withdrawals.

Note 3 - Real Estate Taxes

The elected tax collectors bill and collect real estate taxes on behalf of the School District based upon assessed values provided by the County. The School District's tax rate for all purposes in 2022/2023 was 20.8377 mills (\$20.84 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2022/2023 is as follows:

Tax Levy Date	July 1, 2022
2% Discount Period	Through August 31, 2022
Face Payment Period	September 1 - October 31, 2022
10% Penalty Period	November 1 Until Liened
Lien Filing Date	July 1, 2023

Taxpayers may also pay these taxes in three equal installments due at face on or before the following dates: August 31, October 31, and November 30.

The amounts shown as delinquent real estate taxes receivable have not been recorded as revenue on the fund statements. These taxes are, however, recorded as unavailable revenue on the balance sheet until they are received. The amounts reported for this receivable are reported on the balance sheet in the amount of \$1,228,475 along with other taxes receivable of \$275,467.

Note 4 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2023, the following amounts are due from other governmental units:

	Governmental Funds
Federal (through the state)	\$ 275,942
State	738,773
	<u>\$ 1,014,715</u>

Allegheny Valley School District
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Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance 07/01/22	Additions	Disposals	Balance 06/30/23
Governmental Activities				
Capital Assets not Being Depreciated				
Land	<u>\$ 791,812</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791,812</u>
Capital Assets Being Depreciated				
Land Improvements	4,996,538	-	-	4,996,538
Buildings and Building Improvements	59,911,487	212,016	-	60,123,503
Furniture and Equipment	<u>6,697,349</u>	<u>33,687</u>	<u>-</u>	<u>6,731,036</u>
Total Capital Assets Being Depreciated	<u>71,605,374</u>	<u>245,703</u>	<u>-</u>	<u>71,851,077</u>
Less Accumulated Depreciation				
Land Improvements	4,161,020	192,065	-	4,353,085
Buildings and Building Improvements	26,679,527	1,285,782	-	27,965,309
Furniture and Equipment	<u>6,116,209</u>	<u>124,583</u>	<u>-</u>	<u>6,240,792</u>
Total Accumulated Depreciation	<u>36,956,756</u>	<u>1,602,430</u>	<u>-</u>	<u>38,559,186</u>
Total Capital Assets Being Depreciated, Net	<u>34,648,618</u>	<u>(1,356,727)</u>	<u>-</u>	<u>33,291,891</u>
Governmental Activities Capital Assets, Net	<u>\$35,440,430</u>	<u>\$ (1,356,727)</u>	<u>\$ -</u>	<u>\$34,083,703</u>
Business-Type Activities				
Furniture and Equipment	<u>\$ 485,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485,236</u>
Less Accumulated Depreciation and Equipment	<u>476,978</u>	<u>1,868</u>	<u>-</u>	<u>478,846</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,258</u>	<u>\$ (1,868)</u>	<u>\$ -</u>	<u>\$ 6,390</u>
Governmental Activities				
Intangible Right-to-Use Assets:				
Leased Equipment	<u>\$ 127,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,179</u>
Less Accumulated Amortization	<u>25,436</u>	<u>25,436</u>	<u>-</u>	<u>50,872</u>
Net Intangible Right-to-Use Assets	<u>\$ 101,743</u>	<u>\$ (25,436)</u>	<u>\$ -</u>	<u>\$ 76,307</u>

Allegheny Valley School District
Notes to Financial Statements
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Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
Instruction	\$ 1,277,663
Instructional Student Support	11,366
Administration and Financial Support Services	12,993
Operation and Maintenance of Plant Services	12,547
Central	72,074
Student Activities	<u>215,787</u>
Total Depreciation Expense	<u>\$ 1,602,430</u>
Business-Type Activities - Food Service	<u>\$ 1,868</u>
Governmental Activities	
Intangible Right-to-use Assets:	
Administration and Financial Support Services	<u>\$ 25,436</u>

Note 6 - Interfund Balances

At June 30, 2023, interfund balances were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 52,220	\$ 3,700,729
Capital Reserve Fund	3,851,729	-
Non-Major Fund		
Capital Projects Fund	-	151,000
Proprietary Fund		
Food Service Fund	<u>-</u>	<u>52,220</u>
	<u>\$ 3,903,949</u>	<u>\$ 3,903,949</u>

Balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All the balances above are expected to be collected in the subsequent year.

Note 7 - Interfund Transfers

For the year ended June 30, 2023, the School District had the following interfund transfers:

	<u>Transfer From</u>
	General Fund
<u>Transfers To</u>	
Capital Reserve Fund	<u>\$ 2,246,399</u>

The transfer from the General Fund to the Capital Reserve Fund in the amount of \$2,246,399 was to fund future capital needs of the School District.

Allegheny Valley School District
Notes to Financial Statements
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Note 8 - Long-Term Liabilities

Long-term liability for the year ended June 30, 2023 was as follows:

	Balance 07/01/22	Additions	Reductions	Balance 06/30/23	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 24,245,000	\$ -	\$ 1,560,000	\$ 22,685,000	\$ 1,640,000
Plus: Bond Premium	<u>1,164,655</u>	<u>-</u>	<u>149,915</u>	<u>1,014,740</u>	<u>-</u>
Total Bonds Payable	<u>25,409,655</u>	<u>-</u>	<u>1,709,915</u>	<u>23,699,740</u>	<u>1,640,000</u>
Extended Term Financing	76,475	-	76,475	-	-
Compensated Absences	<u>284,732</u>	<u>-</u>	<u>11,390</u>	<u>273,342</u>	<u>27,334</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 25,770,862</u>	<u>\$ -</u>	<u>\$ 1,797,780</u>	<u>\$ 23,973,082</u>	<u>\$ 1,667,334</u>
Lease Liabilities	<u>\$ 102,743</u>	<u>\$ -</u>	<u>\$ 24,770</u>	<u>\$ 77,973</u>	<u>\$ 25,371</u>
Total Long-Term Obligations as Reported in the Statement of Net Position				<u>\$ 24,051,055</u>	<u>\$ 1,692,705</u>

