

**Pine-Richland School District
Financial Statements
June 30, 2022**

**Pine-Richland School District
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Independent Auditor's Report

Members of the Board
Pine-Richland School District
Gibsonia, 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 Pine-Richland School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Pine-Richland 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 Pine-Richland School District as of June 30, 2022, and the respective changes in financial position 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 Pine-Richland 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.

Change in Accounting Principle

As described in Note 15 to the financial statements, Pine-Richland School District adopted new accounting guidance, GASB Statement No. 87 "Leases". Our opinions are not modified with respect to that matter.

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 Pine-Richland 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 the expressing an opinion on the effectiveness of Pine-Richland 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 Pine-Richland 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 Pine-Richland 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 relate 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 December 8, 2022, on our consideration of Pine-Richland 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 Pine-Richland 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 Pine-Richland School District's internal control over financial reporting and compliance.

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
December 8, 2022

**Pine-Richland School District
Management's Discussion and Analysis
June 30, 2022**

The discussion and analysis of Pine-Richland School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. 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

During the fiscal year 2021/2022, the School District's total general fund expenditures increased by \$2,738,924 or 3.1% over the prior year's spending. The School District did not exceed its budgeted allocations for the year. Total general fund expenditures for the 2021/2022 fiscal year were \$90,439,073, which represented a positive variance from the budget of \$698,800.

General fund revenues for the School District totaled \$97,512,876 for the year. This represents an increase from the prior year of approximately \$3.4 million or 3.68%. The millage rate for real estate tax was 19.5867 mills for 2021/2022 which represents no increase in millage rate from the prior year. The School District's actual revenues within the general fund for the fiscal year exceeded projections by \$2,766,467. This variance is primarily attributable to three sources of local revenue: (1) real estate tax collections were higher by \$918,000, (2) earned income tax received was higher than budgeted by \$1 million and (2) real estate transfer tax was higher than expected by \$491,000.

The School District's overall revenues exceeded overall expenditures in the general fund, thus resulting in an increase in its fund balance of \$2,456,680 to its current level of \$34,046,394. This level of fund balance represents approximately 35.56% of total budgeted expenditures and other financing uses, which is considered healthy for public school systems. The School District has committed a portion of fund balance for the Public School Employees' Retirement System and assigned portions of fund balance for employee benefit obligations, such as retirement contributions and healthcare premiums, future capital improvements, and debt service.

Using the Annual Financial Report

The Annual Financial Report consists of a financial section and a single audit section which is issued to comply with federal guidelines as required in the Government Auditing Standards and the Uniform Grant Guidance. Within the financial section 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 Pine-Richland 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.

**Pine-Richland School District
Management’s Discussion and Analysis
June 30, 2022**

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. The fund financial statements also look at the School District’s most significant funds with all other nonmajor funds presented in total in one column. For Pine-Richland School District, the general fund is the most significant fund. 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 and concession fund. Fiduciary fund statements provide information about financial relationships where the School District acts solely as a trustee or agent 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
Pine-Richland School District’s
Financial Report

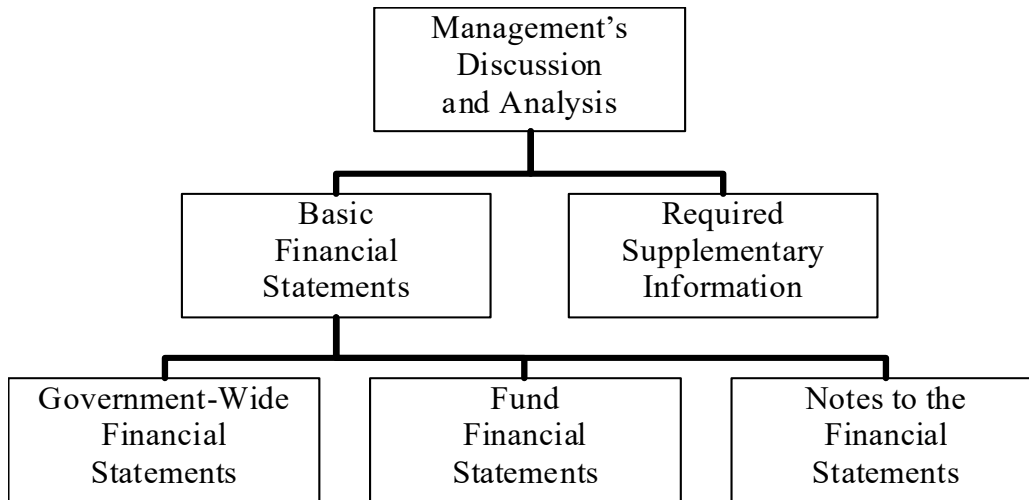


Figure A-2 summarizes the major features of the School District’s financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents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

**Pine-Richland School District
Management's Discussion and Analysis
June 30, 2022**

Figure A – 2
Major Features of Pine-Richland 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

Pine-Richland School District
Management's Discussion and Analysis
June 30, 2022

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did the School District perform financially during fiscal year ended June 30, 2022?" The statement of net position and the statement of activities help to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in the net position. This change in net position is important because it tells the reader, for the School District as a whole, whether the financial position of the School District has improved or diminished. The changes presented on this statement may be the result of many factors, some financial, some not. Nonfinancial factors include the School District's property tax base, current property tax laws in Pennsylvania restricting revenue growth, legislative law, specifically Act 1 of 2006, facility conditions and improvements, required educational programs and initiatives, student population growth, mandated services, capital asset depreciation and other factors.

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 position, the difference between the School District's assets and liabilities, is only 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 - Most of the School District's basic services are included here, such as instruction, support services, operation and maintenance of plant, pupil transportation services and administrative 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.

Pine-Richland School District
Management's Discussion and Analysis
June 30, 2022

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 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. The food service fund one of the School District's proprietary funds 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. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position on Exhibit 10 and statement of change in net position on Exhibit 11. We exclude these activities from the School District's other financial statement because the School District cannot use these assets to finance its operations.

**Pine-Richland School District
Management's Discussion and Analysis
June 30, 2022**

Financial Analysis of the School District as a Whole

The School District's total net position was a deficit \$(79,630,538) at June 30, 2022 and a deficit \$(89,191,295) at June 30, 2021.

Table A - 1
Years Ended June 30, 2022 and 2021
Net Position

	2022			2021		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Current and Other Assets	\$ 57,663,657	\$ 1,020,416	\$ 58,684,073	\$ 56,713,721	\$ 243,020	\$ 56,956,741
Capital Assets	<u>88,135,431</u>	<u>202,534</u>	<u>88,337,965</u>	<u>89,488,376</u>	<u>221,604</u>	<u>89,709,980</u>
Total Assets	<u>145,799,088</u>	<u>1,222,950</u>	<u>147,022,038</u>	<u>146,202,097</u>	<u>464,624</u>	<u>146,666,721</u>
Deferred Outflows of Resources	<u>25,780,034</u>	<u>-</u>	<u>25,780,034</u>	<u>24,902,869</u>	<u>-</u>	<u>24,902,869</u>
Current and Other Liabilities	12,170,789	146,521	12,317,310	12,349,249	174,401	12,523,650
Noncurrent Liabilities						
Due Within One Year	6,229,195	-	6,229,195	5,885,156	-	5,885,156
Due in More Than One Year	<u>215,516,105</u>	<u>-</u>	<u>215,516,105</u>	<u>238,259,079</u>	<u>-</u>	<u>238,259,079</u>
Total Liabilities	<u>233,916,089</u>	<u>146,521</u>	<u>234,062,610</u>	<u>256,493,484</u>	<u>174,401</u>	<u>256,667,885</u>
Deferred Inflows of Resources	<u>18,370,000</u>	<u>-</u>	<u>18,370,000</u>	<u>4,093,000</u>	<u>-</u>	<u>4,093,000</u>
Net Position						
Net Investment in Capital Assets	(10,226,242)	202,534	(10,023,708)	(10,118,568)	221,604	(9,896,964)
Unrestricted	<u>(70,480,725)</u>	<u>873,895</u>	<u>(69,606,830)</u>	<u>(79,362,950)</u>	<u>68,619</u>	<u>(79,294,331)</u>
Total Net Position	<u><u>\$ (80,706,967)</u></u>	<u><u>\$ 1,076,429</u></u>	<u><u>\$ (79,630,538)</u></u>	<u><u>\$ (89,481,518)</u></u>	<u><u>\$ 290,223</u></u>	<u><u>\$ (89,191,295)</u></u>

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

**Pine-Richland School District
Management's Discussion and Analysis
June 30, 2022**

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 assessed to community taxpayers and the Subsidies provided by the Commonwealth of Pennsylvania.

The 2021/2022 financial statements offer a view of the financial condition of the School District on a consolidated basis. For example, investment earnings not only include interest earnings in the general fund, but also interest earnings in the food service fund and all other governmental funds.

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, 2022 and 2021
Changes in Net Position

	2022			2021		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Revenues						
Program Revenues						
Charges for Services	\$ 141,975	\$ 662,399	\$ 804,374	\$ 109,341	\$ 208,190	\$ 317,531
Operating Grants and Contribs.	13,635,261	2,013,817	15,649,078	13,641,735	1,039,307	14,681,042
Capital Grants and Contribs.	1,042,706	-	1,042,706	1,115,946	-	1,115,946
General Revenues						
Property Taxes	63,721,872	-	63,721,872	61,584,921	-	61,584,921
Other Taxes	11,181,970	-	11,181,970	10,474,092	-	10,474,092
Grants, Subsidies and Contribs.						
Unrestricted	6,904,456	-	6,904,456	6,770,471	-	6,770,471
Investment Earnings	316,854	381	317,235	466,282	63	466,345
Other	590,599	-	590,599	3,420,819	-	3,420,819
Total Revenues	97,535,693	2,676,597	100,212,290	97,583,607	1,247,560	98,831,167

**Pine-Richland School District
Management's Discussion and Analysis
June 30, 2022**

Table A - 2
Years Ended June 30, 2022 and 2021
Changes in Net Position

	2022			2021		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Expenses						
Instruction	51,169,650	-	51,169,650	54,391,909	-	54,391,909
Instructional Student Support	5,802,507	-	5,802,507	5,668,393	-	5,668,393
Admin. and Fin. Support Svcs.	8,007,621	-	8,007,621	9,053,087	-	9,053,087
Operation and Maintenance						
of Plant Services	8,509,794	-	8,509,794	9,935,370	-	9,935,370
Pupil Transportation	5,410,223	-	5,410,223	4,789,559	-	4,789,559
Student Activities	2,074,271	-	2,074,271	2,110,344	-	2,110,344
Community Services	73,900	-	73,900	69,700	-	69,700
Interest on Long-Term Debt	5,511,277	-	5,511,277	4,778,478	-	4,778,478
Unallocated Depreciation Expense	2,172,386	-	2,172,386	2,473,117	-	2,473,117
Food Service	-	1,890,391	1,890,391	-	1,294,007	1,294,007
Total Expenses	88,731,629	1,890,391	90,622,020	93,269,957	1,294,007	94,563,964
Increase (Decrease) in Net Position	8,804,064	786,206	9,590,270	4,313,650	(46,447)	4,267,203
Beginning Net Position						
(Restated - See Note 15)	(89,511,031)	290,223	(89,220,808)	(93,795,168)	336,670	(93,458,498)
Ending Net Position	\$ (80,706,967)	\$ 1,076,429	\$ (79,630,538)	\$ (89,481,518)	\$ 290,223	\$ (89,191,295)

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, 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.

**Pine-Richland School District
Management's Discussion and Analysis
June 30, 2022**

Table A - 3
Years Ended June 30, 2022 and 2021
Governmental Activities

Functions/Programs	2022		2021	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Instruction	\$ 51,169,650	\$41,689,034	\$ 54,391,909	\$45,391,382
Instructional Student Support	5,802,507	4,681,813	5,668,393	4,420,574
Admin. and Fin. Support Svcs.	8,007,621	6,819,418	9,053,087	7,805,340
Operation and Maintenance of Plant Services	8,509,794	7,935,753	9,935,370	9,186,819
Pupil Transportation	5,410,223	4,181,083	4,789,559	3,578,905
Student Activities	2,074,271	1,889,729	2,110,344	1,814,566
Community Services	73,900	73,900	69,700	69,700
Interest on Long-Term Debt	5,511,277	4,468,571	4,778,478	3,662,532
Unallocated Depreciation Expense	2,172,386	2,172,386	2,473,117	2,473,117
Total Governmental Activities	\$ 88,731,629	73,911,687	\$ 93,269,957	78,402,935
Less:				
Unrestricted Grants, Subsidies		(6,904,456)		(6,770,471)
Total Needs from Local Taxes and Other Revenues		\$67,007,231		\$71,632,464

The dependence upon tax revenues for governmental activities is apparent. Approximately, eighty-one percent (81%) of instruction activities are supported through taxes and other local revenues. For all governmental activities, local revenue support is seventy-six percent (76%). The community, as a whole, is the primary support for School District students.

