

# **Steel Valley School District**

Financial Statements and  
Required Supplementary and  
Supplementary Information

Year Ended June 30, 2022  
with Independent Auditor's Reports

**MaherDuessel**

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# STEEL VALLEY SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2022

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## Independent Auditor's Report

**Board of Directors  
Steel Valley School District**

### Report on the Audit of the Financial Statements

#### 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 Steel Valley School District (School District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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 the School District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 the School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 required supplementary information listed 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 the School District's basic financial statements. The supplementary information listed in the table of contents and the 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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 February 1, 2023 on our consideration of the 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 the 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 the School District's internal control over financial reporting and compliance.

*Mahe Duessel*

Pittsburgh, Pennsylvania  
February 1, 2023



**Steel Valley School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022**

The Management's Discussion and Analysis (MD&A) of Steel Valley School District's (School District) financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2022. The MD&A looks at the School District's financial performance as a whole and should be reviewed in conjunction with the School District's accompanying financial statements, which immediately follow this section.

**Financial Highlights**

The School District's governmental activities recognized revenues of approximately \$35.1 million for fiscal year ending June 30, 2022, and net position decreased by approximately \$1.3 million.

The School District's General Fund fund balance was approximately \$4.8 million at June 30, 2022, a decrease of approximately \$2.3 million from the prior year.

Actual revenues exceeded budgeted revenues by \$1,119,215, or 2.98% for 2021-2022. Actual expenditures were less than budgeted expenditures by \$371,345 or 0.92% for 2021-2022.

The final tax rate millage for 2022 fiscal year was 26.1081 mills, which represents an increase of 1.0281 mills from the 2021 fiscal year.

**Using the Basic Financial Statement Report**

This basic financial statement report consists of a Financial Section. Within the Financial Section is the MD&A (this section), a series of financial statements, and notes to those statements:

Statement of Net Position and Statement of Activities, on pages 1 through 3 of the audit, provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances.

Fund Financial Statements, which start on page 4 of the audit, provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. For the School District, the General Fund, Capital Reserves Fund, Capital Projects Fund, and the Food Service Fund are the most significant funds.

Notes to Financial Statements, starting on page 13 of the audit, explain some of the information in the financial statements and provide more detailed data. The notes are

essential for a full understanding of the data provided in the government-wide and fund financial statements.

### **Reporting the School District as a Whole**

While the Fund Financial Statements contain the majority 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 we do financially during fiscal year 2022?” The statement of net position and the statement of activities 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 takes into account 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 those assets. 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 causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District’s property tax base, current property tax laws in Pennsylvania restricting revenue growth, facility conditions, required educational programs, and other factors.

### **Overview of Financial Statements**

This MD&A is intended to serve as an introduction to the School District’s basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other required supplementary information and other supplementary information in addition to the basic financial statements themselves.

### **Government-Wide Financial Statements**

The Government-Wide Financial 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 School District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. 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 *statement of net position* presents information on all of the School District’s assets, deferred outflows of resources, deferred inflows of resources and liabilities, and the difference is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the School District’s financial position is improving or deteriorating.

The *statement of activities* details how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

In the statement of net position and the statement of activities, the School District is divided into two distinct kinds of activities:

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

## **Fund Financial Statements**

The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the School District's most significant funds – not the School District as a whole. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the School District's activities are reported in governmental funds, which focus on 1) how cash and other financial assets that can readily be converted to cash flow in and out and 2) the balances left at year-end that are available. However, unlike the government-wide financial statements, governmental fund financial statements provide a detailed short-term view of the School District's operations and the services it provides that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs.

Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information on the subsequent pages that explains the relationship (or differences) between them. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The School District maintains three governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Capital Reserves Fund, and Capital Projects Fund, which are all considered to be major funds. There are no funds considered as non-major funds for the current year. The basic governmental fund financial statements can be found on pages 4-7.

The School District adopts an annual budget for its General Fund. A budgetary comparison statement is included in the School District's financial statements to demonstrate compliance with this budget.

**Proprietary 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 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 is the School District's only proprietary fund and uses the same basis of accounting as business-type activities; therefore, these statements will essentially match. The basic proprietary fund financial statements can be found on pages 8-10.

**Fiduciary funds** are used to report funds that the School District is the trustee, or fiduciary for, such as its student activity and scholarship funds. All of the School District's fiduciary activities are reported in separate financial statements on pages 11-12. We exclude these activities from the government-wide financial statements because the School District cannot use these assets to finance its operations.

### **Financial Analysis of the School District as a Whole**

The School District's total net position was (\$44,485,124) on June 30, 2022, as shown in Table 1 below, a decrease of \$1,112,159 from the 2021 net position of (\$43,372,965).

**Table 1**  
**June 30, 2022 and 2021**  
**Net Position**

	Governmental Activities	Business-Type Activities	2022 Total	2021 Total
Current and other assets	\$ 16,908,006	\$ 228,844	\$ 17,136,850	\$ 18,724,608
Capital assets	14,745,331	101,767	14,847,098	15,533,776
<b>Total Assets</b>	<b>\$ 31,653,337</b>	<b>\$ 330,611</b>	<b>\$ 31,983,948</b>	<b>\$ 34,258,384</b>
Deferred outflows of resources for pension	\$ 9,632,319	\$ -	\$ 9,632,319	\$ 9,706,797
Deferred outflows of resources for OPEBS	800,805	-	800,805	620,195
<b>Total Deferred Outflows of Resources</b>	<b>\$ 10,433,124</b>	<b>\$ -</b>	<b>\$ 10,433,124</b>	<b>\$ 10,326,992</b>
Long-term liabilities	\$ 71,791,766	\$ -	\$ 71,791,766	\$ 76,744,131
Other liabilities	6,274,002	16,201	6,290,203	6,944,849
<b>Total Liabilities</b>	<b>\$ 78,065,768</b>	<b>\$ 16,201</b>	<b>\$ 78,081,969</b>	<b>\$ 83,688,980</b>
Deferred inflows of resources for pension	\$ 8,642,000	\$ -	\$ 8,642,000	\$ 4,040,000
Deferred inflows of resources for OPEBS	178,227	-	178,227	229,361
<b>Total Deferred Inflows of Resources</b>	<b>\$ 8,820,227</b>	<b>\$ -</b>	<b>\$ 8,820,227</b>	<b>\$ 4,269,361</b>
Net investment in capital assets	\$ (258,902)	\$ 101,767	\$ (157,135)	\$ 575,008
Restricted	2,496,043	-	2,496,043	-
Unrestricted	(47,036,675)	212,643	(46,824,032)	(43,947,973)
<b>Total Net Position</b>	<b>\$ (44,799,534)</b>	<b>\$ 314,410</b>	<b>\$ (44,485,124)</b>	<b>\$ (43,372,965)</b>

A portion of the School District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

The results of this year's operations as a whole are reported in the statement of activities on pages 2-3 of the audit report. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are presented to determine the final amount of the School District's activities that are supported by other than general revenues. The three largest general revenues are listed in Table 2 (below).

**Table 2**  
**Fiscal Years Ended June 30, 2022 and 2021**

	2022	2021	Increase (Decrease)	% Change
Real estate taxes	\$ 17,871,016	\$ 17,076,873	\$ 794,143	4.7%
Other taxes (mainly earned income taxes)	\$ 2,292,587	\$ 2,183,978	\$ 108,609	5.0%
Grants and subsidies	\$ 14,606,920	\$ 14,352,818	\$ 254,102	1.8%

The 2022 financial statements offer a view of the financial condition of the School District on a consolidated basis. For example, investment earnings (statement of activities) not only include interest earnings in the General Fund, but also interest earnings in the Capital Reserve and Capital Project Funds.

Table 3 (below) takes the information from the statement of activities (pages 2-3 of the audit) and rearranges it to present total revenues for the year as compared to last year:

**Table 3**  
**Fiscal Years Ended June 30, 2022 and 2021**  
**Changes in Net Position**

	Governmental Activities	Business-Type Activities	2022 Total	2021 Total
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ -	\$ 53,276	\$ 53,276	\$ 31,114
Operating grants and contributions	3,575,679	1,182,904	4,758,583	4,271,713
Capital grants	-	-	-	2,476,269
General revenues (expenses) and transfers:				
Property taxes	17,871,016	-	17,871,016	17,076,873
Other taxes	2,292,587	-	2,292,587	2,183,978
Grants, subsidies, and contributions	14,606,920	-	14,606,920	14,352,818
Investment earnings	14,589	195	14,784	34,533
Gain (loss) on sale of capital assets	-	-	-	26,170
Other	345,898	-	345,898	125,789
Transfer to business-type activities	-	-	-	30,000
<b>Total Revenues</b>	<b>38,706,689</b>	<b>1,236,375</b>	<b>39,943,064</b>	<b>40,609,257</b>
<b>Expenditures:</b>				
Instruction services	27,557,244	-	27,557,244	27,538,587
Support services	10,960,418	-	10,960,418	10,982,029
Non-instructional services	626,034	-	626,034	660,949
Interest, amortization, and accretion on long-term debt	885,437	-	885,437	959,814
Food services	-	1,026,090	1,026,090	853,180
<b>Total Expenditures</b>	<b>40,029,133</b>	<b>1,026,090</b>	<b>41,055,223</b>	<b>40,994,559</b>
<b>Change in Net Position</b>	<b>\$ (1,322,444)</b>	<b>\$ 210,285</b>	<b>\$ (1,112,159)</b>	<b>\$ (385,302)</b>

Property taxes increased by \$794,143, or 4.65% from 2021. 2022 property tax revenue was higher than normal due to increased millage rate and increased property values due to general housing market and an increase in rehabbing of properties that have much higher assessed values. Other taxes levied for general purposes include earned income, delinquent/liened taxes, amusement, and emergency municipal services. Other taxes levied increased by \$108,609 or 4.97% due to ending lockdowns due to COVID-19 causing increased activity, such as amusement tax and payment of delinquent taxes from those that went back to work and/or received CARES (Coronavirus Aid, Relief, and Economic Security) Act assistance. Grants/subsidies include basic subsidy, grants from foundations, and grants from the state and federal governments. Grants/subsidies increased by \$254,102, or 1.77% due to many smaller increases for non-repetitive grants and higher child counts for some state subsidies. Investment earnings decreased by \$19,749 or 57.19% due to decreases in interest rates and an unfavorable market at year-end. Miscellaneous income comes from tuition paid by other school districts for students attending the School District's schools, telephone commissions, truancy, refunds from Steel Center Vocational School for prior years, and vendor contributions to the School District for allowing use of their vending machines in our school buildings.