General Obligation Bonds

Series of 2014 - \$15,320,000 due serially through November 1, 2028; interest payable semi-annually from 3.0% to 5.0%	\$ 8,095,000
Series of 2020 - \$6,755,000 due serially through November 1, 2034; interest payable semi-annually from 2.0% to 3.0%	5,875,000
Series of 2021 - \$8,750,000 due serially through November 1, 2034; interest payable semi-annually from 0.6% to 2.0%	<u>8,715,000</u>
	<u>\$ 22,685,000</u>

The source for the above payments is the general fund.

Allegheny Valley School District
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June 30, 2023

The annual requirements of School District funds to amortize all debt outstanding (excluding compensated absences) as of June 30, 2023, including interest, are as follows:

Year Ended June 30,	General Obligation Bonds		Totals
	Principal	Interest	
	(On Issuance Amount)		
2024	\$ 1,640,000	\$ 628,920	\$ 2,268,920
2025	1,720,000	554,610	2,274,610
2026	1,800,000	476,450	2,276,450
2027	1,875,000	403,900	2,278,900
2028	1,940,000	337,700	2,277,700
2029-2033	10,540,000	868,400	11,408,400
2034-2035	3,170,000	50,200	3,220,200
	<u>\$22,685,000</u>	<u>\$ 3,320,180</u>	<u>\$ 26,005,180</u>

Note 9 – Lease Liability

The School District has entered into an agreement to lease copiers. The term of the lease is for five years requiring monthly payments of \$2,247. The lease agreement qualifies as other than short-term lease under GASB 87 and, therefore, has been recorded at present value of the future minimum lease payments as of the date of its inception. For purposes of discounting future payments, the School District determined an interest rate of 2.9% to be an appropriate discount rate.

As of June 30, 2023, the value of the lease liability recorded for the above lease was \$77,973. As a result, the School District has recorded an Intangible Right-to-Use asset with a net book value of \$76,307 as of June 30, 2023. Future minimum lease payments under this lease are as follows:

Year Ended June 30,	Lease Payable		Totals
	Principal	Interest	
2024	\$ 25,371	\$ 1,593	\$ 26,964
2025	25,986	978	26,964
2026	26,616	347	26,963
	<u>\$ 77,973</u>	<u>\$ 2,918</u>	<u>\$ 80,891</u>

Allegheny Valley School District
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Note 10 - Public School Employees' Retirement System (PSERS)

A. Summary of Significant Accounting Policies

Pensions

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

B. General Information about the Pension Plan

1. Plan Description

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

2. 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.

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Benefits are generally between 1% to 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.

3. 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: 10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2023 was 34.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$3,054,011 for the year ended June 30, 2023.

C. 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 \$26,675,000 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 0.0600%, which was a decrease of 0.0016% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of \$1,249,962. 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	\$ 12,000	\$ 231,000
Net difference between projected and actual investment earnings	-	453,000
Changes in assumptions	797,000	-
Changes in proportions	-	1,058,000
Difference between employer contributions and proportionate share of total contributions	-	2,584
Contributions subsequent to the measurement date	3,054,011	-
	<u>\$ 3,863,011</u>	<u>\$ 1,744,584</u>

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\$3,054,011 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 in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2024	\$ (372,298)
2025	(308,930)
2026	(885,364)
2027	<u>631,008</u>
	<u>\$ (935,584)</u>

1. 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 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.

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

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

The pension plan's policy in regard to 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 of the benefits provided through the pension.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	28.0%	5.3%
Private Equity	12.0%	8.0%
Fixed Income	33.0%	2.3%
Commodities	9.0%	2.3%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Absolute return	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	<u>-11.0%</u>	0.5%
	<u>100%</u>	

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

2. 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.

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3. Sensitivity of 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:

	(In Thousands)		
	1.00% Decrease 6.00%	Current Discount Rate 7.00%	1.00% Increase 8.00%
School District's proportionate share of the net pension liability	\$ 34,503	\$ 26,675	\$ 20,076

4. 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 11 - Contingent Liabilities

Allegheny Valley School District participates in a number of federally assisted grant programs, principal of which are Education Stabilization Fund and National School Lunch Program. The programs are subject to program compliance audits by the grantors or their representatives. The audits of some of these programs for and including the year ended June 30, 2023 have not yet been conducted. Accordingly, the School District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Note 12 - Other Post-Employment Benefit Plan

A. Plan Description

Allegheny Valley School District administers a single-employer defined benefit healthcare plan ("the Supplemental Health Plan"). The plan provides medical benefits for teachers and administrators/supervisors. The benefits provided are for the eligible retirees and their spouses through the School District group health insurance plan which covers both active and retired members. Benefit provisions are mostly established through negotiations between the School District and union or group representing the employees. The plan does not issue a publicly available financial report.

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The eligibility and the benefits for each group are as follows:

1) Retirement Plan Eligibility

Normal Retirement	Age 62, age 60 with 30 years of service or 35 years of service.
Early Retirement	Age 55 with 25 years of Service.