**Pine-Richland School District
Management's Discussion and Analysis
June 30, 2022**

Business-Type Activities

The only major business-type activity of the School District is the food service operations. As noted on the statement of revenues, expenses, and changes in net position - proprietary funds on Exhibit 8, this program had operating revenues of \$661,559 and operating expenses of \$1,885,569 for the fiscal year 2021/2022. This continues to reflect a lower amount of operating revenue than in years prior to the COVID-19 pandemic. However, the United States Department of Agriculture (USDA) approved waivers for school districts and community organizations to provide free meals to children 18 years and younger during the 2021/2022 school year. As a result, additional federal meal reimbursements were received to help offset the decrease in operating revenue.

The food service management company, Sodexo, guarantees a profit from their services. The guarantee for 2021/2022 was \$100,875 which is extended to the School District as a credit during the school year. The food service operations ended the year with an increase in net position of \$790,228. This increase is attributable to the additional federal meal reimbursements noted above. On the expenditure side, \$40,789 was incurred for repair costs for various pieces of kitchen equipment. The food service department also purchased a Turbo Chef oven which was installed at Eden Hall Upper Elementary.

The School District and the food service management company, Sodexo, remain committed to quality food choices for students and increasing participation through the breakfast and lunch programs. Both the School District and Sodexo actively worked with students, parents, staff and school directors during in recent years to obtain their thoughts and suggestions on improving the program. The food service department has since focused on providing meals with higher quality of food as well as offering: (1) more scratch-cooked products; (2) more plant-based options; and (3) more fresh products. To be able to offer these options, a new pricing system was introduced to allow more flexibility for meals. Starting with the 2017/2018 school year, two types of meals are offered. The first type is the DAILY meal and the second type, the RAM meal. A variety of expanded lunch options are available at both prices. Those with free and reduced meals enjoy the same options as well.

The School District continues to monitor food costs to ensure that meal prices remain at appropriate levels to cover expenditures.

School District Funds

The general fund, which accounts for the School District's operations, represents one of the School District's most significant major funds. At June 30, 2022, the School District's governmental funds reported a combined fund balance of \$45,338,713, which is an increase of \$3,181,371 from the amount at June 30, 2021. This is due to an increase of \$724,691 in the capital projects fund and increase in the operations of the general fund of \$2,456,680. School District fund balance in the general fund remains healthy and is currently \$34 million. Total fund balance consists of amounts allocated as nonspendable, restricted, committed, assigned and unassigned as shown on Exhibit 3.

General Fund Budgeting Highlights

The School District's budget is prepared according to Pennsylvania law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general operating fund.

During the fiscal year, the School Board of Directors (the Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School District.

**Pine-Richland School District
Management's Discussion and Analysis
June 30, 2022**

The budgeting systems are designed to tightly control budgets by administrators responsible for their individual areas. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided within the financial statements.

For the general operating fund, original and final budget revenue totals remain unchanged throughout the year at \$94,746,409. Total expenditures budgeted at \$91,546,561 were decreased from the original budget by \$408,688 via board approved transfers throughout the fiscal year from other financing uses. The difference between expenditure and revenue budget allocations consists of other financing sources and uses, such as bond refunding activity, interfund transfers and budgetary reserve. For the 2021/2022 fiscal year, local and federal revenues were higher than budget projections, and state revenues fell below the anticipated amount. Local revenues higher than anticipated primarily due to collections for real estate tax, earned income tax and real estate transfer tax. State revenues were less than expected primarily because the School District received lower subsidy for pupil transportation. Total actual revenues collected were \$97,512,876.

Expenditures were budgeted at \$91,137,873 after taking into account approved budget transfers throughout the fiscal year. Actual expenditures were \$90,439,073. Negative variances did occur in a few program areas; however, overall expenditures came in under budget. In the category of administration, this variance was primarily a result of additional personnel costs and legal fees incurred. The negative variance under transportation was a result of additional contracted service fees and higher than anticipated propane costs. Lastly, in the debt service category, additional costs were incurred for the variable rate revenue note – 2015A prior to this being refunded with the Series 2022 notes. Negative variances were offset by numerous positive variances that occurred as a result of reduction in spending and cost controls for many functional areas.

As a result of operations, the general operating fund balance increased by \$2,456,680 to its current level of \$34,046,394.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2022, the School District had \$86,689,591 invested in a broad range of capital assets, including land, site improvements, buildings, furniture and equipment and construction in progress. This amount represents a net decrease of \$2,798,785 or 3.13% from last year. The decrease in capital assets is primarily a result of depreciation on existing net assets net of current year asset additions.

Table A - 4
Governmental Activities
Capital Assets - Net of Depreciation

	2022	2021
Land	\$ 1,542,645	\$ 1,542,645
Land Improvements	5,776,968	5,964,378
Buildings and Building Improvements	77,229,455	78,050,373
Furniture and Equipment	1,526,728	1,598,076
Construction in Progress	613,795	2,332,904

**Pine-Richland School District
Management’s Discussion and Analysis
June 30, 2022**

Debt Administration

As of June 30, 2022, the School District had total outstanding bonds and note principal of \$101,393,920 as listed in Note 7 of the financial statements. Table A-5 below depicts the School District’s total outstanding debt by issue.

Table A - 5
Outstanding Debt

General Obligation	As of 06/30/22	As of 06/30/21
Bonds - Series A of 1996	\$ 12,021,284	\$ 14,613,349
Refunding Series of 2014B	15,990,000	16,265,000
Refunding Series of 2015B	7,335,000	7,645,000
Variable Rate Revenue Note - 2015A	-	5,895,000
Bonds - State Public School Authority Revenue, 2016	997,636	1,118,118
Refunding Series of 2017	7,185,000	7,320,000
Refunding Series of 2019	6,480,000	6,880,000
Refunding Series of 2019A	5,830,000	6,220,000
Refunding Series of 2019B	3,245,000	3,435,000
Refunding Series of 2020A	8,560,000	8,835,000
Refunding Series of 2020A	23,735,000	23,865,000
Refunding Series of 2021	4,130,000	4,615,000
Refunding Series of 2022	5,885,000	-

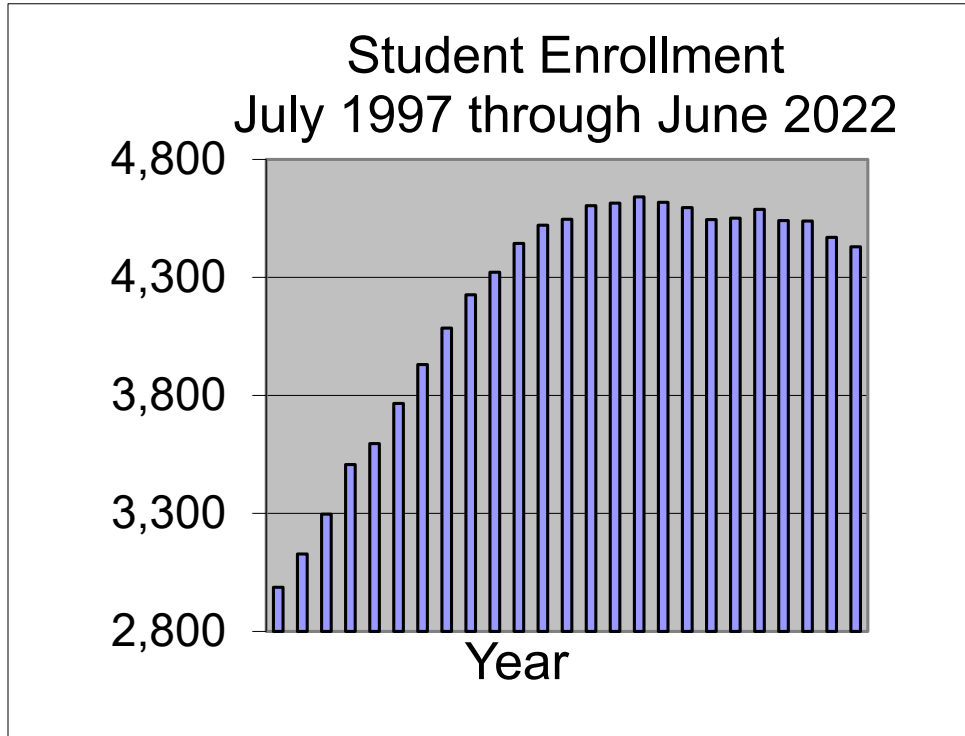
Other obligations include accrued and compensated vacation pay, sick leave pay and post-employment benefits for qualifying employees who retire from the School District. More detailed information about our long-term liabilities is included in Note 7 to the financial statements.

Economic Factors and Next Year’s Budget and Rates

Pine-Richland School District has a bond rating of “AA-/Stable” by Standard & Poor’s (S&P), a New York municipal finance agency. The “AA-/Stable” rating reflects the School District’s stable outlook and strong capacity to meet financial commitments.

**Pine-Richland School District
Management's Discussion and Analysis
June 30, 2022**

The community has experienced substantial growth in population and economic wealth. The graph below depicts the student population growth over the past 25 years.



Historically, the rapid growth within Pine-Richland School District put additional burden on local taxpayers. Each year, an analysis is conducted of staffing levels, transportation services, educational programs, support services and extracurricular activities to meet student needs and demand. In prior years, facilities were updated and expanded to meet the needs of increased student enrollment. The construction of Eden Hall Upper Elementary School, which accommodates fourth, fifth and sixth grade students, was completed and opened in August 2008. The School District also completed a significant expansion project to Pine-Richland High School in August 2012. At this time, student enrollment has reached a level point.

In July 2006, the Governor of Pennsylvania signed into law Act 1 of 2006 that imposes a limitation by which school board directors are not permitted to raise the real estate tax rate beyond a predetermined index or percentage each year. Currently, the law does provide for some exceptions to exceed this limitation. Examples of these include special education costs, employer retirement contribution rate costs and certain construction costs. Increases in tax rates beyond those permissible under the Act would require referendum approval by the voters of the Pine-Richland School District before budget adoption could occur. This represents a significant change to school district finances that has caused 500 school districts in the Commonwealth of Pennsylvania to accelerate their budget timeline. The base index under Act 1 for Pine-Richland School District for the 2021/2022 school year (2022/2023 budget year) was 3.4%.

**Pine-Richland School District
Management's Discussion and Analysis
June 30, 2022**

Next Year's Budget Comparison

The revenue and expenditure budget for the 2022/2023 school year is \$4,691,168 more than the prior year budget. This represents an overall increase of 5% in budgeted revenues and expenditures.

Major revenue budget changes are as follows:

	Budgeted Revenue 2022/2023	Actual Revenue 2021/2022	Percentage Change
Real estate taxes	\$ 64,120,797	\$ 62,677,687	2.3%
Act 511 taxes	10,455,389	10,893,737	-4.0%
Other local revenue	2,978,620	3,326,513	-10.5%
Basic instructional subsidies	7,220,690	7,004,822	3.1%
Special education subsidies	1,795,077	1,747,236	2.7%
Other state revenue	11,411,478	10,604,976	7.6%
Federal revenue	1,455,525	1,257,904	15.7%
Other financing sources*	-	5,885,050	-100.0%
	<u>\$ 99,437,576</u>	<u>\$ 103,397,925</u>	

* Represents bond refunding activity.