Table 4 (below) shows the School District's functional areas as well as each program's net cost for governmental activities (i.e., total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies, and contributions in order to indicate the remaining financial needs that are supported by local taxes and other miscellaneous revenues.

**Table 4**  
**Fiscal Years Ended June 30, 2022 and 2021**  
**Governmental Activities**

	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
	Total Expense of Services	Net Expense of Services	Net Expense of Services	% Supported by Local Taxes
<b>Expenses:</b>				
Instruction and services	\$ 27,557,244	\$ 24,110,605	\$ 24,209,380	87.49%
Support services	10,960,418	10,831,378	8,318,188	98.82%
Non-instructional services	626,034	626,034	655,146	100.00%
Interest, amortization, and accretion	885,437	885,437	954,553	100.00%
<b>Total Governmental Activities</b>	<u>\$ 40,029,133</u>	36,453,454	34,137,267	91.07%
Less:				
Unrestricted subsidies		<u>14,606,920</u>	<u>14,352,818</u>	
<b>Total Needs from Local Taxes and Other Revenues</b>		<u>\$ 21,846,534</u>	<u>\$ 19,784,449</u>	

The School District expended a total of \$40,029,133 for governmental activities in fiscal year 2022. When the charges for services, along with operating and capital grants and contributions are subtracted from that figure, a net of \$36,453,454 remains, as shown in Table 4. In addition,

unrestricted grants, subsidies, and contributions provided \$14,606,920. The School District acquired the remaining \$21,846,534 from local taxes and other revenues in order to cover current year expenses.

Approximately 87.49% of instructional activities were supported through taxes and other general revenues. General revenue support needed for all governmental activities was 91.07%, as compared to 85.05% in the previous fiscal year. Therefore, the Steel Valley community continues to provide the primary financial support for School District students.

Overall, the School District experienced a decrease in net position of approximately \$1.1 million in fiscal year 2022 compared to a decrease in net position of approximately \$385,000 for fiscal year 2021.

### **Business-Type Activity**

The School District's only business-type activity is the Food Service operations. This program had operating revenues of \$53,276, non-operating revenues from state and federal sources of \$1,182,904, and expenses of \$1,026,090 for fiscal year 2022. The cafeteria operation is designed to be self-sustaining; however, funds are provided by the General Fund whenever revenue is lagging from the state/federal subsidies. Approximately, 96% of the revenue of the food service operation comes from the state and federal government. Subsidies received represent lunch and breakfasts served for free, reimbursed under the Community Eligibility Provision (CEP). For fiscal year 2022, the School District's school lunch and breakfast program operated under CEP, in which all students in the School District received free breakfast and lunch.

### **Financial Analysis of the Governmental Funds**

The General Fund, which supports the general operations of the School District, represents the School District's most significant major fund. The statement of revenues, expenditures, and changes in fund balance - governmental funds is summarized below in Table 5.



**Table 5**  
**Fiscal Years Ended June 30, 2022 and 2021**  
**Summary of Governmental Changes in Fund Balance**

	General Fund	Capital Reserves Fund	Capital Projects Fund	2022 Total Governmental Funds	2021 Total Governmental Funds
Beginning fund balance	\$ 7,003,441	\$ 2,480,876	\$ 2,377,805	\$ 11,862,122	\$ 12,338,303
Net change in fund balance	(2,250,704)	3,330	21	(2,247,353)	(476,181)
Ending fund balance	<u>\$ 4,752,737</u>	<u>\$ 2,484,206</u>	<u>\$ 2,377,826</u>	<u>\$ 9,614,769</u>	<u>\$ 11,862,122</u>

### General Fund Highlights

The revenue of the School District for the fiscal year ended June 30, 2022 came from three sources – local, state, and federal. Revenues from local sources, which include real estate, earned income tax, delinquent/liened taxes, amusement, and other sources, accounted for \$20,908,889 of total revenue received. The major source of revenue on the local level is current year real estate taxes, which represented \$16,386,266 of the total local revenue, which exceeded budget projections by \$256,266. The revenue received from delinquent/liened real estate tax collections totaled \$1,459,734, which exceeded budget projections by \$96,734.

Revenue from state sources during fiscal year 2022 totaled \$16,342,585, which was \$73,567 under budget. The major subsidies received from state sources are basic subsidy of \$9,919,337 and special education subsidy of \$1,607,608. Of the \$1,277,507 revenue from federal sources, \$754,476 is from Title I improving basic programs, \$306,281 is from the Elementary and Secondary School Emergency Relief Fund, and \$85,839 is from the Governor’s Emergency Education Relief Fund. The remaining funds represent minor grants for improving teacher quality and other restricted federal grants-in-aid through the Commonwealth of Pennsylvania.

School District revenues for the fiscal year ended June 30, 2022 were used to pay expenditures of approximately \$40.9 million for instruction, support services, student activities, community services, facilities acquisition construction and improvements services, debt service, and other financing uses. The following is a comparison of costs for the fiscal years ended June 30, 2022 and 2021:

Program	2022 Expenditures	2021 Expenditures	Increase (Decrease) from Prior Year
Instruction programs	\$ 28,358,457	\$ 26,324,410	\$ 2,034,047
Support services	10,931,740	10,246,288	685,452
Non-instruction services	649,457	644,253	5,204
Debt service	919,424	685,634	233,790
Capital outlay	69,948	-	69,948

The variance for the fiscal year 2022 compared with the prior year concerning instruction programs is primarily the result of increases in Charter School enrollment, increases in the retirement contribution rate from 34.51 to 34.94 percent, an increase of 1.25% from fiscal year 2021, and an increase in salaries. The variance for the fiscal year 2022 compared with the prior year concerning support services is the result of increased support for students as they returned to classrooms after shutdowns and required additional support services. The variance for the fiscal year 2022 compared with the prior year concerning debt service is the result of higher bond payments made in 2021.

### Capital Reserves and Capital Projects Funds Highlights

Capital Reserves Fund activity consisted of various land and building improvements at the School District’s schools. The School District created a new fund, Capital Projects Fund, in fiscal year 2020. The fund was created to address the air filtration system and installation of two new boilers for the high school and middle school.

### Capital Assets

At June 30, 2022, the School District’s governmental and business-type activities had \$14,847,098 invested in a broad range of capital assets, including land, site improvements, buildings, furniture and equipment, and vehicles. This amount represents a net decrease (including additions, deletions, and depreciation) of \$686,678 or 4.42% from last year.

Capital Assets - Net of Depreciation  
Fiscal Years Ended June 30, 2022 and 2021

	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2022	2021	2022	2021	2022	2021
Land and land improvements	\$ 1,464,282	\$ 1,519,295	\$ -	\$ -	\$ 1,464,282	\$ 1,519,295
Buildings and building improvements	12,818,631	13,441,612	-	-	12,818,631	13,441,612
Equipment, furniture, and fixtures	387,466	432,496	101,767	70,558	489,233	503,054
Vehicles	74,952	69,815	-	-	74,952	69,815

More detailed information about our capital assets is included in Note 4 to the financial statements.

### Debt Administration

As of July 1, 2021, the School District had bonds and notes payable of \$23,650,800. During the year, the School District incurred additional accretion of \$493,703 and made principal payments totaling \$503,871. The total outstanding bonds and notes payable as of June 30, 2022 is \$23,640,632.

Outstanding Debt

<u>General Obligation Bond/Note</u>	<u>As of June 30, 2022</u>	<u>As of June 30, 2021</u>
Series of 2005 Capital Appreciation	\$ 10,665,276	\$ 10,221,573
Series of 2018 General Obligation Notes	1,075,356	1,244,227
Series of 2019 Taxable Pension Obligation Bonds	5,065,000	5,070,000
Series of 2019 General Obligation Bonds	6,835,000	7,115,000
Total	<u><u>\$ 23,640,632</u></u>	<u><u>\$ 23,650,800</u></u>

Other obligations include accrued sick leave for specific employees of the School District, pension and other post-employment benefits, and retirement incentive. More detailed information about the School District’s long-term liabilities is included in Notes 5 through 11 to the financial statements.

**Major Financial Issues**

At June 30, 2022, the General Fund fund balance had a surplus of approximately \$4.8 million, consisting of non-spendable of \$295,788, restricted of \$1,929,300, assigned of \$1,500,000, and unassigned of \$1,027,649. The \$1,500,000 assigned was for real estate tax refunds, health insurance increases, charter school challenge to include federal fund expenditures in the tuition calculation, future debt service payments, and for future CBA-collective bargaining agreements.

**Strategic Plan**

The School District’s strategic plan was approved by the PDE in September of 2006. The School District’s mission is to educate students who come from diverse communities with an array of abilities and interests and prepare them to be the most productive citizens of tomorrow in a global marketplace. The areas which formed the School District’s strategic direction include planned instruction, assessment, professional development, technology, and external partnerships.

**Labor Relations**

The bargaining groups for employees of the School District consist of the Steel Valley Education Association for the teachers, whose five-year contract was signed during fiscal year 2019 and ends on June 30, 2024. A second CBA with the Steel Valley Educational Support Personnel was ratified during fiscal year 2020 and ends on June 30, 2025 and covers the secretaries and the aides/paraprofessionals. A third CBA with Support Personnel Association was ratified during fiscal year 2020 and ends on June 30, 2025.

The teachers and administrative agreements provide a benefit for retirees who have retired under certain contracts, an amount of \$150,000 and \$120,000, respectively, to be distributed over a five-year period.