2) Supplemental Health Insurance Plan (SHI)

Eligibility for Benefit

Teachers	Age 53 with 30 years, 55 with 25 years or age 62 or disability retirement.
Administrators	Age 53 with 15 years of service.
Support Personnel	Age 62 with 9 years of service.
Service Employees	Age 62 with 20 years of service or at time attained age plus service are at least 90.

Benefit at Retirement

Teachers	School District pays the premium for individual coverage for the medical insurance plan at time of retirement. For each year of service to the School District, the retiree will receive 3.5 months of SHI coverage at retirement. Retirees are permitted to purchase dental and vision insurance at group rates.
Administrators, Support Personnel and Service Employees	For employees hired after 12/31/1990, the School District pays the premium for individual coverage for the medical insurance plan at time of retirement until the retiree is age 65 or eligible for Medicare. Retirees are permitted to purchase dental and vision insurance at group rates. For employees hired before 01/01/1990, the School District pays the premium for husband/wife coverage for the medical insurance at the time of retirement until the retiree is age 65 or eligible for Medicare. Retirees are permitted to purchase dental and vision insurance at group rates. Any increases in rates after retirement are paid by the retiree.

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Benefit Upon Death After Retirement

If the spouse dies while covered under the SHI, the School District will continue to pay up to the premium at retirement for the retiree. If the retiree dies prior to Medicare eligibility or before coverage would have expired under the Contract, the spouse is no longer covered under the SHI; however, the spouse will be eligible for coverage until the spouse reaches Medicare eligibility if the spouse pays for their coverage.

Continuation Coverage

If the retiree is not yet 65 or eligible for Medicare, but the retiree is no longer eligible for SHI, the retiree can purchase coverage until they are Medicare eligible. Retirees may continue medical coverage in the group health plan on a self-pay basis during any period in which the retiree is neither eligible for SHI nor Medicare.

Employees Covered by Benefit Terms

At July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	12
Active employees	<u>135</u>
	<u>147</u>

B. Total OPEB Liability

The School District's total OPEB liability of \$3,205,931 was measured at July 1, 2022, and was determined by an actuarial valuation as of July 1, 2022.

C. Significant Assumptions Used to Measure the Total OPEB Liability

Salary Increases	3.00%
Discount Rate	4.09%
Healthcare Cost Trend Rates	6.0% in 2023, grading down to 5.75% uniformly over 1 year and then following the Getzen model thereafter

Allegheny Valley School District
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D. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	\$ 3,128,198
Changes for the year:	
Service Cost	118,632
Interest	125,970
Benefit Payments	<u>(166,869)</u>
Net Changes	<u>77,733</u>
Balance at June 30, 2023	<u><u>\$ 3,205,931</u></u>

E. Changes of Assumptions and Other Inputs

- No changes in assumptions and other inputs

F. Sensitivity of the Total Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.09%) or one percentage point higher (5.09%) than the current discount rate:

	1.00% Decrease 3.09%	Current Rate 4.09%	1.00% Increase 5.09%
Total OPEB Liability	\$ 3,463,402	\$ 3,205,931	\$ 2,962,754

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

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

	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	\$ 2,878,094	\$ 3,205,931	\$ 3,588,916

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

For the year ended June 30, 2023, the School District recognized OPEB Expense of \$224,095. At June 30, 2023, the School District reported deferred outflows 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	\$ 337,497	\$ 149,860
Change in assumptions	<u>25,970</u>	<u>274,706</u>
	<u>\$ 363,467</u>	<u>\$ 424,566</u>

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

Year Ended June 30,	
2024	\$ (20,507)
2025	(20,507)
2026	(20,507)
2027	(20,507)
2028	10,466
Thereafter	<u>10,463</u>
	<u>\$ (61,099)</u>

Note 13 - Other Post-Employment Benefits - PSERS

A. Summary of Significant Accounting Policies

Other Post-Employment Benefits

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

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B. General Information about the Health Insurance Premium Assistance Program

1. Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

2. Premium Assistance Eligibility Criteria

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

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

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

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

3. Pension Plan Description

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

4. Benefits Provided

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

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Employer Contributions

The School District's contractually required contribution rate for 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 School District were \$66,759 for the year ended June 30, 2023.

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

At June 30, 2023, the School District reported a liability of \$1,103,000 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 School 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 School District's proportion was 0.0599%, which was a decrease of 0.0016% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School District recognized OPEB expense of \$20,162. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,000	\$ 6,000
Net difference between projected and actual investment earnings	3,000	-
Changes in assumptions	122,000	260,000
Changes in proportions	7,000	76,000
Difference between employer contributions and proportionate share of total contributions	-	196
Contributions subsequent to the measurement date	<u>66,759</u>	<u>-</u>
	<u>\$ 208,759</u>	<u>\$ 342,196</u>

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\$66,759 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2024	\$ (40,932)
2025	(33,171)
2026	(41,164)
2027	(40,928)
2028	(44,001)
	<u>\$ (200,196)</u>

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

The actuarial assumptions used in the June 30, 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.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	<u>100%</u>	0.5%

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.

2. 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.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 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. As of June 30, 2022, 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.

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

	(In Thousands)		
	1.00%	Current	1.00%
	Decrease	Trend Rate	Increase
System net OPEB Liability	\$ 1,103	\$ 1,103	\$ 1,103

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

The following presents the net OPEB liability, calculated using the discount rate of 4.09%, 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:

	(In Thousands)		
	1.00%	Current	1.00%
	Decrease	Discount Rate	Increase
	3.09%	4.09%	5.09%
School District's proportionate share of the net OPEB liability	\$ 1,247	\$ 1,103	\$ 982

5. OPEB Plan Fiduciary Net Position

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

Note 14 - Risk Management

The School District is one of forty-six members of the Allegheny County Schools Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. Contributions to the Consortium totaled \$2,268,142 and \$2,097,336 for the years ended June 30, 2023 and 2022, respectively.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to or responsible for a proportionate share of the Consortium net position or deficiency in net position, respectively, as determined on the fiscal year-end date after withdrawal. As of June 30, 2023, the net position of the Consortium was \$43,578,886 of which \$271,809 is attributable to the School District.