Major expenditure budget changes are as follows:

	Budgeted Expenditures 2022/2023	Actual Expenditures 2021/2022	Percentage Change
Wages and Salaries	\$ 38,902,742	\$ 38,243,244	1.7%
Employer share - benefits	26,090,336	24,934,537	4.6%
Purchased professional services	4,088,922	3,966,558	3.1%
Purchased property services	2,987,820	575,137	419.5%
Other purchased services	10,130,665	9,099,038	11.3%
Books and supplies	4,437,057	4,004,064	10.8%
Capitalized equipment	21,125	30,665	-31.1%
Debt service	8,654,760	9,202,238	-5.9%
Other expenditures	484,070	383,592	26.2%
Fund Transfers	5,305,414	4,617,173	14.9%
Other financing uses*	-	5,885,000	-100.0%
Budgetary reserve	250,000	-	100.0%
	<u>\$ 101,352,911</u>	<u>\$ 100,941,246</u>	

* Represents bond refunding activity.

This budget includes \$250,000 of contingency (budgetary reserves) for unanticipated expenditures.

**Pine-Richland School District
Management's Discussion and Analysis
June 30, 2022**

The comparison of revenue and expenditure categories is as follows:

Table A - 6

	Budgeted Revenue 2022/2023	Actual Revenue 2021/2022
Local	78.0%	74.4%
State	20.5%	18.7%
Federal	1.5%	1.2%
Other Financing Sources	0.0%	5.7%

	Budgeted Expenditures 2022/2023	Actual Expenditures 2021/2022
Instruction	55.6%	53.5%
Support Services	25.8%	24.6%
Noninstructional Services	2.3%	2.1%
Fund Transfers/Debt/Other	16.3%	19.8%

Pine-Richland School District has been active in controlling costs where possible and promoting fiscal responsibility. The current real estate millage rate has been established at 19.5867 mills and represents a flat millage rate for the 2022/2023 fiscal year which includes funds for projects identified in the ten-year capital funding plan. All efforts to utilize School District growth to fund future needs without additional taxpayer support is a primary goal of the Board of Directors and management of the School District.

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's accountability for the money it receives. If you have questions about this report or wish to request additional information, please contact Dana L. Kirk, Director of Financial and Operational Services, Pine-Richland School District, 702 Warrendale Road, Gibsonia, PA 15044. You may also make requests via email to dkirk@pinerichland.org.

Pine-Richland School District
Statement of Net Position
June 30, 2022

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 51,556,748	\$ 917,661	\$ 52,474,409
Taxes Receivable, Net	1,329,093	-	1,329,093
Due From Other Governments	3,710,618	69,618	3,780,236
Other Receivables	267,326	1,128	268,454
Inventories	-	32,009	32,009
Prepaid Items	799,872	-	799,872
Capital Assets not Being Depreciated			
Land	1,542,645	-	1,542,645
Construction in Progress	613,795	-	613,795
Capital Assets, Net of Accumulated Depreciation			
Land Improvements	5,776,968	-	5,776,968
Building & Building Improvements	77,229,455	-	77,229,455
Furniture & Equipment	1,526,728	202,534	1,729,262
Investment in Joint Venture	873,124	-	873,124
Intangible Right-to-Use Assets, Net of Amort.	572,716	-	572,716
TOTAL ASSETS	145,799,088	1,222,950	147,022,038
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	758,525	-	758,525
Amounts Related to OPEB - PSERS	1,373,004	-	1,373,004
Amounts Related to Pension	23,648,505	-	23,648,505
TOTAL DEFERRED OUTFLOWS OF RESOURCES	25,780,034	-	25,780,034
LIABILITIES			
Internal Balances	6,258	(6,258)	-
Accounts Payable	1,316,129	58,138	1,374,267
Contracts Payable	35,372	-	35,372
Accrued Salaries and Benefits	9,813,897	-	9,813,897
Accrued Interest Payable	999,133	-	999,133
Other Current Liabilities	-	94,641	94,641
Noncurrent Liabilities:			
Due Within One Year	6,229,195	-	6,229,195
Due in More Than One Year:			
Notes Payable	6,740,961	-	6,740,961
Loan Payable - Swap	533,277	-	533,277
Lease Payable	317,140	-	317,140
Compensated Absences	1,336,654	-	1,336,654
Bonds Payable	94,576,456	-	94,576,456
Other Post-Employment Benefits - PSERS	6,099,000	-	6,099,000
Swap Liability	150,617	-	150,617
Net Pension Liability	105,762,000	-	105,762,000
TOTAL LIABILITIES	233,916,089	146,521	234,062,610
DEFERRED INFLOWS OF RESOURCES			
Amounts Related to OPEB - PSERS	146,000	-	146,000
Amounts Related to Pension	18,224,000	-	18,224,000
TOTAL DEFERRED INFLOWS OF RESOURCES	18,370,000	-	18,370,000
NET POSITION			
Net Investment in Capital Assets	(10,226,242)	202,534	(10,023,708)
Unrestricted	(70,480,725)	873,895	(69,606,830)
TOTAL NET POSITION	\$ (80,706,967)	\$ 1,076,429	\$ (79,630,538)

See Accompanying Notes

**Pine-Richland School District
Statement of Activities
Year Ended June 30, 2022**

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	\$ 51,169,650	\$ -	\$ 9,480,616	\$ -	\$ (41,689,034)	\$ -	\$ (41,689,034)
Instructional Student Support	5,802,507	-	1,120,694	-	(4,681,813)	-	(4,681,813)
Administrative and Financial Support Services	8,007,621	-	1,188,203	-	(6,819,418)	-	(6,819,418)
Operation and Maintenance of Plant Services	8,509,794	141,975	432,066	-	(7,935,753)	-	(7,935,753)
Pupil Transportation	5,410,223	-	1,229,140	-	(4,181,083)	-	(4,181,083)
Student Activities	2,074,271	-	184,542	-	(1,889,729)	-	(1,889,729)
Community Services	73,900	-	-	-	(73,900)	-	(73,900)
Interest on Long-Term Debt	5,511,277	-	-	1,042,706	(4,468,571)	-	(4,468,571)
Unallocated Depreciation Expense	2,172,386	-	-	-	(2,172,386)	-	(2,172,386)
Total Governmental Activities	88,731,629	141,975	13,635,261	1,042,706	(73,911,687)	-	(73,911,687)
Business-type Activities:							
Food Service	1,890,391	662,399	2,013,817	-	-	785,825	785,825
Total Primary Government	\$ 90,622,020	\$ 804,374	\$ 15,649,078	\$ 1,042,706	(73,911,687)	785,825	(73,125,862)
General Revenues							
Taxes							
Property Taxes Levied for General Purposes, Net					63,721,872	-	63,721,872
Earned Income Taxes					9,135,101	-	9,135,101
Real Estate Transfer Taxes					1,816,952	-	1,816,952
Other Taxes Levied for General Purposes, Net					229,917	-	229,917
Grants, Subsidies and Contributions not Restricted					6,904,456	-	6,904,456
Investment Earnings					316,854	381	317,235
Miscellaneous Income					610,876	-	610,876
Proceeds from Insurance Recoveries					50	-	50
Sale of Capital Assets					(20,327)	-	(20,327)
Total General Revenues					82,715,751	381	82,716,132
Change in Net Position					8,804,064	786,206	9,590,270
Net Position - July 1, 2021 (Restated - See Note 15)					(89,511,031)	290,223	(89,220,808)
Net Position - June 30, 2022					\$ (80,706,967)	\$ 1,076,429	\$ (79,630,538)

See Accompanying Notes

**Pine-Richland School District
Balance Sheet
Governmental Funds
June 30, 2022**

Exhibit 3

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 40,067,186	\$ 11,489,562	\$ 51,556,748
Taxes Receivable, Net	1,329,093	-	1,329,093
Due from Other Funds	-	250,000	250,000
Due from Other Governments	3,710,618	-	3,710,618
Other Receivables	267,326	-	267,326
Prepaid Items	799,872	-	799,872
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 46,174,095</u>	<u>\$ 11,739,562</u>	<u>\$ 57,913,657</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Due to Other Funds	256,258	-	256,258
Accounts Payable	904,258	411,871	1,316,129
Contracts Payable	-	35,372	35,372
Accrued Salaries and Benefits	9,813,897	-	9,813,897
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>10,974,413</u>	<u>447,243</u>	<u>11,421,656</u>
Deferred Inflows of Resources			
Unavailable Revenues - Property Taxes	1,153,288	-	1,153,288
	<hr/>	<hr/>	<hr/>
Fund Balances			
Nonspendable	799,872	-	799,872
Committed	192,471	-	192,471
Assigned	25,858,787	11,292,319	37,151,106
Unassigned	7,195,264	-	7,195,264
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>34,046,394</u>	<u>11,292,319</u>	<u>45,338,713</u>
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 46,174,095</u>	<u>\$ 11,739,562</u>	<u>\$ 57,913,657</u>

See Accompanying Notes

**Pine-Richland School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022**

Exhibit 4

Total Fund Balances - Governmental Funds \$ 45,338,713

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 \$183,090,660, and the accumulated depreciation is \$96,401,069. 86,689,591

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 \$1,511,863 and the accumulated amortization is \$939,147. 572,716

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 deferred inflows in the funds. 1,153,288

Premiums and discounts on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position. (5,825,172)

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. 758,525

The payment to the joint venture career and technical center is capitalized and amortized over the life of the notes in the statement of net position. 873,124

Derivative instruments used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. (150,617)

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	\$ (94,511,284)	
Accrued Interest on the Bonds	(999,133)	
Notes Payable	(6,882,636)	
Loan Payable - Swap	(576,756)	
Lease Payable	(601,181)	
Compensated Absences	<u>(1,336,654)</u>	(104,907,644)

Pine-Richland School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022

Exhibit 4

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

OPEB Liability - PSERS	(6,099,000)	
Net Pension Liability	<u>(105,762,000)</u>	(111,861,000)

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	23,648,505	
Deferred Inflows of Resources Related to Pensions	(18,224,000)	
Deferred Outflows of Resources Related to OPEB - PSERS	1,373,004	
Deferred Inflows of Resources Related to OPEB - PSERS	<u>(146,000)</u>	<u>6,651,509</u>

Total Net Position - Governmental Activities		<u>\$ (80,706,967)</u>
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See Accompanying Notes

**Pine-Richland School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2022**

Exhibit 5

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Local Sources	\$ 76,899,079	\$ 250,309	\$ 77,149,388
State Sources	19,357,035	-	19,357,035
Federal Sources	1,256,762	-	1,256,762
	<u>97,512,876</u>	<u>250,309</u>	<u>97,763,185</u>
Total Revenues	97,512,876	250,309	97,763,185
Expenditures			
Instruction	54,052,985	-	54,052,985
Support Services	24,826,601	333,025	25,159,626
Noninstructional Services	2,156,663	250,555	2,407,218
Capital Outlay	61,714	2,237,486	2,299,200
Debt Service (Principal & Interest)	9,202,238	1,321,725	10,523,963
Refunds of Prior Year's Receipts	138,872	-	138,872
	<u>90,439,073</u>	<u>4,142,791</u>	<u>94,581,864</u>
Total Expenditures	90,439,073	4,142,791	94,581,864
Excess (Deficiency) of Revenues Over Expenditures	7,073,803	(3,892,482)	3,181,321
Other Financing Sources (Uses)			
Issuance of Refunding Notes	5,885,000	-	5,885,000
Insurance Recoveries	50	-	50
Transfers In	-	4,617,173	4,617,173
Payment to Refunded Bond Escrow Agent	(5,885,000)	-	(5,885,000)
Transfers Out	(4,617,173)	-	(4,617,173)
	<u>(4,617,123)</u>	<u>4,617,173</u>	<u>50</u>
Total Other Financing Sources (Uses)	(4,617,123)	4,617,173	50
Net Changes in Fund Balances	2,456,680	724,691	3,181,371
Fund Balances - July 1, 2021	31,589,714	10,567,628	42,157,342
Fund Balances - June 30, 2022	\$ 34,046,394	\$ 11,292,319	\$ 45,338,713

See Accompanying Notes

**Pine-Richland 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, 2022**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds \$ 3,181,371

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation Expense	\$ (5,046,575)	
Intangible Right-to-Use Assets Amortization	(274,884)	
Capital Outlays	2,268,117	
Loss on Disposal	<u>(20,327)</u>	(3,073,669)

Because some property taxes and other revenues 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. (207,215)

Repayment of bond, note and lease payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 6,111,414

Note proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide financial statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. The proceeds were: (5,885,000)

The School District's debt was also reduced by an advance refunding of debt. Resources of (\$5,885,000) were paid to escrow agent for the current refunding of outstanding notes (\$5,885,000). 5,885,000

**Pine-Richland 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, 2022**

Exhibit 6

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	(62,498)	
Other Post-Employment Benefits	<u>(71,198)</u>	(133,696)

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	73,125	
Accretion of Interest on Capital Appreciation Bonds	<u>(522,935)</u>	(449,810)

Governmental funds report changes in investment derivative instruments only when those instruments provide or use financial resources. However, in the statement of activities, changes in the fair value of investment derivative instruments are changes in economic resources and are reported in each period in which there is a change in the fair value of the investment. This is the amount of the change in the fair value of investment derivatives in the current period.