### **Contacting the School District's 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 of the Directors' accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Mr. Edward Wehrer, Superintendent for the Steel Valley School District, 220 East Oliver Road, Munhall, PA 15120, (412) 464-3600.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2022

Assets	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 9,919,796	\$ 255,562	\$ 10,175,358
Restricted cash and cash equivalents	1,949,074	-	1,949,074
Taxes receivable, net of allowance for uncollectibles	1,652,595	-	1,652,595
Internal balances	63,077	(51,110)	11,967
Due from other governments	3,027,676	12,632	3,040,308
Inventory	-	11,760	11,760
Prepaid expenses	295,788	-	295,788
Capital assets, not being depreciated	1,453,427	-	1,453,427
Capital assets, net of accumulated depreciation	13,291,904	101,767	13,393,671
<b>Total Assets</b>	<b>31,653,337</b>	<b>330,611</b>	<b>31,983,948</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources for pension	9,632,319	-	9,632,319
Deferred outflows of resources for OPEBs	800,805	-	800,805
<b>Total Deferred Outflows of Resources</b>	<b>10,433,124</b>	<b>-</b>	<b>10,433,124</b>
<b>Liabilities</b>			
Accounts payable and other current liabilities	1,292,065	7,601	1,299,666
Accrued payroll and benefits	4,491,728	3,889	4,495,617
Accrued interest payable	60,832	-	60,832
Unearned revenue	429,377	4,711	434,088
Noncurrent liabilities:			
Other noncurrent liabilities due within one year	2,339,562	-	2,339,562
Other noncurrent liabilities due in more than one year	23,972,321	-	23,972,321
Net OPEB liability	3,642,883	-	3,642,883
Net pension liability	41,837,000	-	41,837,000
<b>Total Liabilities</b>	<b>78,065,768</b>	<b>16,201</b>	<b>78,081,969</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources for pension	8,642,000	-	8,642,000
Deferred inflows of resources for OPEBs	178,227	-	178,227
<b>Total Deferred Inflows of Resources</b>	<b>8,820,227</b>	<b>-</b>	<b>8,820,227</b>
<b>Net Position</b>			
Net investment in capital assets	(258,902)	101,767	(157,135)
Restricted	2,496,043	-	2,496,043
Unrestricted	(47,036,675)	212,643	(46,824,032)
<b>Total Net Position</b>	<b>\$ (44,799,534)</b>	<b>\$ 314,410</b>	<b>\$ (44,485,124)</b>

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental activities:							
Instructional services:							
Regular instruction	\$ 17,998,906	\$ -	\$ 1,281,859	\$ -	\$ (16,717,047)	\$ -	\$ (16,717,047)
Special instruction	9,128,864	-	2,164,780	-	(6,964,084)	-	(6,964,084)
Vocational instruction	240,291	-	-	-	(240,291)	-	(240,291)
Other instructional programs	149,277	-	-	-	(149,277)	-	(149,277)
Nonpublic school programs	39,906	-	-	-	(39,906)	-	(39,906)
Total instructional services	27,557,244	-	3,446,639	-	(24,110,605)	-	(24,110,605)
Support services:							
Pupil personnel	1,240,657	-	-	-	(1,240,657)	-	(1,240,657)
Instructional staff	795,036	-	-	-	(795,036)	-	(795,036)
Administration	2,238,092	-	-	-	(2,238,092)	-	(2,238,092)
Pupil health	512,603	-	44,136	-	(468,467)	-	(468,467)
Business	387,240	-	-	-	(387,240)	-	(387,240)
Operation and maintenance of plant services	3,721,808	-	-	-	(3,721,808)	-	(3,721,808)
Student transportation services	1,158,495	-	84,904	-	(1,073,591)	-	(1,073,591)
Central services	232,215	-	-	-	(232,215)	-	(232,215)
Other support services	674,272	-	-	-	(674,272)	-	(674,272)
Total support services	10,960,418	-	129,040	-	(10,831,378)	-	(10,831,378)
Noninstructional services:							
Student activities	612,421	-	-	-	(612,421)	-	(612,421)
Community services	1,566	-	-	-	(1,566)	-	(1,566)
Scholarship awards	12,047	-	-	-	(12,047)	-	(12,047)
Total noninstructional services	626,034	-	-	-	(626,034)	-	(626,034)
Unallocated expenses - excluding direct expenses reported as a function above:							
Interest, amortization, and accretion on long-term debt	885,437	-	-	-	(885,437)	-	(885,437)
Total governmental activities	40,029,133	-	3,575,679	-	(36,453,454)	-	(36,453,454)

(Continued)

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

(Continued)

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food services	1,026,090	53,276	1,182,904	-	210,090	210,090	
<b>Total Primary Government</b>	<u>\$ 41,055,223</u>	<u>\$ 53,276</u>	<u>\$ 4,758,583</u>	<u>\$ -</u>	<u>(36,453,454)</u>	<u>(36,243,364)</u>	
General revenues:							
Taxes:							
Property taxes, levied for general purposes				17,871,016	-	17,871,016	
Taxes levied for general purposes				2,292,587	-	2,292,587	
Grants, subsidies, and contributions not restricted to specific programs				14,606,920	-	14,606,920	
Investment earnings				14,589	195	14,784	
Miscellaneous income				345,898	-	345,898	
Total general revenues				<u>35,131,010</u>	<u>195</u>	<u>35,131,205</u>	
<b>Change in Net Position</b>				<u>(1,322,444)</u>	<u>210,285</u>	<u>(1,112,159)</u>	
<b>Net Position:</b>							
Beginning of year				<u>(43,477,090)</u>	<u>104,125</u>	<u>(43,372,965)</u>	
End of year				<u>\$ (44,799,534)</u>	<u>\$ 314,410</u>	<u>\$ (44,485,124)</u>	
						(Concluded)	

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2022

	General Fund	Capital Reserves	Capital Projects	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 7,553,807	\$ 2,365,989	\$ -	\$ 9,919,796
Restricted cash and cash equivalents	1,929,300	-	19,774	1,949,074
Taxes receivable, net of allowance for uncollectibles	1,652,595	-	-	1,652,595
Due from other funds	63,077	118,217	2,476,269	2,657,563
Due from other governments	3,027,676	-	-	3,027,676
Prepaid expenses	295,788	-	-	295,788
<b>Total Assets</b>	<b>\$ 14,522,243</b>	<b>\$ 2,484,206</b>	<b>\$ 2,496,043</b>	<b>\$ 19,502,492</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,292,065	\$ -	\$ -	\$ 1,292,065
Accrued payroll and benefits	4,491,728	-	-	4,491,728
Unearned revenue	429,377	-	-	429,377
Due to other funds	2,476,269	-	118,217	2,594,486
<b>Total Liabilities</b>	<b>8,689,439</b>	<b>-</b>	<b>118,217</b>	<b>8,807,656</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue - taxes	1,080,067	-	-	1,080,067
<b>Fund Balance:</b>				
Nonspendable	295,788	-	-	295,788
Restricted	1,929,300	-	2,377,826	4,307,126
Assigned	1,500,000	2,484,206	-	3,984,206
Unassigned	1,027,649	-	-	1,027,649
<b>Total Fund Balance</b>	<b>4,752,737</b>	<b>2,484,206</b>	<b>2,377,826</b>	<b>9,614,769</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 14,522,243</b>	<b>\$ 2,484,206</b>	<b>\$ 2,496,043</b>	<b>\$ 19,502,492</b>

See accompanying notes to financial statements.



# STEEL VALLEY SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF POSITION

JUNE 30, 2022

<b>Total Fund Balance - Governmental Funds</b>		\$ 9,614,769
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$34,869,901, and the accumulated depreciation is \$20,124,570.</p>		14,745,331
<p>Property taxes receivable are expected to be collected, but are not considered available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.</p>		1,080,067
<p>The actuarially accrued net OPEB liability and deferred inflows and outflows of resources for OPEBs for the School District employees is not recorded on the fund financial statements.</p>		(3,020,305)
<p>The actuarially accrued net pension liability and deferred inflows and outflows of resources for pension for the School District's employees are not recorded on the fund financial statements.</p>		(40,846,681)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the fund. Additionally, accrued interest payable is not reported as a liability in the fund financial statements. Long-term liabilities at year-end consist of:</p>		
Bonds and notes payable, net	\$ (23,640,632)	
Finance purchases	(44,800)	
Accrued interest on bonds	(60,832)	
Retirement incentive program	(1,697,150)	
Compensated absences	(929,301)	
	(26,372,715)	(26,372,715)
<b>Total Net Position - Governmental Activities</b>		<b>\$ (44,799,534)</b>

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2022

	General Fund	Capital Reserves	Capital Projects	Total
<b>Revenues:</b>				
Local sources	\$ 20,908,889	\$ 3,330	\$ 21	\$ 20,912,240
State sources	16,342,585	-	-	16,342,585
Federal sources	1,277,507	-	-	1,277,507
<b>Total revenues</b>	<b>38,528,981</b>	<b>3,330</b>	<b>21</b>	<b>38,532,332</b>
<b>Expenditures:</b>				
Instructional services	28,358,457	-	-	28,358,457
Support services	10,931,740	-	-	10,931,740
Operation of noninstructional services	649,457	-	-	649,457
Debt service:				
Principal payments	503,871	-	-	503,871
Interest payments	415,553	-	-	415,553
Capital outlay	69,948	-	-	69,948
<b>Total expenditures</b>	<b>40,929,026</b>	<b>-</b>	<b>-</b>	<b>40,929,026</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(2,400,045)</b>	<b>3,330</b>	<b>21</b>	<b>(2,396,694)</b>
<b>Other Financing Sources (Uses):</b>				
Insurance recoveries	149,341	-	-	149,341
<b>Net Change in Fund Balance</b>	<b>(2,250,704)</b>	<b>3,330</b>	<b>21</b>	<b>(2,247,353)</b>
<b>Fund Balance:</b>				
Beginning of year	7,003,441	2,480,876	2,377,805	11,862,122
End of year	<u>\$ 4,752,737</u>	<u>\$ 2,484,206</u>	<u>\$ 2,377,826</u>	<u>\$ 9,614,769</u>

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

**Net Change in Fund Balance - Governmental Funds**

\$ (2,247,353)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays (net of deletions):

	\$	51,655	
Capital outlays (net of deletions)		(769,542)	(717,887)
Less: depreciation expense		<u>          </u>	

In the statement of activities, certain operating expenses for accumulated employee benefits (compensated absences and retirement incentive) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. (98,092)

The issuance of long-term obligations (e.g., bonds, leases, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term obligations and related items. 33,987

Pension benefits not payable from current year resources are not reported as expenditures of the current year. In the statement of activities, these costs represent expenses in the current year. 1,691,522

Some taxes and grants will not be collected for several months after the School District's year-end; they are not considered "available" revenues in the governmental funds. Unavailable revenues decreased by this amount during the year. 25,016

The actuarially accrued other post-employment benefits (OPEB) liability for the School District's employees is not recorded on the fund financial statements. The value of this obligation changed by this amount during the year. (9,637)

**Change in Net Position of Governmental Activities**

\$ (1,322,444)

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF NET POSITION PROPRIETARY FUND