Allegheny Valley School District
Notes to Financial Statements
June 30, 2023

The School District participates in an insurance program offered by a commercial insurance company. It purchases commercial insurance policies for risks of losses for casualty, workmen's compensation and liability claims.

The 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.

Note 15 - On-Behalf Payments

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2023, was \$1,915,124.

This includes \$1,580,107 recognized for revenues and expenditures relating to pension contributions for its employees that the Commonwealth of Pennsylvania paid to the Public School Employees' Retirement System (PSERS) for pension and \$335,017 to the federal government for social security and Medicare taxes for the year ended June 30, 2023. The School District pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate share.

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

**Allegheny Valley School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Local Sources				
Taxes				
Current Real Estate Taxes	\$ 14,705,403	\$ 14,705,403	\$ 15,057,283	\$ 351,880
Public Utility Realty Taxes	16,000	16,000	16,276	276
Payments in Lieu of Current Taxes	7,000	7,000	53	(6,947)
Local Services Taxes	25,000	25,000	32,990	7,990
Earned Income Taxes	1,000,000	1,000,000	1,330,285	330,285
Real Estate Transfer Taxes	175,000	175,000	413,687	238,687
Delinquencies on Taxes	455,771	455,771	492,530	36,759
Earnings on Investments	5,000	5,000	527,167	522,167
Other Local Revenues				
Federal Revenues from IU	170,000	170,000	212,024	42,024
Contributions & Donations from Private Sources	1,000	1,000	-	(1,000)
Rentals	5,000	5,000	5,251	251
Refund of Prior Year's Expenditures	1,000	1,000	378	(622)
Miscellaneous Revenue	59,000	59,000	85,996	26,996
Total Revenues from Local Sources	16,625,174	16,625,174	18,173,920	1,548,746
State Sources				
Basic Instructional & Oper. Subsidies				
Basic Instructional Subsidy	2,575,048	2,575,048	2,897,595	322,547
Subsidies for Spec. Educ. Programs				
Special Education of Excep. Pupils	722,714	722,714	764,320	41,606
Subsidies for Noneduc. Programs				
Transportation (Regular & Additional)	320,000	320,000	770,584	450,584
Rentals & Sinking Fund Payments	259,881	259,881	311,235	51,354
Ready to Learn Block Grant	104,493	104,493	104,493	-
Health Services	10,000	10,000	18,344	8,344
State Property Tax Reduction	501,412	501,412	501,412	-
Other State Grants	35,000	35,000	169,319	134,319
Social Security Payments	320,000	320,000	326,697	6,697
State Retirement Revenue	1,550,000	1,550,000	1,544,128	(5,872)
Total Revenues from State Sources	6,398,548	6,398,548	7,408,127	1,009,579

**Allegheny Valley School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Federal Sources				
Restricted Grants-In-Aid from the Fed.				
Gov't. through the Commonwealth				
Title I	207,000	207,000	202,141	(4,859)
Title II	25,000	25,000	29,768	4,768
Title IV	5,000	5,000	16,079	11,079
Elementary and Secondary Emergency Relief Fund (ESSER III)	542,000	542,000	503,665	(38,335)
ARP ESSER 7% Learning Loss	-	-	68,793	68,793
ARP ESSER 7% After School	-	-	1,002	1,002
ARP ESSER Homeless	-	-	5,629	5,629
IDEA B	6,000	6,000	-	(6,000)
Title XIX	-	-	1,659	1,659
	<u>785,000</u>	<u>785,000</u>	<u>828,736</u>	<u>43,736</u>
Total Revenues from Federal Sources				
	<u>23,808,722</u>	<u>23,808,722</u>	<u>26,410,783</u>	<u>2,602,061</u>
Expenditures				
Instruction				
Regular Programs				
Personal Services				
Salaries	4,504,131	4,504,131	4,461,060	43,071
Employee Benefits	3,135,836	3,135,836	2,928,197	207,639
Purchased Prof. and Tech. Services	121,554	121,554	296,071	(174,517)
Purchased Property Services	31,838	31,838	14,132	17,706
Other Purchased Services	204,795	204,795	303,767	(98,972)
Supplies	288,442	288,442	277,611	10,831
Property	13,195	13,195	-	13,195
Other Objects	9,650	9,650	5,212	4,438
	<u>8,309,441</u>	<u>8,309,441</u>	<u>8,286,050</u>	<u>23,391</u>
Total Regular Programs				