(784,369)

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		255,933
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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	12,295,666	
Cost of Benefits Earned	<u>(8,391,561)</u>	<u>3,904,105</u>

Change in Net Position of Governmental Activities	<u>\$ 8,804,064</u>
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See Accompanying Notes

Pine-Richland School District
Statement of Net Position
Proprietary Funds
June 30, 2022

Exhibit 7

	Food Service Fund	Non- Major Funds	Totals
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 902,699	\$ 14,962	\$ 917,661
Due From Other Funds	6,258	-	6,258
Due From Other Governments	69,618	-	69,618
Other Receivables	1,128	-	1,128
Inventories	32,009	-	32,009
	<u>1,011,712</u>	<u>14,962</u>	<u>1,026,674</u>
Noncurrent Assets			
Machinery and Equipment, Net	202,534	-	202,534
	<u>202,534</u>	<u>-</u>	<u>202,534</u>
TOTAL ASSETS	<u>1,214,246</u>	<u>14,962</u>	<u>1,229,208</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	58,138	-	58,138
Unearned Revenues	2,292	-	2,292
Other Current Liabilities	92,349	-	92,349
	<u>92,349</u>	<u>-</u>	<u>92,349</u>
TOTAL LIABILITIES	<u>152,779</u>	<u>-</u>	<u>152,779</u>
NET POSITION			
Invested in Capital Assets	202,534	-	202,534
Unrestricted	858,933	14,962	873,895
	<u>858,933</u>	<u>14,962</u>	<u>873,895</u>
TOTAL NET POSITION	<u>\$ 1,061,467</u>	<u>\$ 14,962</u>	<u>\$ 1,076,429</u>

See Accompanying Notes

Pine-Richland School District
Statement of Revenues, Expenditures and Changes
in Net Position
Proprietary Funds
Year Ended June 30, 2022

Exhibit 8

	Food Service Fund	Non- Major Funds	Totals
Operating Revenues			
Food Service Revenue	\$ 661,599	\$ -	\$ 661,599
Other Operating Revenues	<u>-</u>	<u>800</u>	<u>800</u>
Total Operating Revenues	<u>661,599</u>	<u>800</u>	<u>662,399</u>
Operating Expenses			
Purchased Property Services	40,789	-	40,789
Other Purchased Services	1,649,968	-	1,649,968
Supplies	157,015	4,822	161,837
Depreciation	29,565	-	29,565
Dues and Fees	<u>8,232</u>	<u>-</u>	<u>8,232</u>
Total Operating Expenses	<u>1,885,569</u>	<u>4,822</u>	<u>1,890,391</u>
Operating Income (Loss)	<u>(1,223,970)</u>	<u>(4,022)</u>	<u>(1,227,992)</u>
Nonoperating Revenues (Expenses)			
Earnings on Investments	381	-	381
State Sources	50,076	-	50,076
Federal Sources	<u>1,963,741</u>	<u>-</u>	<u>1,963,741</u>
Total Nonoperating Revenues (Expenses)	<u>2,014,198</u>	<u>-</u>	<u>2,014,198</u>
Change in Net Position	790,228	(4,022)	786,206
Net Position - July 1, 2021	<u>271,239</u>	<u>18,984</u>	<u>290,223</u>
Net Position - June 30, 2022	<u>\$ 1,061,467</u>	<u>\$ 14,962</u>	<u>\$ 1,076,429</u>

See Accompanying Notes

**Pine-Richland School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2022**

Exhibit 9

	Food Service Fund	Non- Major Funds	Totals
Cash Flows From Operating Activities			
Cash Received from Users	\$ 640,796	\$ 800	\$ 641,596
Cash Payments to Suppliers for Goods and Services	(1,724,431)	-	(1,724,431)
Cash Payments for Other Operating Expenses	<u>(8,232)</u>	<u>(4,822)</u>	<u>(13,054)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(1,091,867)</u>	<u>(4,022)</u>	<u>(1,095,889)</u>
Cash Flows From Non-Capital Financing Activities			
State Sources	51,322	-	51,322
Federal Sources	1,841,194	-	1,841,194
Operating Transfers In (Out)	<u>(6,258)</u>	<u>-</u>	<u>(6,258)</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>1,886,258</u>	<u>-</u>	<u>1,886,258</u>
Cash Flows From Capital and Related Financing Activities			
Facilities Acquisition/Const./Imp.Serv	<u>(10,495)</u>	<u>-</u>	<u>(10,495)</u>
Cash Flows From Investing Activities			
Earnings on Investments	<u>381</u>	<u>-</u>	<u>381</u>
Net Increase (Decrease) in Cash and Cash Flows	784,277	(4,022)	780,255
Cash and Cash Equivalents - July 1, 2021	<u>118,422</u>	<u>18,984</u>	<u>137,406</u>
Cash and Cash Equivalents - June 30, 2022	<u>\$ 902,699</u>	<u>\$ 14,962</u>	<u>\$ 917,661</u>

**Pine-Richland School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2022**

Exhibit 9

	Food Service Fund	Non- Major Funds	Totals
Operating Income (Loss)	\$ (1,223,970)	\$ (4,022)	\$(1,227,992)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation and Net Amortization	29,565	-	29,565
Donated Commodities	132,278	-	132,278
(Increase) Decrease in Accounts Receivable	(987)	-	(987)
(Increase) Decrease in Inventories	(7,131)	-	(7,131)
Increase (Decrease) in Accounts Payable	(1,806)	-	(1,806)
Increase (Decrease) in Other Current Liabilities	<u>(19,816)</u>	<u>-</u>	<u>(19,816)</u>
 Total Adjustments	 <u>132,103</u>	 <u>-</u>	 <u>132,103</u>
 Cash Provided by (Used for) Operating Activities	 <u>\$ (1,091,867)</u>	 <u>\$ (4,022)</u>	 <u>\$(1,095,889)</u>

Noncash Non-Capital Financing Activities

During the year ended June 30, 2022, the School District received \$127,407 of U.S.D.A Donated Commodities in the food service fund.

See Accompanying Notes

**Pine-Richland School District
Statement of Net Position
Fiduciary Funds
June 30, 2022**

Exhibit 10

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	<u>\$ 108,283</u>
NET POSITION	
Restricted for:	
Student Groups	<u>108,283</u>
TOTAL NET POSITION	<u><u>\$ 108,283</u></u>

See Accompanying Notes

**Pine-Richland School District
Statement of Change in Net Position
Fiduciary Funds
June 30, 2022**

Exhibit 11

	Custodial Fund
Additions	
Revenue from Student Activities	\$ 216,312
Interest	<u>11</u>
Total Additions	<u>216,323</u>
Deductions	
Student Activities Program Expenses	<u>210,228</u>
Change in Net Position	6,095
Net Position - July 1, 2021	<u>102,188</u>
Net Position - June 30, 2022	<u>\$ 108,283</u>

See Accompanying Notes

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

Note 1 - Summary of Significant Accounting Policies

Pine-Richland School District, located in Allegheny County, Pennsylvania, provides public education, kindergarten through twelfth grade, to the residents of the Townships of Pine and Richland. 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 Pine-Richland 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.

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

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:

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 projects fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities or equipment (other than those financed by proprietary 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. The *concession stand fund* accounts for the financial transactions related to concession operations of the School District.

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, private purpose, or custodial). The School District reports the following fiduciary fund type:

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

Fiduciary funds are not incorporated into the government-wide financial statements.

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. 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.

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

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 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 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.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The custodial fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

D. Joint Ventures

The School District is one of nine member school districts of the A. W. Beattie Career Center (“Beattie”). Beattie provides vocational-technical training and education to participating students of the member districts. Beattie is controlled and governed by the Joint Board, which is composed of all the school board members of all the member districts. Beattie’s operations are the responsibility of the Joint Committee, which consists of two representatives from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of Beattie. The School District’s share of annual operating and capital costs for Beattie fluctuates, based on the percentage of enrollment of each member district in the school. The School District’s financial obligation for these costs to Beattie for the year ended June 30, 2022 was \$526,827 which was paid in the year ended June 30, 2022 to Beattie and reported in the School District’s general fund. The School District has no equity interest in Beattie as of June 30, 2022. Complete financial statements for Beattie can be obtained from the administrative offices at 9600 Babcock Boulevard, Allison Park, PA 15101-2091.

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, 2022.

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

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.

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, 2022.

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, 2022 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 \$5,000 and an estimated useful life in excess of one year. 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.

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.

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

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

Assets	Years
Buildings	20-40
Building Improvements	20-30
Site Improvements	15-20
Furniture and Equipment	5-15

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 10-20 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) Statement No. 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payment made prior to the lease term, less any lease incentives, and plus any ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

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, discount and insurance 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, discount and insurance during the current period. The face amount of debt issued is reported as other financing sources while discount and premium on debt issuances are reported as other financing (uses) sources.

N. Compensated Absences

The School District's policies regarding compensated absences varies by contract and provides for employees to accumulate sick days, personal days and emergency time 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. 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.

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

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. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the School District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the School District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications, committed and then assigned fund balances before using assigned fund balances.

Q. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

R. 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*, represent 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 three 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 items in the government-wide statement of net position are related to the participation in the cost sharing defined benefit pension plan and other post-employment benefit plan. The School District reports no deferred outflows of resources in the fund financial statements.

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*, represent 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 one type of item, which arises under the modified accrual basis of accounting, which qualifies 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. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The School District has two items reported in the government-wide statement of net position relating to the cost sharing defined benefit pension plan and other post-employment benefit plan.

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

S. 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.

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 purposes of the fund balance classification as of June 30, 2022, are as follows:

1. The nonspendable fund balance of \$799,872 in the general fund represents prepaid items.
2. The committed fund balance in the general fund of \$192,471 is for future PSERS retirement costs.

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

3. The assigned fund balance of \$25,858,787 in the general fund consists of \$17,166,378 for future capital improvements, \$32,583 for future athletic expenditures, \$1,915,334 for the 2022-2023 budget, \$635,638 for future debt service expenditures and \$6,108,854 for future employee benefits costs.
4. The assigned fund balance in the capital projects fund of \$11,292,319 is for current and future construction projects.

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, 2022, \$19,302,305 of the School District's bank balance of \$26,462,644 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>\$19,302,305</u>

As of June 30, 2022, the School District had the following investments:

Investments	Fair Value
PLGIT	\$ 21,339,905
PSDLAF	<u>4,524,200</u>
	<u><u>\$ 25,864,105</u></u>

Interest Rate Risk – The School District's investment policy does not place limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates; however, one of the primary objectives of the School District's investments is to ensure investments remain sufficiently liquid to meet all operating requirements that are reasonably anticipated.

Interest Rate Risk Relating to Derivatives – as of June 30, 2022, the School District had investment with the following maturities:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	More than 10
Investment Derivative Instruments	<u>\$ (150,617)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,797</u>	<u>\$ (238,414)</u>

**Pine-Richland School District
Notes to Financial Statements
June 30, 2022**

The School District is invested in three interest rate swaps with terms as noted below:

Transaction Date	04/13/05	06/21/07	09/13/07
Effective Date	04/28/05	08/01/08	10/01/08
Maturity Date	11/01/33	11/01/33	09/01/27
Terms	School District pays BMA and receives 64% of LIBOR plus 0.3%.	School District pays 64% of LIBOR plus 0.3% and receives 63.105% of the ISDA swap rate.	School District pays SIFMA and receives 63.1% of 5-year ISDA swap rate.
Current Notional Amount	\$15,845,000	\$ 15,845,000	\$ 7,230,000

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 PLGIT and PSDLAF 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 counterparties are as follows:

Counterparty	S&P Rating	Moody's Rating
Morgan Stanley Capital Services, Inc.	A+	Aa3
Wells Fargo Bank, NA	A+	Aa2
Deutsche Bank AG	A-1	A2

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

Investments

The Pennsylvania School District Liquid Asset Fund (PSDLAF) and Pennsylvania Local Government Investment Trust (PLGIT) were established as common law trusts, organized under laws of the Commonwealth of Pennsylvania. Shares of 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.