JUNE 30, 2022

	<u>Food Service Fund</u>
<b>Assets</b>	
<hr/>	
Current assets:	
Cash and cash equivalents	\$ 255,562
Due from other governments	12,632
Inventory	11,760
	<hr/>
Total current assets	279,954
	<hr/>
Non-current assets:	
Capital assets	362,816
Less accumulated depreciation	(261,049)
	<hr/>
Total non-current assets	101,767
	<hr/>
<b>Total Assets</b>	<b>381,721</b>
	<hr/>
<b>Liabilities</b>	
<hr/>	
Accounts payable	7,601
Accrued payroll	3,889
Due to other funds	51,110
Unearned revenue	4,711
	<hr/>
<b>Total Liabilities</b>	<b>67,311</b>
	<hr/>
<b>Net Position</b>	
<hr/>	
Net investment in capital assets	101,767
Unrestricted	212,643
	<hr/>
<b>Total Net Position</b>	<b>\$ 314,410</b>
	<hr/> <hr/>

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUND

YEAR ENDED JUNE 30, 2022

	Food Service Fund
<b>Operating Revenues:</b>	
<u>Food service revenue</u>	<u>\$ 53,276</u>
<b>Operating Expenses:</b>	
Personnel services - salaries	381,390
Personnel services - employee benefits	264,249
Purchased property services	3,796
Other purchased services	131
Food and supplies	359,918
Depreciation	15,345
Miscellaneous	1,261
	<u>1,026,090</u>
<b>Net Operating Loss</b>	<u>(972,814)</u>
<b>Non-Operating Revenues (Expenses):</b>	
Interest income	195
State subsidies	106,865
Federal:	
Subsidies	1,015,760
Donated commodities	60,279
	<u>1,183,099</u>
<b>Change in Net Position</b>	210,285
<b>Net Position:</b>	
<u>Beginning of year</u>	<u>104,125</u>
End of year	<u><u>\$ 314,410</u></u>

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS PROPRIETARY FUND

YEAR ENDED JUNE 30, 2022

	Food Service Fund
<b>Cash Flows From Operating Activities:</b>	
Cash received from users	\$ 53,276
Cash payments to employees for services	(645,640)
Cash payments to suppliers for goods and services	(359,273)
Net cash used in operating activities	(951,637)
<b>Cash Flows From Noncapital Financing Activities:</b>	
State subsidies	107,348
Federal subsidies	1,024,483
Net cash provided by noncapital financing activities	1,131,831
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Purchase of capital assets	(46,554)
<b>Cash Flows From Investing Activities:</b>	
Earnings on investments	195
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	133,835
<b>Cash and Cash Equivalents:</b>	
Beginning of year	121,727
End of year	\$ 255,562
<b>Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities:</b>	
Net operating loss	\$ (972,814)
Adjustments to reconcile net operating loss to net cash used in operating activities:	
Depreciation	15,345
Donated commodities	60,279
Change in:	
Inventory	(2,911)
Accounts payable	4,052
Due to other funds	(57,300)
Other liabilities	1,712
Net cash used in operating activities	\$ (951,637)
<b>Non-Cash, Non-Capital Financing Transactions:</b>	
The Food Service Fund received donated commodities from the U.S. Department of Agriculture in the amount of \$60,279 during the year.	

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

JUNE 30, 2022

	Scholarship Private-Purpose Trust Fund	Custodial Fund
<hr/> <b>Assets</b> <hr/>		
Cash and cash equivalents	\$ 51,489	\$ 303,223
<hr/> <b>Liabilities and Net Position</b> <hr/>		
<b>Liabilities:</b> <hr/>		
Due to other funds	\$ 11,967	\$ -
<hr/> <b>Net Position:</b> <hr/>		
Held in trust for scholarships	39,522	-
Restricted for student activities	-	303,223
Total Net Position	39,522	303,223
<b>Total Liabilities and Net Position</b>	<b>\$ 51,489</b>	<b>\$ 303,223</b>

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND

YEAR ENDED JUNE 30, 2022

	Scholarship Private-Purpose Trust Fund	Custodial Fund
<b>Additions:</b>		
Revenues:		
Local sources	\$ 20,742	\$ 316,376
<b>Deductions:</b>		
Operation of noninstructional services	9,700	333,426
<b>Change in Net Position</b>	11,042	(17,050)
<b>Net Position:</b>		
Beginning of year	28,480	320,273
End of year	\$ 39,522	\$ 303,223

See accompanying notes to financial statements.



# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### 1. Summary of Significant Accounting Policies

The financial statements are prepared in accordance with the accounting system and procedures prescribed for school districts by the Commonwealth of Pennsylvania, Department of Education, which conforms to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

#### Reporting Entity

Steel Valley School District (School District) is governed by an elected nine-member Board of Directors (Board). As required by accounting principles generally accepted in the United States of America, these financial statements present the School District as the entire reporting entity (primary government and component unit). Management has addressed all potential component units. Consistent with applicable guidance, the criteria used by the School District to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given situation, the School District reviews the applicability of the following criteria:

The School District is financially accountable for:

1. Organizations that make up the legal entity.
2. Legally separate organizations if the School District Board appoints a voting majority of the organization's governing body and the School District is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School District.
  - a. Impose its Will – If the School District can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
  - b. Financial Benefit or Burden – Exists if the School District (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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3. Organizations that are fiscally dependent on the School District. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the School District.
4. In management's judgment, exclusion of the component unit would render the financial statements mislead.

Certain potential component units were assessed to determine if the significance of their operational or financial relationship with the School District would require inclusion in the reporting entity. The School District presently has no component units that meet the above criteria.

The Boroughs of Munhall, Homestead, and West Homestead (Boroughs) (areas served by the School District) by themselves are primary governments due to the following: the members of their governing bodies are chosen in general elections; each Borough functions as a separate legal entity; and each Borough is fiscally independent. Accordingly, the Boroughs are not a component unit of the School District.

The School District participates in two joint ventures as described in Note 14.

### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the School District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a particular function or segment. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major proprietary fund are reported as separate columns in the fund financial statements.

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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.

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 a current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. State and federal grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School District. Expenditures are generally recorded when a liability is incurred, under accrual accounting. However, debt service expenditures, as well as expenditures related to pension, post-employment benefits, compensated absences and claims and judgments, are recorded only when payment is due.

Amounts reported as program revenues include 1) charges to parents for tuition, 2) operating grants and contributions as required by the Pennsylvania Department of Education, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Deferred inflows of resources reported on the governmental funds balance sheet arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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criteria are met, the unavailable revenue is removed as a deferred inflow of resources and the revenue is recognized.

Unearned revenues arise when resources are received by the School District before it has legal claim to them, such as when intergovernmental funds are received prior to the occurrence of qualifying expenditures. During subsequent periods, when the School District has a legal claim to the resources, the unearned revenue is removed as a liability and the revenue is recognized.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District's proprietary fund are charges to students and faculty for the sale of food. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Scholarship and Student Activities funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

### **Governmental Funds:**

The School District presents the following major governmental funds:

#### General Fund

The General Fund is the principal operating fund of the School District that is used to account for all financial transactions except those required to be accounted for in other funds, covering the majority of School District operations.

#### Capital Reserves Fund

The Capital Reserves Fund is used to account for financial resources to be used for the acquisition, construction, school buses and deferred maintenance.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction, or repair of major capital facilities other than those financed by the proprietary fund.

### **Proprietary Fund:**

#### Enterprise (Food Service) Fund

The Enterprise Fund is used to account for the food service department operations, which are conducted on a charge for service basis in a manner similar to commercial enterprises. The School District's intent is that the costs of meals to the School District's population be recovered primarily through consumer charges and government subsidies.

### **Fiduciary Funds:**

#### Scholarship Private-Purpose Trust Fund

The *Scholarship Fund* is a private purpose trust fund that was established to account for resources received for the purpose of issuing scholarships to students. All resources of the fund, including any earnings on invested resources, may be used for scholarships. There is no requirement that any portion of these resources be preserved as capital.

#### Custodial Fund

The *Student Activity Fund* is a custodial fund that represents the School District's student activity funds. The fund accounts for student activities in the high school and middle school.

### Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the School District.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Fair Value Measurement

The School District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Currently, the School District does not have any investments which require categorization.

### Interfund Receivables and Payables

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

### Tax Receivables

Tax receivables are shown net of an allowance, where applicable, for uncollectible amounts. There is no allowance for the other receivables, since they are deemed fully collectible by management.

### Inventory and Prepaid Items

Inventory used in governmental fund types, principally supplies, are accounted for as expenditures when purchased. Materials, supplies, and food commodities of the proprietary fund are recorded at latest invoice cost and are subsequently charged to expenditures when consumed. Amounts on hand at year-end are not significant.

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

### Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the statement of net position but are not reported in the fund financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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All capital assets are capitalized at cost and donated capital assets are recorded at estimated acquisition value at the date of donation. The School District maintains a capitalization threshold of \$5,000. 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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

All reported capital assets except for land are depreciated. Depreciation is computed using the straight-line method, over the following useful lives:

Land improvements	5 years
Buildings and improvements	20-50 years
Machinery, equipment, furniture, and vehicles	3-15 years

### Leases

The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements, as described below, when it engages in leases that are required to be so treated. At June 30, 2022, the District had no leases that would require the treatment described below.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of its useful life or the lease term.

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the School District is reasonably certain to exercise.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Deferred Inflows/Outflows of Resources

In addition to assets and liabilities, the government-wide statement of net position and/or the governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources or deferred inflows of resources. These separate financial statement elements represent a consumption (acquisition) of net position and/or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) or an inflow of resources (revenue) until then. The School District reports the following deferred inflows/outflows of resources:

- Unavailable revenue represents delinquent property taxes which will not be collected within the available period. This amount is reported as a deferred inflow of resources on the balance sheet.
- In conjunction with pension and OPEB accounting requirements, differences between expected and actual experience, changes in assumptions, the effect of the change in the School District's proportion, the net difference between expected and actual investment earnings, and payments made to the plans subsequent to the measurement date are recorded as a deferred inflow or outflow of resources related to pensions and OPEBs on the government-wide financial statements. These amounts are determined based on the actuarial valuation performed for each plan. Notes 7 through 9 present additional information about the School District's pension and OPEB plans.

### Long-Term Obligations

In the government-wide statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts, and deferred charges on refunding are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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



# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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In both the fund and government-wide financial statements, issue costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

It is expected that the General Fund will continue to provide funds for the debt service payments.

### Postemployment Benefits

Certain employees are entitled to medical, dental, and vision coverage for various years after retirement as well as term-life insurance coverage and pension benefits. In the government-wide financial statements, long-term liabilities related to postemployment benefits, including pensions, health insurance, and life insurance are calculated based on actuarial valuations as described in Notes 7 through 9.

### Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. These levels are as follows:

Nonspendable – This category represents funds that are not in spendable form and includes prepaid expenditures.

Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. The School District has approximately \$2.4 million in restricted funds for capital projects and approximately \$1.9 million for future pension obligations.

Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the Board. Such commitment is made via a Board resolution and must be made prior to the end of the fiscal year. Removal of this commitment requires a Board resolution. The School District does not currently have committed fund balance.

Assigned – This category represents intentions of the School District to use the funds for specific purposes. The Board delegates the authority to assign amounts to be used for specific purposes to the Business Manager. This authority is granted solely for the purpose of reporting these amounts in the annual financial statements. This category includes amounts set aside for health insurance increases, charter school payments,

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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future collective bargaining agreements, future debt service payments, and amounts set aside for capital improvements costs.

Unassigned – This category represents all other funds not otherwise defined.

If funds are available in more than one fund balance level, the School District's policy is to use funds in the order of the most restrictive to the least restrictive.

### Net Position

The government-wide and proprietary fund financial statements are required to report three components of net position:

Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

Restricted – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of "net investment in capital assets" or the "restricted" components of net position.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Budgets and Budgetary Accounting

The School District is required by state law to adopt an annual budget for the General Fund. The budget is presented on the modified accrual basis of accounting.

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May of the preceding fiscal year, the School District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. This meeting is held after 30 days of public notification.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.
4. The budget must be filed with the Pennsylvania Department of Education by July 31 of the fiscal year.

The Public School Code allows the Board to authorize budget transfer amendments between functions during the year. The budget data reflected in the budgetary comparison information includes the effect of such approved budget transfer amendments. The School District's management does not have the authority to approve the budget or any budget transfer amendments. The School District's expenditures may not legally exceed the revised budget amounts by function and object. Accordingly, the legal level of budgetary control is at the object level within each function and fund. Function is defined as a program area such as instructional services, and object is defined as the nature of the expenditure, such as salaries or supplies.

Annual appropriations lapse at year-end. No supplemental appropriations were required during the current fiscal year.

Budgetary control for the Capital Reserves and Capital Projects Funds is maintained through provisions of related grant agreements and bond indentures.

### Expenditures in Excess of Appropriations

The School District exceeded certain budgetary appropriations in the special instructional services, other instructional programs, nonpublic school programs, pupil health, operation and management of plant services, student transportation services, central services, other

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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support services, and building improvements categories of the General Fund. The excess was primarily covered by other favorable variances in expenditure categories.

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Adoption of Accounting Pronouncements

The requirements of the following Governmental Accounting Standards Board (GASB) Statements were adopted for the financial statements:

Statement Nos. 87 (Leases), 92 (Omnibus 2020), 97 (Deferred Compensation Plans), and 99 (Omnibus 2022 – paragraph 26 through 32). These statements had no significant impact on the School District's financial statements for the year ended June 30, 2022.

### Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 91 (Conduit Debt Obligations), 94 (Public-Private and Public-Public Partnerships), 96 (information Technology Arrangements), 99 (Omnibus 2022), 100 (Accounting Changes and Error Corrections), and 101 (Compensated Absences). Management has not yet determined the impact of these statements on the School District's financial statements.

## **2. Cash and Cash Equivalents**

### Deposits

Under Section 440.1 of the Public School Code of 1949, as amended, the School District is permitted to invest funds consistent with sound business practices in the following types of investments:

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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

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

Shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933 provided (a) the funds are invested in the investments listed above, (b) the investment company is managed to maintain its share at a constant net asset value, and (c) the investment company is rated in the highest category by a nationally recognized rating agency.

In March 2016, Act 10 was passed, which expanded the scope of investment options available to school districts including repurchase agreements, commercial paper, negotiable certificates of deposit, and bankers' acceptances. The School District elected to maintain its current investment policy due to the additional risk and oversight associated with the expanded investment options under Act 10.

The deposit and investment policy of the School District adheres to state statutes and prudent business practice. Deposits of the governmental funds are either maintained in demand deposits or savings accounts, certificates of deposit, or cash equivalents held by a Trustee of the School District. There were no deposits or investments during the year that violated either the state statutes or the policy of the School District.

The following is a description of the School District's deposit and investment risks:

*Credit Risk* - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. A portion of the School District's investments are held in U.S. Government Obligations and are therefore not exposed to this type of risk. These include investments in Pennsylvania School District Liquid Asset Fund (PSDLAF) (described below), which has received an AAA rating from Standard & Poor's.

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a formal deposit policy for custodial credit risk. As of June 30, 2022, none of the School District's funds were exposed to custodial credit risk. Deposits are collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

### Investments

PSDLAF was established as common law trusts organized under laws of the Commonwealth of Pennsylvania. Shares of the funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools, and municipalities. The purpose of these funds is to enable such governmental units to pool available funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. The School District's deposits in these pooled funds are not subject to direct custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are reflected as cash and cash equivalents on the balance sheet and the statement of net position. The fair value of the School District's position in the external investment pools is the same as the value of the pool shares. All investments in an external investment pool that is not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania.

In accordance with GASB, investments in PSDLAF are valued at amortized cost, which approximates market value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium, regardless of the impact of fluctuation interest rates on the market value of the investment. The net asset value per share for the purpose of calculating the price at which shares are issued and redeemed is determined by the Administrator each banking day. Such determination is made by subtracting the liabilities from the value of the assets and dividing the remainder by the number of shares outstanding.

The School District can withdraw funds from the external investment pools without limitations or fees upon adequate notice. Otherwise, breakage fees may be charged.

The School District's pooled investment funds consist of the above-noted PSDLAF accounts. The School District's PSDLAF investments have a maturity of less than 90 days, and a fair market value of \$12,666,413 and carrying amount of \$12,124,432 as of June 30, 2022.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Fiduciary Fund

The School District maintains bank accounts for the various student activities, PTO, and scholarship funds. The balance of these accounts is reflected in the statement of fiduciary net position. As of June 30, 2022, \$0 of the various fiduciary funds' bank balances of \$34,409 was exposed to custodial credit risk. The uninsured bank balance is collateralized in accordance with Act 72 of the Pennsylvania State Legislature. Of the total fiduciary funds cash and cash equivalent amount of \$354,712, the carrying amount of deposits for the fiduciary funds is \$51,489 as of June 30, 2022 for the Scholarship fund. PSDLAF investments presented within fiduciary funds cash and cash equivalents have a fair market value of \$308,198 and a carrying amount of \$303,223 as of June 30, 2022. Fiduciary fund amounts are not included in the PSDLAF amounts given in the prior section of this footnote.

### **3. Real Estate Taxes**

Real estate taxes are levied each July 1 on the assessed value listed as of January for all real estate located in the School District. These taxes are billed and collected by elected tax collectors of the individual Boroughs within the School District. Taxes paid through August 31<sup>st</sup> are given a 2% discount. Amounts paid after October 31<sup>st</sup> are assessed a 10% penalty. Taxpayers also have the option to pay on three installments at face value. The due dates are August 31, October 31, and December 31. An outside agency collects delinquent real estate taxes and handles the property liens. The lien date is approximately two years after the taxes were originally due.

The levy for fiscal year 2022 was based on assessed value on January 1, 2020 of approximately \$715.4 million. The tax rate assessed for the year ended June 30, 2022 was equal to 26.1081 mills.

There is an ongoing appeal process through which a taxpayer may contest the assessed value of their property. This process could result in the reduction of future assessed values and consequently a loss of tax revenues. Due to the nature of the real estate refund process, the School District generally records refunds at the time the refunds are made back to the taxpayer.

The real estate tax receivable amount is net of an uncollectible allowance of approximately \$4.3 million.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

### 4. Capital Assets

The following represents the changes in the School District's governmental activities' capital assets:

	Balance at July 1, 2021	Additions	Deletions/ Transfers	Balance at June 30, 2022
<b>Governmental Activities:</b>				
Capital assets, not being depreciated				
Land	\$ 1,453,427	\$ -	\$ -	\$ 1,453,427
Total capital assets, not being depreciated	<u>1,453,427</u>	<u>-</u>	<u>-</u>	<u>1,453,427</u>
Capital assets, being depreciated:				
Land and land improvements	2,502,094	-	-	2,502,094
Building and improvements	28,396,329	30,655	-	28,426,984
Equipment, furniture, and fixtures	1,239,220	5,000	-	1,244,220
Vehicles	277,322	16,000	-	293,322
Library and text books	949,854	-	-	949,854
Total capital assets, being depreciated	<u>33,364,819</u>	<u>51,655</u>	<u>-</u>	<u>33,416,474</u>
Less: accumulated depreciation for:				
Land and land improvements	(2,436,226)	(55,013)	-	(2,491,239)
Building and improvements	(14,954,717)	(653,636)	-	(15,608,353)
Equipment, furniture, and fixtures	(806,724)	(50,030)	-	(856,754)
Vehicles	(207,507)	(10,863)	-	(218,370)
Library and text books	(949,854)	-	-	(949,854)
Total accumulated depreciation	<u>(19,355,028)</u>	<u>(769,542)</u>	<u>-</u>	<u>(20,124,570)</u>
Governmental activities, capital assets, net	<u>\$ 15,463,218</u>	<u>\$ (717,887)</u>	<u>\$ -</u>	<u>\$ 14,745,331</u>



# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

The following represents the changes in the School District's business-type activities' capital assets:

	Balance at July 1, 2021	Additions	Deletions/ Transfers	Balance at June 30, 2022
<b>Business-Type Activities:</b>				
Equipment	\$ 316,262	\$ 46,554	\$ -	\$ 362,816
Less: accumulated depreciation for:	(245,704)	(15,345)	-	(261,049)
Business-type activities, capital assets, net	<u>\$ 70,558</u>	<u>\$ 31,209</u>	<u>\$ -</u>	<u>\$ 101,767</u>

Depreciation expense for the governmental activities was charged to functions/programs of the School District as follows:

**Governmental Activities:**

Instructional services:	
Regular	\$ 503,212
Vocational	720
Support services:	
Instructional staff	10,007
Administration	200
Operation of plant and maintenance services	241,985
Student transportation services	3,808
Central services	5,662
Noninstructional services:	
Student activities	3,948
	<u>\$ 769,542</u>

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

### 5. Long-Term Liabilities

Long-term liabilities at June 30, 2022 are comprised of the following items:

Description	Interest Rates	Final Maturity	Amount	Due Within One Year
2005 Capital Appreciation Bonds	3.30% - 4.93%	2031	\$ 10,665,276	\$ 975,000
2018 General Obligation Notes	3.89%	2022	1,075,356	161,762
2019 Taxable Pension Obligation Bonds	2.35% - 3.25%	2040	5,065,000	220,000
2019 General Obligation Bonds	2.13% - 4.00%	2035	6,835,000	430,000
Total bonds and notes			<u>23,640,632</u>	<u>1,786,762</u>
Financed purchases	3.54%	2024	44,800	22,400
Retirement incentive program	n/a	n/a	1,697,150	530,400
Compensated absences	n/a	n/a	929,301	-
Total long-term liabilities			<u>\$ 26,311,883</u>	<u>\$ 2,339,562</u>

### 6. Bonds and Notes Payable

The following is a summary of bonds and notes payable transactions of the School District for the year ended June 30, 2022:

Balance at July 1, 2021	\$ 23,650,800
Debt Issuance	-
Accretion on capital appreciation bonds	493,703
Principal payments	<u>(503,871)</u>
Balance at June 30, 2022	<u>\$ 23,640,632</u>

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

Debt service requirements, including interest, are as follows:

Years Ending June 30,	Principal Payment	Interest Payment	Total Payment
2023	\$ 1,786,762	\$ 393,288	\$ 2,180,050
2024	2,088,168	366,997	2,455,165
2025	2,109,828	342,620	2,452,448
2026	2,131,751	317,283	2,449,034
2027	2,158,949	290,842	2,449,791
2028-2032	10,293,147	1,108,416	11,401,563
2033-2037	4,880,000	397,025	5,277,025
2038-2040	1,050,000	51,837	1,101,837
	<u>26,498,605</u>	<u>3,268,308</u>	<u>29,766,913</u>
Unaccrued interest	<u>(2,857,973)</u>	<u>2,857,973</u>	<u>-</u>
	<u>\$ 23,640,632</u>	<u>\$ 6,126,281</u>	<u>\$ 29,766,913</u>

During fiscal year 2006, the School District issued General Obligation Bonds, Capital Appreciation Series of 2005 (2005 Bonds) in the principal amount of \$5,398,416. The bond proceeds were issued for the purpose of construction and renovation of various school facilities. Annual maturity values beginning in fiscal year 2007 through fiscal year 2032 yield rates of 3.30% to 4.93%. The 2005 Bonds accrue and compound interest on a semiannual basis and are carried at cost plus accrued interest. Total maturity value of the Capital Appreciation Bonds is \$13,510,000 as of June 30, 2022.

During fiscal year 2019, the School District issued General Obligation Notes, Series of 2018 (2018 Notes) in the amount of \$1,665,000. The purpose of this issue was to pay settlement to five individuals in an arbitration case who were not paid at the proper step level for the school years 2015-2016, 2016-2017, and 2017-2018. The 2018 Notes bear interest at 3.89%. The 2018 Notes are scheduled to mature on July 25, 2028. Total maturity value of the notes is \$1,075,356 at June 30, 2022.

During fiscal year 2020, the School District issued Taxable Pension Obligation Bonds, Series A of 2019 in the amount of \$5,075,000 and General Obligation Bonds, Series B and C of 2019 (2019 Bonds) in the amount of \$7,170,000. The purpose of this issue was to fund future pension obligations and to currently refund the General Obligation Bonds, Series A, B, and C of 2015. The 2019 Bonds bear interest at 3.89%. The 2019 Bonds are scheduled to mature on November 1, 2039. Total maturity value of the bonds is \$11,900,000 at June 30, 2022.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### 7. Public School Employees' Retirement System (PSERS)

#### Plan Description

PSERS administers a governmental cost-sharing, multi-employer defined benefit pension plan (Pension Plan) and a governmental cost-sharing, multi-employer defined benefit Health Insurance Premium Assistance Program OPEB plan (Premium Assistance), to public school employees of the Commonwealth of Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

Employees eligible for PSERS benefits 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.

Retirees can participate in the Premium Assistance 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 PSERS Health Options Program or an employer-sponsored health insurance program.

#### Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions or OPEBs, pension expense, and OPEB expense, information about the fiduciary net position of 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. Detailed information about PSERS' fiduciary net position related to pension and OPEBs is available in the PSERS Comprehensive Annual Financial Report, which can be found on the PSERS website at [www.psers.pa.gov](http://www.psers.pa.gov).

The net pension liability and the net OPEB liability are recorded as governmental activities expected to be paid from the General Fund.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Benefits Provided – Pension Plan

Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one 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 through June 30, 2019. 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 three 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 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.

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

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

### Benefits Provided – Premium Assistance

Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants are entitled to receive Premium Assistance payments equal to the lesser of \$100 per month or their eligible out-of-pocket monthly health insurance premium. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

### Member Contributions

The following illustrates the member's contribution as a percent of the member's qualifying compensation:

Active members who joined PSERS prior to July 22, 1983:

Membership Class T-C	5.25%
Membership Class T-D	6.50%

Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001:

Membership Class T-C	6.25%
Membership Class T-D	7.50%

Members who joined PSERS after June 30, 2001, and before July 1, 2011:

Membership Class T-D	7.50%
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Members who joined PSERS after June 30, 2011 and before June 30, 2019:

Membership Class T-E*	8.00%
Membership Class T-F*	10.80%

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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Members who joined PSERS on or after July 1, 2019:

Membership Class T-G (hybrid)**	9.00% (combined rate)
Membership Class T-H (hybrid)**	8.25% (combined rate)
Defined Contribution only	7.50%

\*Includes shared risk provision of +0.50% as of July 1, 2021.

\*\*Includes shared risk provision of +0.75% as of July 1, 2021.

### Employer Contributions

The School District's contractually required PSERS contribution rate for the fiscal year ended June 30, 2022 was 34.94% 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. This rate is composed of a 33.99% rate for the Pension Plan, a 0.80% rate for the Premium Assistance, and a 0.15% rate for Act 5 Defined Contribution.

The combined rate for the fiscal year ended June 30, 2022 was an increase from the fiscal year ended June 30, 2021 combined rate of 34.51%. The combined contribution rate will increase to 35.26% in fiscal year 2023 and is projected to grow to 37.30% by fiscal year 2030.

The School District remits contributions to PSERS on a quarterly basis. Approximately, \$1.3 million is owed to PSERS as of June 30, 2022, which represents the School District's required contribution for the end of year payroll. The School District's contributions which were recognized by PSERS for the year ended June 30, 2022 were as follows:

Pension Plan	\$	4,947,319
Act 5 Defined Contribution		21,833
Premium Assistance		116,442
Total	\$	<u>5,085,594</u>

In accordance with Act 29, the Commonwealth of Pennsylvania (Commonwealth) reimburses school districts for approximately one-half of contributions made to PSERS. The School District recorded reimbursements from the Commonwealth approximating \$2.8 million during the current year. Because the Commonwealth payments are received as a reimbursement, and are not made directly to PSERS, they do not qualify as a special funding situation.

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Proportionate Share

The School District's proportion of PSERS' net pension liability was calculated utilizing the School District's one-year reported contributions as it relates to PSERS' total one-year reported contributions. This method was changed beginning with PSERS' fiscal year ended June 30, 2020. In prior years, the proportion of PSERS' net pension liability was calculated utilizing the School District's one-year reported covered payroll as it related to PSERS' total one-year reported covered payroll. At June 30, 2021 (measurement date), the School District's proportion was 0.1019%, which was an increase of 0.0040% from its proportion measured as of June 30, 2020.

The School District's proportion of PSERS' net OPEB liability continues to be calculated utilizing the School District's one-year reported covered payroll as it relates to PSERS' total one-year reported covered payroll. At June 30, 2021 (measurement date), the School District's proportion was 0.1018%, which was a increase of 0.0038% from its proportion measured as of June 30, 2020.

### **8. Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At June 30, 2022, the School District reported a liability of \$41,837,000 for its proportionate share of PSERS' 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 PSERS' total pension liability as of June 30, 2020 to June 30, 2021.

For the year ended June 30, 2022, the School District recognized pension expense of \$3,255,797.



# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 31,000	\$ 550,000
Changes in assumptions	2,029,000	-
Net difference between projected and actual earnings on pension plan investments	-	6,659,000
Changes in proportion	2,625,000	1,433,000
School District contributions subsequent to the measurement date	<u>4,947,319</u>	<u>-</u>
Total	<u>\$ 9,632,319</u>	<u>\$ 8,642,000</u>

\$4,947,319 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending 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:

<u>Year Ending June 30,</u>	
2023	\$ (430,000)
2024	(1,047,000)
2025	(329,000)
2026	<u>(2,151,000)</u>
Total	<u>\$ (3,957,000)</u>

### Actuarial Assumptions

The actuarial valuation used for the June 30, 2021 measurement date contained the following methods and assumptions:

- Actuarial valuation date – June 30, 2021
- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.50%

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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- Salary growth – Effective average of 4.50%, comprised of 2.50% for inflation and 2.00% for real wage growth and merit or seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale
- Experience study – July 1, 2015 through June 30, 2020

### Changes in Assumptions

The discount rate decreased from 7.25% to 7.00% and the inflation assumption was decreased from 2.75% to 2.50% for the actuarial valuation used for the June 30, 2021 measurement date. Salary growth decreased from 5.00% to 4.50%.

### Changes in Benefit Terms

There were no changes in benefit terms affecting the actuarial valuation used for the June 30, 2021 measurement date.

### Pension Plan Investments

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

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

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public entity	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	-13.0%	0.1%
	<u>100.0%</u>	

For PSERS' year ended June 30, 2021, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 24.58%.