**Allegheny Valley School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Special Programs				
Personal Services				
Salaries	1,212,233	1,212,233	1,128,784	83,449
Employee Benefits	894,316	894,316	762,340	131,976
Purchased Prof. and Tech. Services	419,407	419,407	503,494	(84,087)
Other Purchased Services	747,875	747,875	1,000,146	(252,271)
Supplies	17,250	17,250	13,809	3,441
Other Objects	1,920	1,920	940	980
Total Special Programs	<u>3,293,001</u>	<u>3,293,001</u>	<u>3,409,513</u>	<u>(116,512)</u>
Vocational Education Programs				
Other Purchased Services	<u>250,000</u>	<u>250,000</u>	<u>154,778</u>	<u>95,222</u>
Other Instructional Programs				
Personal Services				
Salaries	-	-	2,091	(2,091)
Employee Benefits	-	-	897	(897)
Purchased Prof. and Tech. Services	-	-	1,303	(1,303)
Other Purchased Services	<u>92,000</u>	<u>92,000</u>	<u>270,398</u>	<u>(178,398)</u>
Total Other Instructional Programs	<u>92,000</u>	<u>92,000</u>	<u>274,689</u>	<u>(182,689)</u>
Nonpublic School Programs				
Purchased Prof. and Tech. Services	2,000	2,000	2,474	(474)
Purchased Property Services	-	-	2,800	(2,800)
Supplies	<u>-</u>	<u>-</u>	<u>10,426</u>	<u>(10,426)</u>
Total Nonpublic School Programs	<u>2,000</u>	<u>2,000</u>	<u>15,700</u>	<u>(13,700)</u>
Pre-Kindergarten				
Personal Services				
Salaries	116,889	116,889	131,701	(14,812)
Employee Benefits	71,967	71,967	67,857	4,110
Purchased Prof. and Tech. Services	-	-	3,610	(3,610)
Other Purchased Services	-	-	689	(689)
Supplies	200	200	7,666	(7,466)
Other Objects	<u>-</u>	<u>-</u>	<u>283</u>	<u>(283)</u>
Total Pre-Kindergarten	<u>189,056</u>	<u>189,056</u>	<u>211,806</u>	<u>(22,750)</u>

**Allegheny Valley School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2023**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Instruction	12,135,498	12,135,498	12,352,536	(217,038)
Support Services				
Pupil Personnel				
Personal Services				
Salaries	338,811	338,811	335,380	3,431
Employee Benefits	253,703	253,703	245,849	7,854
Purchased Prof. and Tech. Services	40,500	40,500	35,543	4,957
Purchased Property Services	4,740	4,740	2,627	2,113
Other Purchased Services	5,775	5,775	1,418	4,357
Supplies	6,411	6,411	4,743	1,668
Other Objects	6,634	6,634	9,705	(3,071)
Total Pupil Personnel	656,574	656,574	635,265	21,309
Instructional Staff				
Personal Services				
Salaries	432,853	432,853	292,038	140,815
Employee Benefits	243,909	243,909	215,932	27,977
Purchased Prof. and Tech. Services	27,050	27,050	2,835	24,215
Purchased Property Services	11,266	11,266	10,633	633
Other Purchased Services	1,000	1,000	2,337	(1,337)
Supplies	108,491	108,491	27,187	81,304
Other Objects	8,298	8,298	6,795	1,503
Total Instructional Staff	832,867	832,867	557,757	275,110
Administration				
Personal Services				
Salaries	819,994	819,994	811,253	8,741
Employee Benefits	559,230	559,230	489,729	69,501
Purchased Prof. and Tech. Services	152,000	152,000	151,544	456
Purchased Property Services	20,260	20,260	14,022	6,238
Other Purchased Services	52,431	52,431	66,733	(14,302)
Supplies	70,846	70,846	52,314	18,532
Property	1,000	1,000	-	1,000
Other Objects	26,074	26,074	22,992	3,082
Total Administration	1,701,835	1,701,835	1,608,587	93,248

Allegheny Valley School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary	Final Budget
			Basis)	Positive
				(Negative)
Pupil Health				
Personal Services				
Salaries	168,912	168,912	166,043	2,869
Employee Benefits	84,515	84,515	89,257	(4,742)
Purchased Prof. and Tech. Services	5,000	5,000	25,236	(20,236)
Other Purchased Services	1,300	1,300	249	1,051
Supplies	10,700	10,700	6,739	3,961
Other Objects	200	200	1,038	(838)
	<u>270,627</u>	<u>270,627</u>	<u>288,562</u>	<u>(17,935)</u>
Total Pupil Health				
Business				
Personal Services				
Salaries	229,732	229,732	233,941	(4,209)
Employee Benefits	164,347	164,347	165,961	(1,614)
Purchased Prof. and Tech. Services	20,000	20,000	27,532	(7,532)
Purchased Property Services	22,640	22,640	27,432	(4,792)
Other Purchased Services	25,570	25,570	31,918	(6,348)
Supplies	12,270	12,270	3,903	8,367
Other Objects	3,590	3,590	17,927	(14,337)
	<u>478,149</u>	<u>478,149</u>	<u>508,614</u>	<u>(30,465)</u>
Total Business				
Oper. and Maint. of Plant Svcs.				
Personal Services				
Salaries	892,438	892,438	895,434	(2,996)
Employee Benefits	723,026	723,026	664,908	58,118
Purchased Prof. and Tech. Services	6,100	6,100	18,281	(12,181)
Purchased Property Services	350,682	350,682	181,509	169,173
Other Purchased Services	117,070	117,070	93,052	24,018
Supplies	468,068	468,068	449,904	18,164
Property	24,000	24,000	88,929	(64,929)
Other Objects	4,660	4,660	534	4,126
	<u>2,586,044</u>	<u>2,586,044</u>	<u>2,392,551</u>	<u>193,493</u>
Total Oper. and Maint. of Plant Svcs.				