Pine-Richland School District
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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. The funds are a local government investment pool and are exempt from the requirements of 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 of \$1 per share. Accordingly, the fair value of the position in PSDLAF and PLGIT are the same as the value of PSDLAF and PLGIT shares. There are no limitations or restrictions on withdrawals.

Note 3 - Real Estate Taxes

The municipal 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 2021/2022 was 19.5867 mills (\$19.5867 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2021/2022 is as follows:

Tax Levy Date	July 1, 2021
2% Discount Period	Through August 31, 2021
Face Payment Period	September 1 – October 31, 2021
10% Penalty Period	November 1 Until Liened
Lien Filing Date	January 1, 2022

The amounts shown as delinquent real estate taxes receivable have not yet been recorded as revenue on the fund statements. These taxes are, however, recorded as unavailable revenues on the balance sheet until they are received. The amounts reported for this receivable are reported on the balance sheet in the amount of \$1,153,288 along with other taxes receivable of \$175,805.

Note 4 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2022, the following amounts are due from other governmental units:

	Governmental Funds	Business-Type Activities	Totals
Federal (through the state)	\$ 345,448	\$ 67,769	\$ 413,217
State	3,192,072	1,849	3,193,921
Local	173,098	-	173,098
	<u>\$ 3,710,618</u>	<u>\$ 69,618</u>	<u>\$3,780,236</u>

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance 07/01/21	Additions	Deletions/ Transfers	Balance 06/30/22
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 1,542,645	\$ -	\$ -	\$ 1,542,645
Construction in Progress	<u>2,332,904</u>	<u>539,948</u>	<u>(2,259,057)</u>	<u>613,795</u>
Total Capital Assets not Being Depreciated	<u>3,875,549</u>	<u>539,948</u>	<u>(2,259,057)</u>	<u>2,156,440</u>
Capital Assets Being Depreciated				
Site Improvements	16,392,498	530,049	(277,036)	16,645,511
Buildings and Building Improv.	153,120,938	978,050	2,227,657	156,326,645
Furniture and Equipment	<u>8,007,202</u>	<u>220,070</u>	<u>(265,208)</u>	<u>7,962,064</u>
Total Capital Assets Being Depreciated	<u>177,520,638</u>	<u>1,728,169</u>	<u>1,685,413</u>	<u>180,934,220</u>
Less Accumulated Depreciation				
Site Improvements	10,428,120	714,321	(273,898)	10,868,543
Buildings and Building Improv.	75,070,565	4,040,836	(14,211)	79,097,190
Furniture and Equipment	<u>6,409,126</u>	<u>291,418</u>	<u>(265,208)</u>	<u>6,435,336</u>
Total Accumulated Depreciation	<u>91,907,811</u>	<u>5,046,575</u>	<u>(553,317)</u>	<u>96,401,069</u>
Total Capital Assets Being Depreciated, Net	<u>85,612,827</u>	<u>(3,318,406)</u>	<u>2,238,730</u>	<u>84,533,151</u>
Governmental Activities Capital Assets, Net	<u>\$89,488,376</u>	<u>\$ (2,778,458)</u>	<u>\$ (20,327)</u>	<u>\$86,689,591</u>
Business-Type Activities				
Furniture and Equipment	\$ 802,180	\$ 10,495	\$ -	\$ 812,675
Less Accumulated Depreciation and Equipment	<u>580,576</u>	<u>29,565</u>	<u>-</u>	<u>610,141</u>
Business-Type Activities Capital Assets, Net	<u>\$ 221,604</u>	<u>\$ (19,070)</u>	<u>\$ -</u>	<u>\$ 202,534</u>
Governmental Activities				
Intangible Right-to-use Assets:				
Leased Equipment	<u>\$ 1,511,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,511,863</u>
Less Accumulated Amortization	<u>664,263</u>	<u>274,884</u>	<u>-</u>	<u>939,147</u>
Net Intangible Right-to-use Assets	<u>\$ 847,600</u>	<u>\$ (274,884)</u>	<u>\$ -</u>	<u>\$ 572,716</u>

Pine-Richland School District
Notes to Financial Statements
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Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
Instruction	\$ 15,492
Instructional Student Support	1,381
Administration and Financial Support Services	113,047
Operation and Maintenance of Plant Services	2,667,835
Student Activities	76,434
Unallocated Depreciation Expense	<u>2,172,386</u> *
Total Depreciation Expense	<u>\$ 5,046,575</u>
Business-Type Activities - Food Service	<u>\$ 29,565</u>
Governmental Activities	
Intangible Right-to-use Assets:	
Administration and Financial Support Services	<u>\$ 274,884</u>

* Unallocated depreciation expense represents assets or portions of assets that are not able to be identified with any particular function.

Note 6 - Interfund Balances/Transfers

At June 30, 2022, interfund balances were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ 256,258
Capital Projects Fund	250,000	-
Proprietary Fund		
Food Service	<u>6,258</u>	<u>-</u>
	<u>\$ 256,258</u>	<u>\$ 256,258</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.

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

For the year ended June 30, 2022, interfund transfers consisted of the following:

Transfers To	Transfer From General Fund
Capital Projects Fund	\$4,617,173

The general fund transferred \$4,617,173 to the capital projects fund for current and future capital projects.

Note 7 - Long-Term Liabilities

Long-term liability for the year ended June 30, 2022 was as follows:

	Balance 07/01/21	Additions	Accretions	Reductions	Balance 06/30/22	Due Within One Year
Governmental Activities						
Bonds Payable						
General Obligation Bonds	\$ 99,693,349	\$ -	\$ 522,935	\$ 5,705,000	\$ 94,511,284	\$ 5,760,000
Plus: Bond Premium	6,251,203	-	-	426,031	5,825,172	-
Total Bonds Payable	105,944,552	-	522,935	6,131,031	100,336,456	5,760,000
General Obligation Notes	7,013,118	5,885,000	-	6,015,482	6,882,636	141,675
Loan Payable - Swap	853,965	-	-	277,209	576,756	43,479
Compensated Absences	1,274,156	62,498	-	-	1,336,654	-
Governmental Activities						
Long-Term Liabilities	\$ 115,085,791	\$ 5,947,498	\$ 522,935	\$ 12,423,722	\$ 109,132,502	\$ 5,945,154
Lease Liabilities	\$ 877,113	\$ -	\$ -	\$ 275,932	\$ 601,181	\$ 284,041
Total Long-Term Obligations as Reported in the Statement of Net Position					\$ 109,733,683	\$ 6,229,195

Pine-Richland School District
Notes to Financial Statements
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General Obligation Bonds

1996 Capital Appreciation Bonds in the amount of \$3,961,252; due serially through September 1, 2025; yield/interest rate 6.000 to 6.030%	\$ 12,021,284
2014B General Obligation Bonds in the amount of \$17,880,000; due serially through September 1, 2033; interest rate 0.200% to 3.550%	15,990,000
2015B General Obligation Bonds in the amount of \$9,515,000; due serially through July 15, 2034; interest rate 0.300% to 3.900%	7,335,000
2017 General Obligation Bonds in the amount of \$8,030,000; due serially through March 1, 2029; interest rate 0.850% to 2.600%	7,185,000
2019 General Obligation Bonds in the amount of \$7,760,000; due serially through March 1, 2030; interest rate 1.600% to 2.150%	6,480,000
2019A General Obligation Bonds in the amount of \$6,670,000; due serially through September 1, 2028; interest rate 1.450% to 2.250%	5,830,000
2019B General Obligation Bonds in the amount of \$3,835,000; due serially through March 1, 2038; interest rate 2.000% to 4.000%	3,245,000
2020A General Obligation Bonds in the amount of \$8,835,000; due serially through January 15, 2035; interest rate 2.000% to 4.000%	8,560,000
2020B General Obligation Bonds in the amount of \$24,465,000; due serially through March 1, 2037; interest rate 3.000% to 5.000%	23,735,000
2021 General Obligation Bonds in the amount of \$4,615,000; due serially through January 15, 2031; interest rate 2.000% to 3.000%	4,130,000
	\$ 94,511,284

Pine-Richland School District
Notes to Financial Statements
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Notes Payable

Series of 2022 in the amount of \$5,885,000; due serially through July 15, 2031; interest rate 2.920%	\$ 5,885,000
School Revenue Bonds in the amount of \$1,662,539; interest rate of 0.500% to 5.000%; final payment April 1, 2029	<u>997,636</u>
	<u><u>\$ 6,882,636</u></u>

In conjunction with their derivative instrument transactions described in Note 11, the School District received various up-front cash payments. Total cumulative up-front cash received by the School District related to these transactions was \$1,758,195.

The up-front cash payments received by the School District are considered borrowings at rates that range from 11.38% to 39.28%. As of June 30, 2022, the borrowings had a cumulative outstanding balance of \$576,756.

Principal and interest payments are made on the borrowings as a component of the payments required to be made by the School District per their interest rate swap agreements and will continue until the borrowings' final maturity in fiscal year 2034. In 2022, the School District recognized approximately \$200,000 of interest expense related to these borrowings.

The debt service source for the above is the general fund.

The annual requirements of School District funds to amortize all debt outstanding (excluding compensated absences) as of June 30, 2022, including interest, are as follows:

Year Ended June 30,	General Obligation Bonds		General Obligation Notes		Loan Payable - Swap		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
	(On Issuance Amount)						
2023	\$ 3,324,039	\$ 5,200,781	\$ 141,675	\$ 133,176	\$ 43,479	\$ 73,869	\$ 8,917,019
2024	3,590,086	5,149,109	147,868	194,031	46,926	67,894	9,195,914
2025	3,663,485	5,075,094	154,624	186,781	50,851	61,359	9,192,194
2026	3,743,940	4,991,882	160,254	181,401	55,371	54,178	9,187,026
2027	6,235,000	2,300,602	158,069	178,102	60,545	46,242	8,978,560
2028-2032	27,095,000	8,718,847	6,120,146	692,644	247,553	126,906	43,001,096
2033-2037	37,260,000	3,558,031	-	-	72,031	10,867	40,900,929
2038-2039	55,000	1,444	-	-	-	-	56,444
	<u>84,966,550</u>	<u>34,995,790</u>	<u>6,882,636</u>	<u>1,566,135</u>	<u>576,756</u>	<u>441,315</u>	<u>129,429,182</u>
Accretion to Date	<u>9,544,734</u>	<u>(9,544,734)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 94,511,284</u></u>	<u><u>\$ 25,451,056</u></u>	<u><u>\$ 6,882,636</u></u>	<u><u>\$ 1,566,135</u></u>	<u><u>\$ 576,756</u></u>	<u><u>\$ 441,315</u></u>	<u><u>\$ 129,429,182</u></u>

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

On June 7, 2022, the School District issued \$5,885,000 Series 2022 notes with an interest rate of 2.92% to currently refund the outstanding 2015A general obligation notes (\$5,885,000) with variable interest rates. The net proceeds of \$5,885,000 were used to currently refund the above notes. As a result, the liability for those notes has been removed as a liability in these financial statements.

The School District currently refunded the 2015A Series notes to increase its total debt service payments over nine years by \$172,997 and to obtain an economic loss (difference between the present value of the debt service payments on the old and new debt) of approximately \$117,387. As a result of the refunding, the School District also terminated a hedging swap associated with the Note. There is no available information on the gain or loss of the swap termination.

Note 8 – Lease Liabilities

On January 1, 2019, the School District entered into an agreement to lease copiers. The term of the lease is for five and a half years requiring monthly payments of \$24,810. 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, 2022, the value of the lease liability recorded for the above lease was \$601,181. As a result, the School District has recorded an Intangible Right-to-Use asset with a net book value of \$572,716 as of June 30, 2022. Future minimum lease payments under this lease are as follows:

Year Ended June 30,	Lease Payable		Totals
	Principal	Interest	
2023	\$ 284,041	\$ 13,679	\$ 297,720
2024	292,390	5,330	297,720
2025	24,750	60	24,810
	\$ 601,181	\$ 19,069	\$ 620,250

Note 9 - 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.