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

### Sensitivity of the School District's Proportionate Share of PSERS' Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of PSERS' net pension liability calculated using the discount rates described above, as well as what the School District's proportionate share of PSERS' net pension liability would be if it were calculated

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of PSERS' net pension liability	<u>\$ 54,912,000</u>	<u>\$ 41,837,000</u>	<u>\$ 30,807,000</u>

### 9. Net OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

The School District maintains two separate OPEB plans – the Premium Assistance previously described in Note 7 and the School District’s retiree plan (retiree plan) described below. At June 30, 2022, the School District reported a net OPEB liability composed of the following:

School District's proportionate share of PSERS' net OPEB liability	\$ 2,412,000
School District's total OPEB liability for its retiree plan	<u>1,230,883</u>
Net OPEB liability	<u>\$ 3,642,883</u>

PSERS’ net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate PSERS’ net OPEB liability was determined by rolling forward PSERS’ total OPEB liability as of June 30, 2020 to June 30, 2021. The School District’s retiree plan’s total OPEB liability was measured as of July 1, 2020, and the total OPEB liability used to calculate the retiree plan’s total OPEB liability was determined by rolling forward the retiree plan’s total OPEB liability as of July 1, 2021 to June 30, 2022.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

For the year ended June 30, 2022, the School District recognized OPEB expense as follows:

OPEB expense related to PSERS		
Premium Assistance	\$	158,792
OPEB expense related to School		
District's retiree plan		98,245
		<u>98,245</u>
Total OPEB expense	\$	<u>257,037</u>

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:	PSERS Premium Assistance	School District's Retiree Plan	Total Deferred Outflows of Resources
Differences between expected and actual experience	\$ 22,000	\$ 74,101	\$ 96,101
Changes in assumptions	257,000	115,262	372,262
Net difference between projected and actual earnings on pension plan investments	5,000	-	5,000
Changes in proportion	211,000	-	211,000
School District contributions subsequent to the measurement date	116,442	-	116,442
	<u>116,442</u>	<u>-</u>	<u>116,442</u>
Total	<u>\$ 611,442</u>	<u>\$ 189,363</u>	<u>\$ 800,805</u>

Deferred Inflows of Resources:	PSERS Premium Assistance	School District's Retiree Plan	Total Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 227	\$ 227
Changes in assumptions	32,000	-	32,000
Net difference between actual and expected experience	-	-	-
Changes in proportion	146,000	-	146,000
	<u>146,000</u>	<u>-</u>	<u>146,000</u>
Total	<u>\$ 178,000</u>	<u>\$ 227</u>	<u>\$ 178,227</u>

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

\$116,442 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending 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:

<u>Year Ending June 30,</u>	<u>PSERS Premium Assistance</u>	<u>School District's Retiree Plan</u>
2023	\$ 56,000	\$ 20,906
2024	55,000	20,947
2025	60,000	21,040
2026	71,000	21,040
2027	32,000	21,040
Thereafter	43,000	84,163
Total	<u>\$ 317,000</u>	<u>\$ 189,136</u>

### Additional Required Disclosures for PSERS Premium Assistance

#### Actuarial Assumptions

The actuarial valuation used for the June 30, 2021 measurement date contained the following methods and assumptions:

- Actuarial valuation date – June 30, 2021
- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 2.18% - S&P 20-year Municipal Bond Rate
- Salary increases – Effective average of 4.50%, comprised of 2.50% for inflation and 2.00% for real wage growth and merit or seniority increases
- Premium Assistance reimbursement is capped at \$1,200 per year
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in Premium Assistance per year
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2010 Improvement Scale
- Experience study – July 1, 2015 through June 30, 2020
- Participation rate –
  - Eligible retirees will elect to participate pre-age 65 at 50%

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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- Eligible retirees will elect to participate post-age 65 at 70%.

### Changes in Assumptions

The discount rate decreased from 2.66% to 2.18% for the actuarial valuation used for the June 30, 2021 measurement date.

### Changes in Benefit Terms

There were no changes in benefit terms affecting the actuarial valuation used for the June 30, 2021 measurement date.

### OPEB Plan Investments

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 PSERS Board. Employer contribution rates are established to provide reserves in the Health Insurance Account that are sufficient for the payment of the Premium Assistance for each succeeding year. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	79.8%	0.1%
US Core Fixed Income	17.5%	0.7%
Non-US Developed Fixed	2.7%	-0.3%
	<u>100.0%</u>	

For PSERS' year ended June 30, 2021, the annual money-weighted rate of return on the Premium Assistance plan investments, net of plan investment expenses, was 0.31%.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Discount Rate

The discount rate used to measure the total OPEB liability was 2.18%. Under the Premium Assistance plan's funding policy, contributions are structured for short-term funding of the Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of the 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 the 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. The discount rate used to measure the Total OPEB liability decreased from 2.66% as of June 30, 2020 to 2.18% as of June 30, 2021.

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

The following presents the School District's proportionate share of PSERS' net OPEB liability calculated using the discount rates described above, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1% Decrease (1.18%)	Current Discount Rate (2.18%)	1% Increase (3.18%)
School District's proportionate share of PSERS' net OPEB liability	<u>\$ 2,768,000</u>	<u>\$ 2,412,000</u>	<u>\$ 2,118,000</u>

### Sensitivity of the School District's Proportionate Share of PSERS' Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

Healthcare cost trend rates 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. The actual number of retirees



# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on the healthcare cost trends as depicted below.

The following presents the School District's proportionate share of PSERS' net OPEB liability calculated using current healthcare cost trend rates as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
School District's proportionate share of PSERS' net OPEB liability	<u>\$ 2,411,000</u>	<u>\$ 2,412,000</u>	<u>\$ 2,412,000</u>

### Additional Required Disclosures for the School District's Retiree Plan

#### Plan Description

The School District administers a single-employer defined benefit healthcare plan to provide additional postemployment benefits to eligible retirees (retiree plan). The School District has not accumulated assets for the retiree plan in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75; benefits are paid on a pay-as-you-go basis.

#### Benefits Provided

The benefit limits and employee and employer contributions are established through employee contracts and past practices. The School District provides the following postemployment benefits to those who retired early from the School District. Details of the benefits provided are as follows:

##### Teachers and Administrators (Option A)

The School District provides medical, term life, and AD&D in the amount of \$30,000. Coverage ends for both retiree and spouse when retiree reaches 65. Surviving spouse is covered to age 65. Retiree pays any increase in cost after retirement. Life insurance is fully paid for by the School District. Surviving spouse is not eligible for life insurance. There are no current retirees under this option and this option is closed.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Teachers and Administrators (Option B)

The School District provides medical, term life, and AD&D in the amount of \$30,000. Coverage ends for both retiree and spouse when retiree reaches 65. Surviving spouse is covered to age 65. Retiree pays \$500 per year. Life insurance is fully paid for by the School District. Surviving spouse is not eligible for life insurance. There are no current retirees under this option and this option is closed.

### Teachers and Administrators (Other than Options A & B)

Coverage ends for both retiree and spouse when retiree reaches 65. Surviving spouse is covered to age 65. Retiree pays 100% of rate for coverage tier year.

### Support Staff

The School District provides medical, dental, and vision coverage for three years with no retiree contribution.

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

Inactive employees currently receiving benefit payments	8
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>190</u>
	<u>198</u>

For the year ended June 30, 2022, the School District contributed \$33,778 and retirees contributed \$104,983 to the retiree plan.

### Actuarial Assumptions

The total OPEB liability was determined as of the July 1, 2020 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age actuarial cost method;
- Discount rate – 2.30%, based on average index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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- Mortality – RP-2014 Morality Table;
- Health care cost trend rates – increase of 5.0% per year; and
- Dental/vision care cost trend rates – increase of 3.0% per year

### Changes in Assumptions

No changes noted.

### Changes in Benefit Terms

No changes noted.

### Changes in the Total OPEB Liability

The changes in the total OPEB liability for the School District's retiree plan for the year ended June 30, 2022 were as follows:

Total OPEB liability, July 1, 2021	\$	1,284,502
Changes for the year:		
Service cost		48,185
Interest on the total OPEB liability		29,154
Contributions - employer		<u>(130,958)</u>
Total OPEB liability, June 30, 2022	\$	<u><u>1,230,883</u></u>

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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### Sensitivity of the School District's Total OPEB Liability to Changes in the Discount Rate

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

	<u>1% Decrease (1.3%)</u>	<u>Current Discount Rate (2.3%)</u>	<u>1% Increase (3.3%)</u>
School District's total OPEB liability	<u>\$ 1,307,368</u>	<u>\$ 1,230,883</u>	<u>\$ 1,158,158</u>

### Sensitivity of the School District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
School District's total OPEB liability	<u>\$ 1,113,330</u>	<u>\$ 1,230,883</u>	<u>\$ 1,367,425</u>

## 10. Retirement Incentive Program (Program)

Beginning in fiscal year 2002, any eligible employee electing to retire and participate in the Retirement Incentive Program (Program) qualifies for a \$15,000 retirement incentive each year for ten years. Beginning with the teacher contract effective July 1, 2006, the retirement incentive amount is \$12,000 for new entrants. Effective April 2018, the retirement incentive amount was changed to \$30,000 each for five years for all future retirees. An eligible employee is defined as anyone who (1) is fifty-five years of age or older with a minimum of ten years of service (fifteen years of service beginning with the 2015-2016 school year) with the School District or (2) who has thirty years of service or greater regardless of age; and who has attained step seventeen or greater on the School District's salary scale. Those employees who elect to participate in the Program must submit to the Superintendent, 120 days prior to the date he/she intends to retire, an irrevocable written notification that he/she will retire. At June 30, 2022, there were 28 retired participants in

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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this Program receiving payments. As of June 30, 2022, benefit payments have been fulfilled for 88 participants. Payments related to these benefits of \$595,730 have been made during the year ended June 30, 2022. The total obligation remaining at June 30, 2022 is approximately \$1.7 million (discounted present value using 5% rate) and is to be paid through fiscal year 2028. The School District's liability is measured at the discounted present value of expected future benefit payments. Included in noncurrent liabilities at June 30, 2022 are noncurrent liabilities due within one year of \$530,400 and due in more than one year of \$1,166,750, related to the Program.

### **11. Accumulated Compensated Absences**

The School District accrues for certain accumulated unused sick and vacation days. The accrual is based on sick and vacation payments that would be available to employees if they left or retired from the School District. The accrual is recorded as a long-term liability in the government-wide financial statements. As of June 30, 2022, the amount accrued for sick and vacation days is \$929,301.

### **12. Health Insurance Consortium**

The School District is one of seventy-one members of the Allegheny County Schools Health Insurance Consortium (Consortium). The Consortium is a public entity risk pool which affords health care coverage for members' employees on a pooled basis. The School District pays premiums to the Consortium based upon rates established by the trustees of the Consortium. The Consortium establishes rates with the objective of satisfying current costs and claims of covered health care services, as well as maintaining working capital requirements and a Premium Stabilization Fund for periods when actual costs of coverage exceed premiums collected from members. At the end of each fiscal year, actual claims experience is compared with premiums paid. The difference results in either a retroactive refund or charge. Included in the retroactive refund/charge is a calculation for the reserve needed to cover expenses incurred but not yet reported by health providers. Any retroactive charge may be paid from the Premium Stabilization Fund, up to ten percent of total premiums paid. The remainder may be charged to the schools. The School District paid approximately \$3.4 million to the Consortium during fiscal year 2022.