**Allegheny Valley School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Student Transportation Services				
Personal Services				
Salaries	29,149	29,149	15,955	13,194
Employee Benefits	12,508	12,508	6,959	5,549
Other Purchased Services	1,305,080	1,305,080	1,273,235	31,845
Supplies	<u>2,700</u>	<u>2,700</u>	<u>893</u>	<u>1,807</u>
Total Student Transportation Services	<u>1,349,437</u>	<u>1,349,437</u>	<u>1,297,042</u>	<u>52,395</u>
Central				
Personal Services				
Salaries	179,842	179,842	175,022	4,820
Employee Benefits	142,957	142,957	130,808	12,149
Purchased Prof. and Tech. Services	7,900	7,900	10,849	(2,949)
Purchased Property Services	174,780	174,780	92,203	82,577
Other Purchased Services	20,000	20,000	34,718	(14,718)
Supplies	60,800	60,800	40,947	19,853
Property	3,100	3,100	-	3,100
Other Objects	<u>2,595</u>	<u>2,595</u>	<u>1,075</u>	<u>1,520</u>
Total Central	<u>591,974</u>	<u>591,974</u>	<u>485,622</u>	<u>106,352</u>
Other				
Personal Services				
Salaries	17,051	17,051	30,511	(13,460)
Employee Benefits	117,516	117,516	13,092	104,424
Other Purchased Services	<u>21,000</u>	<u>21,000</u>	<u>19,741</u>	<u>1,259</u>
Total Other	<u>155,567</u>	<u>155,567</u>	<u>63,344</u>	<u>92,223</u>
Total Support Services	<u>8,623,074</u>	<u>8,623,074</u>	<u>7,837,344</u>	<u>785,730</u>

Allegheny Valley School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary	Final Budget
			Basis)	Positive
				(Negative)
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	348,896	348,896	295,220	53,676
Employee Benefits	179,869	179,869	137,090	42,779
Purchased Prof. and Tech. Services	44,989	44,989	90,083	(45,094)
Purchased Property Services	6,230	6,230	5,830	400
Other Purchased Services	13,700	13,700	53,739	(40,039)
Supplies	37,821	37,821	27,921	9,900
Property	23,595	23,595	29,158	(5,563)
Other Objects	10,570	10,570	10,742	(172)
	<u>665,670</u>	<u>665,670</u>	<u>649,783</u>	<u>15,887</u>
Total Student Activities				
Community Services				
Purchased Prof. and Tech. Services	15,000	15,000	-	15,000
Other Purchased Services	500	500	714	(214)
Supplies	2,930	2,930	1,358	1,572
Other Objects	5,000	5,000	5,000	-
	<u>23,430</u>	<u>23,430</u>	<u>7,072</u>	<u>16,358</u>
Total Community Services				
Total Noninstructional Services	<u>689,100</u>	<u>689,100</u>	<u>656,855</u>	<u>32,245</u>
Debt Service				
Interest	766,050	766,050	705,280	60,770
Refunds of Prior Year's Receipts	-	-	4,636	(4,636)
Redemption of Principal	1,560,000	1,560,000	1,661,245	(101,245)
	<u>2,326,050</u>	<u>2,326,050</u>	<u>2,371,161</u>	<u>(45,111)</u>
Total Debt Service				
Total Expenditures	<u>23,773,722</u>	<u>23,773,722</u>	<u>23,217,896</u>	<u>555,826</u>

**Allegheny Valley School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Other Financing Uses				
Fund Transfers				
Food Service Fund	35,000	35,000	-	35,000
Capital Reserve Fund	<u>-</u>	<u>-</u>	<u>2,246,399</u>	<u>(2,246,399)</u>
Total Other Financing Uses	<u>35,000</u>	<u>35,000</u>	<u>2,246,399</u>	<u>(2,211,399)</u>
Total Expenditures and Other Financing Uses	<u>23,808,722</u>	<u>23,808,722</u>	<u>25,464,295</u>	<u>(1,655,573)</u>
Net Change in Fund Balance	-	-	946,488	946,488
Fund Balance - July 1, 2022	<u>16,893,019</u>	<u>16,893,019</u>	<u>8,753,632</u>	<u>(8,139,387)</u>
Fund Balance - June 30, 2023	<u><u>\$ 16,893,019</u></u>	<u><u>\$ 16,893,019</u></u>	<u><u>\$ 9,700,120</u></u>	<u><u>\$ (7,192,899)</u></u>

Allegheny Valley School District
Note to the Required Supplementary Information
Budget Comparison
June 30, 2023

Note 1 – Budgetary Information

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at year-end.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budget during the year).

Allegheny Valley School District
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability
and Related Ratios
Last Seven Years

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability							
Service cost	\$ 118,632	\$ 151,250	\$ 146,845	\$ 135,088	\$ 143,437	\$ 139,259	\$ -
Interest	125,970	78,885	77,001	91,739	89,918	88,501	-
Difference between expected and actual experience	-	449,997	-	(299,724)	-	-	-
Changes of assumptions or other inputs	-	(366,274)	-	51,942	-	-	-
Benefit payments	<u>(166,869)</u>	<u>(157,424)</u>	<u>(174,535)</u>	<u>(163,883)</u>	<u>(184,404)</u>	<u>(168,306)</u>	<u>-</u>
Net Change in Total OPEB Liability	77,733	156,434	49,311	(184,838)	48,951	59,454	-
Total OPEB Liability - Beginning	<u>3,128,198</u>	<u>2,971,764</u>	<u>2,922,453</u>	<u>3,107,291</u>	<u>3,058,340</u>	<u>2,998,886</u>	<u>-</u>
Total OPEB Liability - Ending	<u>\$ 3,205,931</u>	<u>\$ 3,128,198</u>	<u>\$ 2,971,764</u>	<u>\$ 2,922,453</u>	<u>\$ 3,107,291</u>	<u>\$ 3,058,340</u>	<u>\$ 2,998,886</u>
Covered-Employee Payroll	\$ 8,905,762	\$ 8,646,371	\$ 8,562,628	\$ 8,313,231	\$ 8,685,734	\$ 8,432,751	N/A
Total OPEB Liability as a Percentage of Covered-Employee Payroll	36.00%	36.18%	34.71%	35.15%	35.77%	36.27%	N/A

Notes to Schedule:

GASB 75 was implemented beginning with fiscal year ended June 30, 2018.