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

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. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

**Pine-Richland School District
Notes to Financial Statements
June 30, 2022**

3. Contributions

Member Contributions

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

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, 2022 was 34.14% 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 \$12,968,425 for the year ended June 30, 2022.

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

At June 30, 2022, the School District reported a liability of \$105,762,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2020 to June 30, 2021. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2022, the School District's proportion was 0.2576%, which was an increase of 0.0106% from its proportion measured as of June 30, 2021.

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

For the year ended June 30, 2022, the School District recognized pension expense of \$8,391,561. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Difference between expected and actual experience	\$ 78,000	\$ 16,835,000
Changes in assumptions	5,130,000	-
Changes in proportions	5,328,000	1,389,000
Difference between employer contributions and proportionate share of total contributions	144,080	-
Contributions subsequent to the measurement date	<u>12,968,425</u>	<u>-</u>
	<u>\$ 23,648,505</u>	<u>\$ 18,224,000</u>

\$12,968,425 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, 2023.

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

Year Ended June 30,	
2023	\$(1,289,179)
2024	(86,441)
2025	(741,450)
2026	<u>(5,426,850)</u>
	<u>\$ (7,543,920)</u>

1. Changes in Actuarial Assumptions

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

- Valuation Date – June 30, 2020
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

**Pine-Richland School District
Notes to Financial Statements
June 30, 2022**

- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.
- 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, 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 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	27.0%	5.2%
Private equity	12.0%	7.3%
Fixed Income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	0.1%
Leverage	<u>-13.0%</u>	0.1%
	<u>100%</u>	

**Pine-Richland School District
Notes to Financial Statements
June 30, 2022**

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021.

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.

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%	Current	1.00%
	Decrease	Discount Rate	Increase
	6.00%	7.00%	8.00%
School District's proportionate share of the net pension liability	\$ 138,817	\$ 105,762	\$ 77,879

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 10 – 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 \$9,111,717 for the year ended June 30, 2022.

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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, 2022, the net position of the Consortium was \$51,449,149 of which \$1,470,142 is attributable to the School District.

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 11 – Derivative Instruments

A. Plan Description

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2022, classified by type, and the change in fair value of such derivative instruments for the year ended as reported in the June 30, 2022 financial statements are as follows:

Governmental Activities	Change in Fair Value		Fair Value at June 30, 2022		Original Notional in Thousands
	Classification	Amount	Classification	Amount	
Investment Derivatives:					
Swap Investment Assets					
Pay Floating Rate					
Constant Maturity	Investment				
Swap	Revenue	\$ (280,479)	Investment	\$ 332,793	\$ 17,880
Pay SIFMA Index					
Constant Maturity	Investment				
Swap	Revenue	(135,462)	Investment	87,797	8,835
Pay BMA Index Swap	Investment				
Basis	Revenue	(645,637)	Investment	(571,207)	17,995

The fair values of the interest rate swaps are estimated based on economic assessment of the transaction or instrument and is derived from model prices, external sources or market prices. The School District was involved in an interest rate swap that qualified under GASB Statement No. 53 as a hedging derivative associated with the 2015A notes which were refunded during the year. As a part of refunding the 2015A note, the hedging derivative was terminated.

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

Note 12 - Other Post-Employment Benefit Plan

A. Plan Description

Pine-Richland School District administers a single-employer defined benefit healthcare plan (“The Supplemental Health Plan”). The plan provides medical, and in some cases dental and vision, for five groups of employees: teachers; support staff; administrative support and central office; and administrators and custodial employees. 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.

Teachers

Eligibility

If retired on or after July 1, 2012, no post-employment benefits are provided. If retired before July 1, 2012, covered retirees include full-time employees who retired under the provisions of the Pennsylvania Public School Employees’ Retirement System (PSERS) after age 62 and completing at least 15 years of School District service or after age 55 with 24.5 years of service credit with the system and at least 15 years of continuous full-time service with Pine-Richland School District.

Benefits

The Highmark Community Blue Flex EPO or Highmark PPO medical insurance plan (includes prescription drug coverage) as elected by the retiree, United Concordia Flex Dental plan and Davis Vision plan are provided for the retiree, spouse and dependents. The School District pays for such coverage until the retiree qualifies for Medicare (age 65). Life insurance is also provided until age 65.

Retirement Contributions

The retiree pays to the School District each year, in monthly installments, a contribution based on a percentage of the health premium at time of retirement. (For the most recent retirees, this rate is 5% of the premium.) Also certain retirees pay 100% of the difference in premium between the EPO and PPO. If the retiree qualifies for the PSERS stipend for medical (\$100 per month), the retiree submits the stipend to the School District. If the retiree has elected the optional Dental Riders, he or she is responsible for 100% of that cost.

Life Insurance

The amount of life insurance provided is equal to the employee’s annual salary at retirement, rounded to the nearest \$1,000, up to a maximum of \$50,000.

Support Staff

Eligibility

If retired after June 30, 2012, no post-employment benefits are provided. Covered retirees include employees who retired after attaining age 55 and completing at least 10 years of continuous full-time or equivalent part-time service with the School District.

Pine-Richland School District
Notes to Financial Statements
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Benefits

Same provisions as for teachers.

Retirement Contributions

The retiree pays to the School District each year, in monthly installments, a contribution based on a percentage of the health premium at the time of retirement. (For the most recent retirees, this rate is 5% of the premium.) Certain retirees pay 100% of the difference in premium between the EPO and PPO. If the retiree qualifies for the PSERS stipend for medical (\$100 per month), the retiree submits the stipend to the School District. If the retiree has elected the optional Dental Riders, he or she is responsible for 100% of that cost.

Life Insurance

The amount of life insurance provided is equal to \$50,000 for full-time employees and \$25,000 for part-time employees. Some prior support staff retirees have coverage at either 1.5 times or 2 times their annual salary at retirement, rounded to the nearest \$1,000, up to a maximum of \$50,000.

Administrative Support and Central Office Staff

Eligibility

If retired after June 30, 2011, no post-employment benefits are provided. Covered retirees include any employees who retired under the provisions of the Public School Employees' Retirement System after having completed at least 10 years of continuous full-time service with the School District.

Benefits

Same provisions as for teachers.

Retirement Contributions

Same provisions as for support staff, except the contribution rate for most of the recent retirees is 4% of the premium.

Life Insurance

The amount of life insurance provided is equal to 1.5 times the employee's annual salary at retirement, rounded to the nearest \$1,000, up to a maximum of \$50,000.

Administrators

Eligibility and Benefits

Same provisions as for teachers except that if retired after June 30, 2011, no post-employment benefits are provided.

Retirement Contributions

The retiree pays to the School District each year, in monthly installments, a contribution based on a percentage of the premium at time of retirement. (For the most recent retirees, this rate is 7.5% of the medical and dental premiums.)

**Pine-Richland School District
Notes to Financial Statements
June 30, 2022**

Also, certain retirees pay 100% of the difference in premium between the EPO and PPO. If the retiree qualifies for the PSERS stipend for medical (\$100 per month), the retiree submits the stipend to the School District. If the retiree has elected the optional Dental Riders, he or she is responsible for 100% of that cost.

Life Insurance

The amount of life insurance provided is equal to 1.5 times the employee's annual salary at retirement, up to a maximum of \$200,000.

Custodial Employees

Eligibility

Same provisions as for support staff employees.

Benefits

Same provisions as for support staff employees.

Retirement Contributions

Same provisions as for support staff employees.

Life Insurance

The amount of life insurance provided for recent retirees is equal to \$50,000. The amount of certain past retirees' life insurance was \$40,000 or their annual salary at retirement.

Employees Covered by Benefit Terms

At January 1, 2021, the following employees were covered by the benefit terms:

Retired participants receiving benefits	<u><u>5</u></u>
---	-----------------

B. Total OPEB Liability

The School District's total OPEB liability of \$-0- was measured as of January 1, 2021 and was determined by an actuarial valuation as of that date.

C. Actuarial Methods and Assumptions

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Discount Rate	2.00%
Healthcare Cost Trend Rates	5.00%

The discount rate was based on the Bond Buyers 20-Bond Index.

Mortality rates were based on the RPH-2014 Total Dataset Mortality Table for Males or Females, as appropriate.

**Pine-Richland School District
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The actuarial assumptions used in the January 1, 2021 valuation were selected using input from the School District based upon actual experience.

D. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 28,831
Changes for the year:	
Interest	287
Benefit Payments	<u>(29,118)</u>
Net Changes	<u>(28,831)</u>
Balance at June 30, 2022	<u>\$ -</u>

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

For the year ended June 30, 2022, the School District recognized OPEB Expense of \$287. At June 30, 2022, the School District had no deferred outflows and deferred inflows of resources related to OPEB to report.

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.

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, 2021, there were no assumed future benefit increases to participating eligible retirees.

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

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, and
- Participate in the HOP or employer-sponsored health insurance program

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. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2022 was 0.80% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School District were \$305,229 for the year ended June 30, 2022.

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

At June 30, 2022, the School District reported a liability of \$6,099,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2020 to June 30, 2021. The 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, 2022, the School District's proportion was 0.2573%, which was an increase of 0.0103% from its proportion measured as of June 30, 2021.

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

For the year ended June 30, 2022, the School District recognized OPEB expense of \$100,029. At June 30, 2022, 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	\$ 57,000	\$ -
Changes in assumptions	650,000	81,000
Net difference between projected and actual investment earnings	12,000	-
Changes in proportions	346,000	65,000
Difference between employer contributions and proportionate share of total contributions	2,775	-
Contributions subsequent to the measurement date	<u>305,229</u>	<u>-</u>
	<u>\$ 1,373,004</u>	<u>\$ 146,000</u>

\$305,229 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2023	\$ 140,415
2024	140,206
2025	211,777
2026	172,377
2027	145,000
Thereafter	<u>112,000</u>
	<u>\$ 921,775</u>

1. Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 2.18%, 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.

**Pine-Richland School District
Notes to Financial Statements
June 30, 2022**

- 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 PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate pre age 65 at 50%.
 - Eligible retirees will elect to participate post age 65 at 70%.

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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	79.8%	0.10%
US Core Fixed Income	17.5%	0.70%
Non-US Developed Fixed	<u>2.7%</u>	-0.30%
	<u>100%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021.

**Pine-Richland School District
Notes to Financial Statements
June 30, 2022**

2. Discount Rate

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

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

The following presents the System net OPEB liability for June 30, 2021, 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% Decrease	Current Trend Rate	1.00% Increase
System net OPEB Liability	\$ 6,098	\$ 6,099	\$ 6,099

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

	(In Thousands)		
	1.00% Decrease	Current Discount Rate	1.00% Increase
	1.18%	2.18%	3.18%
School District's proportionate share of the net OPEB liability	\$ 6,999	\$ 6,099	\$ 5,357

Pine-Richland School District
Notes to Financial Statements
June 30, 2022

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 – On-Behalf Payments

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2022, were \$8,085,400.

This includes \$6,688,561 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 \$1,396,839 to the federal government for social security and Medicare taxes for the year ended June 30, 2022. The School District pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate share.

Note 15 – Prior Period Restatement

As a result of the implementation of GASB Statement No. 87 "Leases", the School District made a prior period adjustment to record the value of the right to use asset net of accumulated amortization \$847,600 and the associated lease liability (\$877,113) as of July 1, 2021. This prior period adjustment and its effect on Net Position at July 1, 2021 was a decrease in Governmental Activities net position of \$29,513 restating the net position reported in the prior period financial statements of (\$89,481,518) to (\$89,511,031).

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

**Pine-Richland School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources				
Taxes				
Current Real Estate Taxes	\$ 61,690,957	\$ 61,690,957	\$ 62,609,080	\$ 918,123
Delinquent Real Estate Taxes	1,215,000	1,215,000	1,320,007	105,007
Public Utility Realty Taxes	64,850	64,850	68,607	3,757
Current Per Capita Taxes - Sec. 679	80,143	80,143	80,655	512
Current Per Capita Taxes - Act 511	80,143	80,143	80,655	512
Earned Income Taxes	7,900,377	7,900,377	8,915,476	1,015,099
Delinquent Earned Income Taxes	183,000	183,000	219,625	36,625
Real Estate Transfer Taxes	1,325,000	1,325,000	1,816,952	491,952
Earnings on Investments	150,000	150,000	66,545	(83,455)
Other Local Revenues				
Revenue from Student Activities	148,000	148,000	141,975	(6,025)
Federal Revenues from IU	723,470	723,470	916,559	193,089
Contributions & Donations from Private Sources	64,920	64,920	50,924	(13,996)
Rentals	131,000	131,000	148,054	17,054
Admissions	39,000	39,000	122,230	83,230
Refund of Prior Year's Expenditures	60,000	60,000	203,612	143,612
Miscellaneous Revenue	242,700	242,700	138,123	(104,577)
Total Revenues from Local Sources	<u>74,098,560</u>	<u>74,098,560</u>	<u>76,899,079</u>	<u>2,800,519</u>
State Sources				
Basic Instructional & Oper. Subsidies				
Basic Instructional Subsidy	5,509,756	5,509,756	5,607,983	98,227
Subsidies for Spec. Educ. Programs				
Special Education of Excep. Pupils	1,751,295	1,751,295	1,747,236	(4,059)
Subsidies for Noneduc. Programs				
Transportation (Regular & Additional)	1,477,490	1,477,490	1,114,075	(363,415)
Rentals & Sinking Fund Payments	1,117,134	1,117,134	1,042,706	(74,428)
Ready to Learn Block Grant	418,675	418,675	418,675	-
Health Services	92,000	92,000	89,023	(2,977)
State Property Tax Reduction	1,245,548	1,245,548	1,245,549	1
Safe Schools Grant	-	-	-	-
Social Security Payments	1,438,399	1,438,399	1,396,839	(41,560)
State Retirement Revenue	6,578,329	6,578,329	6,688,561	110,232
Other State Revenue	-	-	6,388	6,388
Total Revenues from State Sources	<u>19,628,626</u>	<u>19,628,626</u>	<u>19,357,035</u>	<u>(271,591)</u>

**Pine-Richland School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Federal Sources				
Restricted Grants-In-Aid from the Fed. Gov't. through the Commonwealth				
Title I	137,600	137,600	131,807	(5,793)
Title II	64,084	64,084	67,878	3,794
Title IV	10,504	10,504	10,994	490
Governor's Emergency Education Relief Fund (GEER)				
	-	-	27,535	27,535
Elementary and Secondary School Emergency Relief Fund (ESSER)				
	-	-	6,894	6,894
Elementary and Secondary School Emergency Relief Fund (ESSER II)				
	505,285	505,285	505,587	302
ARP ESSER (ESSER III)				
	-	-	140,094	140,094
ARP ESSER Learning Loss				
	-	-	7,947	7,947
ARP ESSER Homeless Children and Youth Funds (ARP-HCY)				
	-	-	8,365	8,365
Medical Assistance - Access				
	300,000	300,000	342,505	42,505
Medical Assistance - Admin.				
	<u>1,750</u>	<u>1,750</u>	<u>7,156</u>	<u>5,406</u>
Total Revenues from Federal Sources	<u>1,019,223</u>	<u>1,019,223</u>	<u>1,256,762</u>	<u>237,539</u>
Total Revenues	<u>94,746,409</u>	<u>94,746,409</u>	<u>97,512,876</u>	<u>2,766,467</u>
Other Financing Sources				
Insurance Recoveries				
	-	-	50	50
Issuance of Refunding Bonds				
	<u>-</u>	<u>-</u>	<u>5,885,000</u>	<u>5,885,000</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>5,885,050</u>	<u>5,885,050</u>
Total Revenues and Other Financing Sources	<u>94,746,409</u>	<u>94,746,409</u>	<u>103,397,926</u>	<u>8,651,517</u>
Expenditures				
Instruction				
Regular Programs				
Personal Services				
Salaries	23,594,098	23,650,599	23,880,461	(229,862)
Employee Benefits	15,005,791	14,915,482	14,967,623	(52,141)

**Pine-Richland School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Purchased Prof. and Tech. Services	622,367	608,284	683,296	(75,012)
Purchased Property Services	22,690	22,604	8,399	14,205
Other Purchased Services	746,160	744,588	563,004	181,584
Supplies	988,274	748,123	555,546	192,577
Property	-	4,461	4,208	253
Other Objects	21,471	21,783	14,589	7,194
	<u>41,000,851</u>	<u>40,715,924</u>	<u>40,677,126</u>	<u>38,798</u>
Special Programs				
Personal Services				
Salaries	4,810,482	4,810,482	5,130,847	(320,365)
Employee Benefits	3,834,073	3,853,675	3,944,990	(91,315)
Purchased Prof. and Tech. Services	1,624,500	1,602,299	1,415,750	186,549
Purchased Property Services	300	300	-	300
Other Purchased Services	2,560,546	2,555,307	2,092,891	462,416
Supplies	47,696	50,096	48,255	1,841
Other Objects	6,169	5,669	3,719	1,950
	<u>12,883,766</u>	<u>12,877,828</u>	<u>12,636,452</u>	<u>241,376</u>
Vocational Education Programs				
Other Purchased Services	682,823	682,823	683,023	(200)
Other Instructional Programs				
Personal Services				
Salaries	13,800	13,800	7,450	6,350
Employee Benefits	6,011	6,011	3,356	2,655
Other Objects	18,158	18,158	18,408	(250)
	<u>37,969</u>	<u>37,969</u>	<u>29,214</u>	<u>8,755</u>
Nonpublic School Programs				
Purchased Prof. and Tech. Services	13,500	13,500	18,606	(5,106)
Supplies	936	936	8,564	(7,628)
	<u>14,436</u>	<u>14,436</u>	<u>27,170</u>	<u>(12,734)</u>
Total Instruction	<u>54,619,845</u>	<u>54,328,980</u>	<u>54,052,985</u>	<u>275,995</u>

**Pine-Richland School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2022**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Support Services				
Pupil Personnel				
Personal Services				
Salaries	1,692,815	1,692,815	1,630,480	62,335
Employee Benefits	1,175,661	1,175,661	1,076,075	99,586
Purchased Prof. and Tech. Services	151,000	161,155	163,157	(2,002)
Other Purchased Services	3,800	3,800	292	3,508
Supplies	165,779	155,624	148,693	6,931
Other Objects	28,915	28,915	25,141	3,774
Total Pupil Personnel	<u>3,217,970</u>	<u>3,217,970</u>	<u>3,043,838</u>	<u>174,132</u>
Instructional Staff				
Personal Services				
Salaries	843,144	843,144	853,427	(10,283)
Employee Benefits	596,684	595,490	561,429	34,061
Purchased Prof. and Tech. Services	24,495	45,424	56,715	(11,291)
Purchased Property Services	5,700	6,721	7,165	(444)
Other Purchased Services	3,700	2,645	3,528	(883)
Supplies	146,178	139,519	124,374	15,145
Other Objects	1,815	4,715	4,664	51
Total Instructional Staff	<u>1,621,716</u>	<u>1,637,658</u>	<u>1,611,302</u>	<u>26,356</u>
Administration				
Personal Services				
Salaries	2,401,636	2,401,636	2,461,518	(59,882)
Employee Benefits	1,491,653	1,491,653	1,536,257	(44,604)
Purchased Prof. and Tech. Services	513,888	535,111	567,099	(31,988)
Purchased Property Services	7,700	7,700	3,850	3,850
Other Purchased Services	70,000	76,036	60,138	15,898
Supplies	78,915	83,304	76,530	6,774
Other Objects	74,414	71,530	44,619	26,911
Total Administration	<u>4,638,206</u>	<u>4,666,970</u>	<u>4,750,011</u>	<u>(83,041)</u>

**Pine-Richland School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2022**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Pupil Health				
Personal Services				
Salaries	525,112	563,884	600,233	(36,349)
Employee Benefits	337,687	420,881	424,272	(3,391)
Purchased Prof. and Tech. Services	71,450	71,450	70,578	872
Purchased Property Services	1,000	1,000	294	706
Other Purchased Services	400	400	-	400
Supplies	34,380	34,380	16,103	18,277
Other Objects	100	100	210	(110)
Total Pupil Health	970,129	1,092,095	1,111,690	(19,595)
Business				
Personal Services				
Salaries	315,740	315,740	316,001	(261)
Employee Benefits	213,965	208,966	203,790	5,176
Purchased Prof. and Tech. Services	18,550	16,550	19,600	(3,050)
Purchased Property Services	323,696	323,696	25,825	297,871
Other Purchased Services	28,100	18,336	18,259	77
Supplies	75,750	72,648	68,264	4,384
Other Objects	14,922	14,922	13,599	1,323
Total Business	990,723	970,858	665,338	305,520
Oper. and Maint. of Plant Svcs.				
Personal Services				
Salaries	1,966,083	1,958,467	1,872,345	86,122
Employee Benefits	1,501,095	1,508,048	1,390,895	117,153
Purchased Prof. and Tech. Services	194,450	208,331	211,675	(3,344)
Purchased Property Services	423,187	417,829	419,101	(1,272)
Other Purchased Services	263,937	209,637	206,354	3,283
Supplies	1,612,528	1,875,962	1,860,679	15,283
Property	10,000	15,557	15,557	-
Other Objects	950	950	1,090	(140)
Total Oper. and Maint. of Plant Svcs.	5,972,230	6,194,781	5,977,696	217,085

**Pine-Richland School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Student Transportation Services				
Personal Services				
Salaries	49,309	49,309	50,964	(1,655)
Employee Benefits	29,446	29,446	28,460	986
Purchased Prof. and Tech. Services	270,000	270,000	246,276	23,724
Other Purchased Services	5,495,168	4,894,507	5,084,721	(190,214)
Supplies	7,245	10,348	4,573	5,775
Other Objects	125	125	114	11
	<u>5,851,293</u>	<u>5,253,735</u>	<u>5,415,108</u>	<u>(161,373)</u>
Central				
Personal Services				
Salaries	556,710	516,710	487,567	29,143
Employee Benefits	391,049	365,652	309,785	55,867
Purchased Prof. and Tech. Services	314,600	347,724	375,561	(27,837)
Purchased Property Services	13,500	12,473	2,280	10,193
Other Purchased Services	98,382	145,359	136,896	8,463
Supplies	920,261	928,761	852,019	76,742
Other Objects	800	800	884	(84)
	<u>2,295,302</u>	<u>2,317,479</u>	<u>2,164,992</u>	<u>152,487</u>
Other				
Other Purchased Services	84,006	86,627	86,626	1
	<u>84,006</u>	<u>86,627</u>	<u>86,626</u>	<u>1</u>
Total Support Services	<u>25,641,575</u>	<u>25,438,173</u>	<u>24,826,601</u>	<u>611,572</u>
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	1,032,817	1,014,922	951,953	62,969
Employee Benefits	515,799	502,423	487,606	14,817
Purchased Prof. and Tech. Services	162,810	170,575	126,875	43,700
Purchased Property Services	65,634	50,660	57,881	(7,221)
Other Purchased Services	167,175	164,505	163,307	1,198
Supplies	201,890	239,500	240,466	(966)
Property	-	10,900	10,900	-
Other Objects	55,055	47,604	43,775	3,829
	<u>2,201,180</u>	<u>2,201,089</u>	<u>2,082,763</u>	<u>118,326</u>

**Pine-Richland School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Services				
Other Objects	78,500	74,900	73,900	1,000
Total Noninstructional Services	<u>2,279,680</u>	<u>2,275,989</u>	<u>2,156,663</u>	<u>119,326</u>
Facilities Acquisition, Construction and Improvement Services				
Purchased Prof. and Tech. Services	-	11,022	11,371	(349)
Purchased Property Services	-	9,175	50,343	(41,168)
Total Facilities Acquisition, Construction and Improvement Services	<u>-</u>	<u>20,197</u>	<u>61,714</u>	<u>(41,517)</u>
Debt Service				
Interest	3,094,461	3,173,434	3,211,306	(37,872)
Refunds of Prior Year's Receipts	181,000	176,100	138,872	37,228
Redemption of Principal	5,730,000	5,725,000	5,990,932	(265,932)
Total Debt Service	<u>9,005,461</u>	<u>9,074,534</u>	<u>9,341,110</u>	<u>(266,576)</u>
Total Expenditures	<u>91,546,561</u>	<u>91,137,873</u>	<u>90,439,073</u>	<u>698,800</u>
Other Financing Sources (Uses)				
Payment to Refunded Bond Escrow Agent	-	-	5,885,000	(5,885,000)
Fund Transfers				
Capital Projects Fund	3,958,485	4,617,173	4,617,173	-
Budgetary Reserve	250,000	-	-	-
Total Other Financing Sources (Uses)	<u>4,208,485</u>	<u>4,617,173</u>	<u>10,502,173</u>	<u>(5,885,000)</u>
Total Expenditures and Other Financing Sources (Uses)	<u>95,755,046</u>	<u>95,755,046</u>	<u>100,941,246</u>	<u>(5,186,200)</u>
Net Change in Fund Balance	(1,008,637)	(1,008,637)	2,456,680	3,465,317
Fund Balance - July 1, 2021	<u>27,718,821</u>	<u>27,718,821</u>	<u>31,589,714</u>	<u>3,870,893</u>
Fund Balance - June 30, 2022	<u>\$ 26,710,184</u>	<u>\$ 26,710,184</u>	<u>\$ 34,046,394</u>	<u>\$ 7,336,210</u>

Pine-Richland School District
Note to the Required Supplementary Information
Budget Comparison
June 30, 2022

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).