Assumption Changes:

Discount rate used for fiscal year ending:

2023	4.09%
2022	4.09%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

Allegheny Valley School District
Required Supplementary Information
Schedule of School District's Contributions
PSERS
Last Nine Years

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution	\$ 3,054,011	\$ 2,962,081	\$ 2,880,723	\$ 2,926,926	\$ 2,888,276	\$ 2,778,867	\$ 2,481,059	\$ 2,046,514	\$ 1,670,088
Contributions in Relation to the Contractually Required Contribution	<u>3,054,011</u>	<u>2,962,081</u>	<u>2,880,723</u>	<u>2,926,926</u>	<u>2,888,276</u>	<u>2,778,867</u>	<u>2,481,059</u>	<u>2,046,514</u>	<u>1,670,088</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 8,866,315	\$ 8,802,642	\$ 8,720,470	\$ 8,879,020	\$ 8,827,329	\$ 8,802,006	\$ 8,592,118	\$ 8,277,023	\$ 8,319,763
Contributions as a Percentage of Covered Payroll	34.45%	33.65%	33.03%	32.96%	32.72%	31.57%	28.88%	24.73%	20.07%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

The covered-payroll amount reported for June 30, 2022 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2023.

Allegheny Valley School District
Required Supplementary Information
Schedule of School District's Proportionate Share
of the Net Pension Liability
PSERS
Last Ten Years
(Dollar Amount in Thousands)

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
School District's Proportion of the Net Pension Liability (Asset)	0.0600%	0.0616%	0.0634%	0.0640%	0.0654%	0.0645%	0.0639%	0.0646%	0.0643%	0.0634%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 26,675	\$ 25,291	\$ 31,218	\$ 29,941	\$ 31,395	\$ 31,856	\$ 31,677	\$ 27,982	\$ 25,451	\$ 25,953
School District's Covered Payroll	\$ 8,803	\$ 8,720	\$ 8,879	\$ 8,827	\$ 8,802	\$ 8,592	\$ 8,277	\$ 8,320	\$ 8,205	\$ 8,133
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	303.02%	290.03%	351.59%	339.20%	356.68%	370.76%	382.71%	336.32%	310.19%	319.11%
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%	57.24%	54.49%

Allegheny Valley School District
Required Supplementary Information
Schedule of School District's Contributions
PSERS OPEB Plan
Last Six Years

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually Required Contribution	\$ 66,759	\$ 70,359	\$ 70,822	\$ 74,964	\$ 74,195	\$ 73,468
Contributions in Relation to the Contractually Required Contribution	<u>66,759</u>	<u>70,359</u>	<u>70,822</u>	<u>74,964</u>	<u>74,195</u>	<u>73,468</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$8,866,315	\$8,802,642	\$8,720,470	\$8,879,020	\$8,827,329	\$8,802,006
Contributions as a Percentage of Covered Payroll	0.75%	0.80%	0.81%	0.84%	0.84%	0.83%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

The covered-payroll amount reported for June 30, 2022 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2023.

Allegheny Valley School District
Required Supplementary Information
Schedule of School District's Proportionate Share
of the Net OPEB Liability
PSERS OPEB Plan
Last Six Years
(Dollar Amount in Thousands)

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
School District's Proportion of the Net OPEB Liability (Asset)	0.0599%	0.0615%	0.0633%	0.0640%	0.0654%	0.0645%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,103	\$ 1,458	\$ 1,368	\$ 1,361	\$ 1,364	\$ 1,314
School District's Covered Payroll	\$ 8,803	\$ 8,720	\$ 8,879	\$ 8,827	\$ 8,802	\$ 8,592
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	12.53%	16.72%	15.41%	15.42%	15.50%	15.29%
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 information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

SINGLE AUDIT SECTION

HOSACK, SPECHT, MUETZEL & WOOD LLP
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Members of the Board
Allegheny Valley School District
Cheswick, Pennsylvania

Dear Members:

The reports contained in this single audit section are required in addition to the financial statements. The various reports for Allegheny Valley School District for the period ended June 30, 2023 were prepared to fulfill the requirements of the Government Auditing Standards and the Uniform Grant Guidance. A summary of the reports is as follows:

- A. 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*
- B. Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- C. Schedule of Findings and Questioned Costs
- D. Schedule of Expenditures of Federal Awards
- E. List of Report Distribution

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
January 31, 2024

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EXHIBIT A

**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***

Members of the Board
Allegheny Valley School District
Cheswick, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Allegheny Valley School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Allegheny Valley School District's basic financial statements, and have issued our report thereon dated January 31, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
January 31, 2024

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EXHIBIT B

**Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control Over Compliance Required by the Uniform Guidance**

Members of the Board
Allegheny Valley School District
Cheswick, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Allegheny 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 Allegheny Valley School District's major federal programs for the year ended June 30, 2023. Allegheny Valley School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. In our opinion, Allegheny Valley School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
January 31, 2024

**Allegheny Valley School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

EXHIBIT C

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report was unmodified.