Pine-Richland School District
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability
and Related Ratios
Last Six Years

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability						
Interest	\$ 287	\$ 1,450	\$ 6,427	\$ 12,288	\$ 23,543	\$ -
Changes in assumptions	-	1,465	-	(8,950)	-	-
Differences between expected and actual experience	-	(39)	-	(61,532)	-	-
Benefit payments	<u>(29,118)</u>	<u>(89,789)</u>	<u>(123,001)</u>	<u>(213,361)</u>	<u>(292,273)</u>	<u>-</u>
Net Change in Total OPEB Liability	(28,831)	(86,913)	(116,574)	(271,555)	(268,730)	-
Total OPEB Liability - Beginning	<u>28,831</u>	<u>115,744</u>	<u>232,318</u>	<u>503,873</u>	<u>772,603</u>	<u>-</u>
Total OPEB Liability - Ending	<u>\$ -</u>	<u>\$ 28,831</u>	<u>\$ 115,744</u>	<u>\$ 232,318</u>	<u>\$ 503,873</u>	<u>\$ 772,603</u>
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB Liability as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

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

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.

**Pine-Richland School District
Required Supplementary Information
Schedule of School District's Contributions
PSERS
Last Eight Years**

	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	\$12,842,509	\$12,295,666	\$11,561,846	\$10,850,672	\$10,136,892	\$ 8,911,141	\$ 7,523,406	\$ 5,781,418
Contributions in Relation to the Contractually Required Contribution	<u>12,842,509</u>	<u>12,295,666</u>	<u>11,561,846</u>	<u>10,850,672</u>	<u>10,136,892</u>	<u>8,911,141</u>	<u>7,523,406</u>	<u>5,781,418</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$37,676,250	\$36,479,264	\$34,667,793	\$33,339,153	\$32,277,082	\$31,071,467	\$31,596,148	\$29,094,802
Contributions as a Percentage of Covered Payroll	34.09%	33.71%	33.35%	32.55%	31.41%	28.68%	23.81%	19.87%

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, 2021 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2022.

Pine-Richland School District
Required Supplementary Information
Schedule of School District's Proportionate Share
of the Net Pension Liability
PSERS
Last Eight Years
(Dollar Amount in Thousands)

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
School District's Proportion of the Net Pension Liability (Asset)	0.2576%	0.2470%	0.2417%	0.2397%	0.2334%	0.2440%	0.2245%	0.0210%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 105,762	\$ 121,620	\$ 113,074	\$ 115,068	\$ 115,273	\$ 120,919	\$ 97,243	\$ 83,120
School District's Covered Payroll	\$ 34,679	\$ 34,668	\$ 33,339	\$ 32,277	\$ 31,071	\$ 31,596	\$ 28,887	\$ 26,800
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	304.97%	350.81%	339.16%	356.50%	371.00%	382.70%	336.63%	310.15%
Plan Fiduciary Net Position as a Percentage of The Total Pension Liability	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

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.

**Pine-Richland School District
Required Supplementary Information
Schedule of School District's Contributions
PSERS OPEB Plan
Last Five Years**

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually Required Contribution	\$ 305,229	\$ 300,879	\$ 293,006	\$ 279,146	\$ 264,044
Contributions in Relation to the Contractually Required Contribution	<u>305,229</u>	<u>300,879</u>	<u>293,006</u>	<u>279,146</u>	<u>264,044</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$37,676,250	\$36,479,264	\$34,667,793	\$33,339,153	\$32,277,082
Contributions as a Percentage of Covered Payroll	0.81%	0.82%	0.85%	0.84%	0.82%

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, 2021 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2022.

Pine-Richland School District
Required Supplementary Information
Schedule of School District's Proportionate Share
of the Net OPEB Liability
PSERS OPEB Plan
Last Five Years
(Dollar Amount in Thousands)

	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)	0.2573%	0.2470%	0.2417%	0.2397%	0.2334%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 6,099	\$ 5,337	\$ 5,141	\$ 4,998	\$ 4,755
School District's Covered Payroll	\$ 36,479	\$ 34,668	\$ 33,339	\$ 32,277	\$ 31,071
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	16.72%	15.39%	15.42%	15.48%	15.30%
Plan Fiduciary Net Position as a Percentage of The Total OPEB Liability	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

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Members of the Board
Pine-Richland School District
Gibsonia, Pennsylvania

Dear Members:

The reports contained in this single audit section are required in addition to the financial statements. The various reports for Pine-Richland School District for the period ended June 30, 2022 were prepared to fulfill the requirements of the Government Auditing Standards and the Uniform Grant Guidance. A summary of the reports are 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
December 8, 2022

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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
Pine-Richland School District
Gibsonia, 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 Pine-Richland School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Pine-Richland School District's basic financial statements, and have issued our report thereon dated December 8, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pine-Richland 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 Pine-Richland School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pine-Richland 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 Pine-Richland School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
December 8, 2022

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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
Pine-Richland School District
Gibsonia, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pine-Richland 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 Pine-Richland School District's major federal programs for the year ended June 30, 2022. Pine-Richland 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, Pine-Richland 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, 2022.

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 Pine-Richland 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 Pine-Richland 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 Pine-Richland 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 Pine-Richland 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 Pine-Richland 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 Pine-Richland 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 Pine-Richland 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 Pine-Richland 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, Muetzl & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
December 8, 2022

Pine-Richland School District
Schedule of Findings and Questioned Costs
June 30, 2022

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 ✓ no
- Significant deficiency(ies) identified? _____ yes ✓ none reported

Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes ✓ no
- Significant deficiency(ies) identified? _____ yes ✓ 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 ✓ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555 and 10.553	Child Nutrition Cluster
84.027 and 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? ✓ yes _____ no

**Pine-Richland School District
Schedule of Findings and Questioned Costs
June 30, 2022**

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.

Pine-Richland School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

EXHIBIT D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/21	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/22
U.S. Department of Education										
Passed through the Pennsylvania										
Department of Education										
Title I Improving Basic Programs	I	84.010	013-210339	09/01/20-09/30/21	\$ 137,491	\$ 10,557	\$ 10,557	\$ -	\$ -	\$ -
Title I Improving Basic Programs	I	84.010	013-220339	07/01/21-09/30/22	136,067	108,854	-	131,807	131,807	22,953
						119,411	10,557	131,807	131,807	22,953
Title II Improving Teacher Quality	I	84.367	020-210339	09/01/20-09/30/21	64,312	9,973	5,148	3,660	3,660	(1,165)
Title II Improving Teacher Quality	I	84.367	020-220339	07/01/21-09/30/22	64,218	64,218	-	64,218	64,218	-
						74,191	5,148	67,878	67,878	(1,165)
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-210339	09/01/20-09/30/21	10,504	-	(936)	703	703	(233)
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-220339	07/01/21-09/30/22	10,291	10,291	-	10,291	10,291	-
						10,291	(936)	10,994	10,994	(233)
COVID-19 SECIM	I	84.425C	252-200339	03/13/20-09/30/22	27,535	20,289	(7,246)	27,535	27,535	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	I	84.425D	200-200339	03/13/20-09/30/21	113,757	-	(6,894)	6,894	6,894	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II)	I	84.425D	200-210339	03/13/20-09/30/23	505,285	470,335	(35,252)	505,587	505,587	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	I	84.425U	223-210339	03/13/20-09/30/24	1,022,657	74,375	-	140,094	140,094	65,719
COVID-19 Elementary and Secondary School Emergency Relief Fund (ARP ESSER 7%)	I	84.425U	225-210339	03/13/20-09/30/24	79,483	4,335	-	7,947	7,947	3,612
COVID-19 Elementary and Secondary School Emergency Relief Fund (ARP ESSER HCY)	I	84.425W	181-212342	03/13/20-09/30/24	8,365	643	-	8,365	8,365	7,722
						569,977	(49,392)	696,422	696,422	77,053
Passed through the Pennsylvania										
Commission on Crime and Delinquency										
COVID-19 Safety and Security Grant	I	84.425D	2020-ES-01-35370	03/13/20-09/30/22	140,097	140,097	140,097	-	-	-
						710,074	90,705	696,422	696,422	77,053

Pine-Richland School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

EXHIBIT D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/21	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/22
Special Education Cluster										
Passed through the Lancaster-Lebanon Intermediate Unit										
IDEA B	I	84.027	062-220033	07/01/21-09/30/22	20,000	-	-	18,895	18,895	18,895
IDEA B	I	84.027	062-210033	07/01/20-09/30/21	20,000	18,782	19,905	(1,123)	(1,123)	-
Passed through the Allegheny Intermediate Unit										
IDEA B	I	84.027	062-210003	07/01/20-09/30/21	718,000	302,134	302,134	-	-	-
IDEA B	I	84.027	062-220003	07/01/21-09/30/22	896,117	670,807	-	896,117	896,117	225,310
IDEA B Section 619	I	84.173	131-210003	07/01/21-06/30/22	2,670	2,670	-	2,670	2,670	-
Subtotal Special Education Cluster						<u>994,393</u>	<u>322,039</u>	<u>916,559</u>	<u>916,559</u>	<u>244,205</u>
Subtotal U.S. Department of Education						<u>1,908,360</u>	<u>427,513</u>	<u>1,823,660</u>	<u>1,823,660</u>	<u>342,813</u>
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	07/01/21-06/30/22	N/A	7,156	-	7,156	7,156	-
U.S. Department of Agriculture										
Passed through the Pennsylvania Department of Education										
P-EBT Administrative Costs Grant	I	10.649	N/A	07/01/21-06/30/22	N/A	614	-	614	614	-
National School Lunch Program	I	10.555	N/A	07/01/21-06/30/22	N/A	1,714,578	61,563	1,715,144	1,715,144	62,129
National School Breakfast Program	I	10.553	N/A	07/01/21-06/30/22	N/A	126,002	15,937	115,705	115,705	5,640
Passed through the Pennsylvania Department of Agriculture										
National School Lunch Program (Donated Commodities Non Cash Assistance)	I	10.555	N/A	07/01/21-06/30/22	N/A	127,407	(7,163)	132,278	132,278	(2,292)
Total Child Nutrition Cluster						<u>1,967,987</u>	<u>70,337</u>	<u>1,963,127</u>	<u>1,963,127</u>	<u>65,477</u>
Total U.S. Department of Agriculture						<u>1,968,601</u>	<u>70,337</u>	<u>1,963,741</u>	<u>1,963,741</u>	<u>65,477</u>
Total Federal Financial Assistance						<u>\$ 3,884,117</u>	<u>\$ 497,850</u>	<u>\$ 3,794,557</u>	<u>\$ 3,794,557</u>	<u>\$ 408,290</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**Pine-Richland School District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

EXHIBIT D

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Pine-Richland School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Pine-Richland School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Pine-Richland 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) Pine-Richland 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	\$3,884,117
Less: Commodities Received	(127,407)
Less: Passage Through AIU	(994,393)
Less: Passage Through PCCD	(140,097)
Less: Title 19	(7,156)
Add: Medical Assistance - Access	412,227
Add: State Funding on Confirmation	<u>51,322</u>
 Per Subsidy Confirmation	 <u><u>\$3,078,613</u></u>

Note E - Subrecipients

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

**Pine-Richland School District
List of Report Distribution
June 30, 2022**

EXHIBIT E

1 Copy – Bureau of Audits

1 Copy – Bureau of the Census