Internal control over financial reporting:

- | | | | | |
|---|-------|-----|---|---------------|
| • Material weakness(es) identified? | _____ | yes | _____ <input checked="" type="checkbox"/> | no |
| • Significant deficiency(ies) identified? | _____ | yes | _____ <input checked="" type="checkbox"/> | none reported |

Noncompliance material to financial statements noted?	_____	yes	_____ <input checked="" type="checkbox"/>	no
--	-------	-----	---	----

Federal Awards

Internal control over major programs:

- | | | | | |
|---|-------|-----|---|---------------|
| • Material weakness(es) identified? | _____ | yes | _____ <input checked="" type="checkbox"/> | no |
| • Significant deficiency(ies) identified? | _____ | yes | _____ <input checked="" type="checkbox"/> | none reported |

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	_____	yes	_____ <input checked="" type="checkbox"/>	no
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Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	_____ <input checked="" type="checkbox"/>	yes	_____	no
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**Allegheny Valley School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

EXHIBIT C

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were noted.

Section IV – Status of Prior Year’s Findings

No prior year’s findings.

Allegheny Valley School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

EXHIBIT D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal ALN Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/22	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/23
U.S. Department of Education										
Passed through the Pennsylvania										
Department of Education										
Title I Improving Basic Programs	I	84.010	013-220005	07/29/21-09/30/22	\$ 207,999	\$ 94,613	\$ 94,613	\$ -	\$ -	\$ -
Title I Improving Basic Programs	I	84.010	013-230005	08/10/22-09/30/23	202,141	144,390	-	202,141	202,141	57,751
						239,003	94,613	202,141	202,141	57,751
Title II Improving Teacher Quality	I	84.367	020-220005	07/29/21-09/30/22	29,930	(385)	(385)	-	-	-
Title II Improving Teacher Quality	I	84.367	020-230005	08/10/22-09/30/23	29,768	26,809	-	29,768	29,768	2,959
						26,424	(385)	29,768	29,768	2,959
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-220005	07/29/21-09/30/22	16,103	9	10	-	-	1
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-230005	08/10/22-09/30/23	16,079	15,317	-	16,079	16,079	762
						15,326	10	16,079	16,079	763
COVID-19 Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	I	84.425U	223-210005	03/13/20-09/30/24	1,599,403	727,001	255,587	503,665	503,665	32,251
COVID-19 Elementary and Secondary School Emergency Relief Fund (ARP ESSER 7%)	I	84.425U	225-210005	03/13/20-09/30/24	124,310	49,724	30,718	69,795	69,795	50,789
COVID-19 Elementary and Secondary School Emergency Relief Fund (ARP ESSER HCY)	I	84.425W	181-212505	07/01/21-09/30/24	5,629	3,031	(433)	5,629	5,629	2,165
						779,756	285,872	579,089	579,089	85,205
Special Education Cluster										
Passed through the Allegheny Intermediate Unit										
IDEA B Section 619	I	84.173	131-220003	07/01/22-06/30/23	888	888	-	888	888	-
IDEA B	I	84.027	062-220003	07/01/21-09/30/22	234,306	122,209	122,209	-	-	-
IDEA B	I	84.027	062-230003	07/01/22-09/30/23	211,136	82,577	-	211,136	211,136	128,559
Subtotal Special Education Cluster						205,674	122,209	212,024	212,024	128,559
Total U.S. Department of Education						1,266,183	502,319	1,039,101	1,039,101	275,237

Allegheny Valley School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

EXHIBIT D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal ALN Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/22	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/23
U.S. Department of Health and Human Services Passed through the Pennsylvania Department of Public Welfare Medical Assistance Reimb. for Adm. Title 19	I	93.778	N/A	07/01/22-06/30/23	N/A	<u>3,351</u>	<u>2,397</u>	<u>1,659</u>	<u>1,659</u>	<u>705</u>
U.S. Department of Agriculture Passed through the Pennsylvania Department of Education Pandemic EBT Administrative Costs	I	10.649	N/A	07/01/22-06/30/23	N/A	<u>628</u>	<u>-</u>	<u>628</u>	<u>628</u>	<u>-</u>
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	449,771	-	449,771	449,771	-
National School Breakfast Program	I	10.553	N/A	07/01/22-06/30/23	N/A	172,832	-	172,832	172,832	-
Passed through the Pennsylvania Department of Agriculture National School Lunch Program (Donated Commodities Non Cash Assistance)	I	10.555	N/A	07/01/22-06/30/23	N/A	<u>38,940</u>	<u>(1,397)</u>	<u>39,697</u>	<u>39,697</u>	<u>(640)</u>
Total Child Nutrition Cluster						<u>661,543</u>	<u>(1,397)</u>	<u>662,300</u>	<u>662,300</u>	<u>(640)</u>
Total U.S. Department of Agriculture						<u>662,171</u>	<u>(1,397)</u>	<u>662,928</u>	<u>662,928</u>	<u>(640)</u>
Total Federal Financial Assistance						<u>\$ 1,931,705</u>	<u>\$ 503,319</u>	<u>\$ 1,703,688</u>	<u>\$ 1,703,688</u>	<u>\$ 275,302</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Allegheny Valley School District
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

EXHIBIT D

Note A - Basis of Presentation

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

Note B - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Allegheny Valley School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C - Source Code

The Source Code (I) indicates funds received indirectly.

Note D - Reconciliation with Subsidy Confirmation

Amounts Received Per Schedule	\$ 1,931,705
Less: Commodities Received	(38,940)
Less: Passage Through AIU	(205,674)
Less: Title 19	(3,351)
Add: State Funding on Confirmation	<u>183,289</u>
Per Subsidy Confirmation	<u>\$ 1,867,029</u>

Note E - Subrecipients

The School District did not pass through any federal expenditures to subrecipients.

**Allegheny Valley School District
List of Report Distribution
June 30, 2023**

EXHIBIT E

1 Copy – Bureau of Audits
1 Copy – General Services Administration