At June 30, 2022, the Consortium's net assets available for benefits approximated \$51.4 million. The School District's share of this amount is approximately \$209,000. The Consortium also maintains a portion of the Premium Stabilization Fund to cover potential

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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future catastrophic losses. Independent insurance coverage for catastrophic losses is not maintained by the Consortium or the School District.

### 13. Interfund Receivable and Payable

Interfund transactions at June 30, 2022 are summarized below:

	Interfund Receivable	Interfund Payable
	<u>                    </u>	<u>                    </u>
Major Funds:		
General	\$ 63,077	\$ 2,476,269
Capital Projects	2,476,269	118,217
Capital Reserves	118,217	-
Food Service	-	51,110
Fiduciary Funds:		
Scholarship Private-Purpose Trust	-	11,967
Total	<u>\$ 2,657,563</u>	<u>\$ 2,657,563</u>

The outstanding balances between funds result mainly 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. No transfers were made between funds during fiscal year 2022.

### 14. Joint Ventures

The School District is one of eleven-member school districts of the Steel Center Career Technical School (Steel Center). Steel Center provides vocational-technical education and training for high school students. Direct oversight of Steel Center's operations is the responsibility of its Board, which consists of one representative from each participating school district. In addition, the School District is one of ten members of the Southeastern Area Special School (Southeastern). Southeastern, which provides special education and training programs for exceptional children, is controlled and governed by the Joint School Committee, which is composed of representatives from each participating school district. The School District's share of annual operating and capital costs for Steel Center and Southeastern (collectively known as Special Schools) fluctuates based on the percentage enrollment in the applicable school and are reflected as expenditures of the General Fund. The School District's contributions to the Steel Center and Special Schools in the current

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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fiscal year amounted to \$14,383 and \$8,149, respectively. The School District's portion of the net current assets of the Steel Center and Special Schools at June 30, 2022 is to be used to fund future years' operations and the amounts are not material to the financial statements of the School District. Separate financial statements for the Special Schools are available at the administrative offices of the School District.

### 15. Contingencies

The School District is involved in claims and lawsuits incidental to its operations. In the opinion of the Administration, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the School District.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

The School District maintains insurance through independent insurance carriers for all types of business losses. Management believes the insurance coverage is sufficient to cover the School District against potential losses. There have been no significant changes in insurance coverage from the prior fiscal year.

### 16. Subsequent Event

As described in Note 14, the School District is a member of the joint venture in Steel Center and shares in costs under that arrangement. Steel Center is in the process of completing architectural and financial studies of a potential renovation of the Steel Center physical plant. The potential costs range from \$7 million to \$30 million. A renovation of this scope would require approval of the Joint Operating Committee and the full Boards of the 11 participating districts. Steel Center is in the early stages of planning the renovation and the potential cost sharing portion related to the School District is unknown at this time.

In October 2022, Steel Center, of which the School District is a member in the joint venture, issued \$28,970,000 of general obligation bonds. The bonds have a variable interest rate between 4.25% – 5.00% and mature in 2042.

**REQUIRED SUPPLEMENTARY  
INFORMATION**



**STEEL VALLEY SCHOOL DISTRICT**

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF PSERS' NET PENSION LIABILITY

Last 10 Fiscal Years<sup>1</sup>

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of PSERS' net pension liability	0.10%	0.10%	0.10%	0.09%	0.10%	0.10%	0.09%	0.08%
School District's proportionate share of PSERS' net pension liability	\$ 41,837,000	\$ 48,205,000	\$ 48,607,000	\$ 45,077,000	\$ 49,487,000	\$ 47,872,000	\$ 38,638,000	\$ 33,209,000
School District's covered payroll	\$ 14,425,113	\$ 13,748,272	\$ 14,325,258	\$ 12,644,979	\$ 13,337,948	\$ 12,507,857	\$ 11,476,022	\$ 10,704,703
School District's proportionate share of PSERS' net pension liability as a percentage of its covered payroll	290.03%	350.63%	339.31%	356.48%	371.02%	382.74%	336.68%	310.23%
PSERS' plan fiduciary net position as a percentage of PSERS' total pension liability	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

<sup>1</sup>The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS TO THE PSERS PENSION PLAN

Last 10 Fiscal Years<sup>2</sup>

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required employer contribution	\$ 4,947,319	\$ 4,772,797	\$ 4,510,944	\$ 4,474,601	\$ 4,340,839	\$ 4,024,348	\$ 3,166,309	\$ 2,276,902
School District's covered payroll	\$ 14,742,574	\$ 14,428,185	\$ 13,749,189	\$ 13,249,117	\$ 13,733,017	\$ 13,342,454	\$ 12,496,470	\$ 11,429,596
Contributions as a percentage of covered payroll	33.56%	33.08%	32.81%	33.77%	31.61%	30.16%	25.34%	19.92%

<sup>2</sup>The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

**STEEL VALLEY SCHOOL DISTRICT**

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE  
SHARE OF PSERS' NET OPEB LIABILITY

Last 10 Fiscal Years<sup>1</sup>

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's proportion of PSERS' net OPEB liability	0.10%	0.10%	0.10%	0.09%	0.10%
School District's proportionate share of PSERS' net OPEB liability	\$ 2,412,000	\$ 2,117,000	\$ 2,210,000	\$ 1,958,000	\$ 2,041,000
School District's covered payroll	\$ 14,425,113	\$ 13,748,272	\$ 14,325,258	\$ 12,644,979	\$ 13,337,948
School District's proportionate share of PSERS' net OPEB liability as a percentage of its covered payroll	16.72%	15.40%	15.43%	15.48%	15.30%
PSERS' plan fiduciary net position as a percentage of PSERS' total OPEB liability	5.30%	5.69%	5.56%	5.56%	5.73%

<sup>1</sup> The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS TO THE PSERS PREMIUM ASSISTANCE

Last 10 Fiscal Years<sup>2</sup>

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required employer contribution	\$ 116,442	\$ 116,792	\$ 113,585	\$ 111,095	\$ 113,512
School District's covered payroll	\$ 14,742,574	\$ 14,428,185	\$ 13,749,189	\$ 13,249,117	\$ 13,733,017
Contributions as a percentage of covered payroll	0.79%	0.81%	0.83%	0.84%	0.83%

<sup>2</sup> The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

**STEEL VALLEY SCHOOL DISTRICT**

SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY  
FOR ITS RETIREE PLAN

Last 10 Fiscal Years<sup>1</sup>

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability:</b>					
Service cost	\$ 48,185	\$ 46,895	\$ 71,022	\$ 68,953	\$ 64,995
Interest	29,154	30,360	33,074	31,654	30,272
Differences between actual and expected experience	-	90,567	-	-	(763)
Changes of assumptions	-	140,876	-	-	-
Contributions - employer	<u>(130,958)</u>	<u>(130,956)</u>	<u>(57,154)</u>	<u>(53,919)</u>	<u>(50,868)</u>
<b>Net Changes in Total OPEB Liability</b>	(53,619)	177,742	46,942	46,688	43,636
<b>Total OPEB Liability - Beginning</b>	<u>1,284,502</u>	<u>1,106,760</u>	<u>1,059,818</u>	<u>1,013,130</u>	<u>969,494</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 1,230,883</u>	<u>\$ 1,284,502</u>	<u>\$ 1,106,760</u>	<u>\$ 1,059,818</u>	<u>\$ 1,013,130</u>

<sup>1</sup>The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Local sources:				
Current real estate taxes	\$ 16,130,000	\$ 16,130,000	\$ 16,386,266	\$ 256,266
Public utility realty tax	12,900	12,900	17,870	4,970
Payments in lieu of current taxes - state/local reimbursement	16,900	16,900	19,615	2,715
Current Act 511 taxes - flat rate assessments	31,500	31,500	34,187	2,687
Current Act 511 taxes - proportional assessments	2,215,500	2,215,500	2,220,915	5,415
Delinquencies on taxes levied - assessed by LEA	1,363,000	1,363,000	1,459,734	96,734
Earnings on investments	20,000	20,000	11,238	(8,762)
Revenue from intermediary sources - pass-through funds	410,000	410,000	558,507	148,507
Rentals	32,500	32,500	10,970	(21,530)
Refunds and other miscellaneous revenue	65,000	65,000	189,587	124,587
Total local sources	<u>20,297,300</u>	<u>20,297,300</u>	<u>20,908,889</u>	<u>611,589</u>
State sources:				
Basic education funding (gross)	9,645,660	9,645,660	9,919,337	273,677
Special education funding for school aged pupils	1,558,100	1,558,100	1,607,608	49,508
Transportation (regular and additional)	250,000	250,000	84,904	(165,096)
Rental and sinking fund payments - building reimbursement subsidy	30,000	30,000	-	(30,000)
Health services (medical, dental, nurse, Act 25)	27,500	27,500	28,485	985
State property tax reduction allocation	968,651	968,651	968,618	(33)
PA accountability grant	5,000	5,000	-	(5,000)
Ready to learn block grant	351,241	351,241	351,241	-
Other state revenue not listed in the 7500 series	-	-	53,668	53,668
State share of Social Security and Medicare taxes	570,000	570,000	554,855	(15,145)
State share of retirement contributions	3,010,000	3,010,000	2,773,869	(236,131)
Total state sources	<u>16,416,152</u>	<u>16,416,152</u>	<u>16,342,585</u>	<u>(73,567)</u>
Federal sources:				
IDEA, Part B	-	-	10,089	10,089
NCLB, Title I - Improving the Academic Achievement of the Disadvantaged	690,655	690,655	754,476	63,821
NCLB, Title II - Preparing, Training, and Recruitment Highly Qualified Teachers and Principals	95,000	95,000	100,396	5,396
NCLB, Title III - Language Instruction for Limited English Proficient and Immigrant Students	-	-	1,155	1,155
Other restricted federal grants-in-aid through the Commonwealth	-	-	19,271	19,271
Medical assistance reimbursement (ACCESS) - early intervention	60,000	60,000	-	(60,000)
Elementary and Secondary School Emergency Relief Fund	-	-	306,281	306,281
Governor's Emergency Education Relief Fund	-	-	85,839	85,839
Total federal sources	<u>845,655</u>	<u>845,655</u>	<u>1,277,507</u>	<u>431,852</u>
Other financing sources:				
Insurance recoveries	-	-	149,341	149,341
Total other financing sources	<u>-</u>	<u>-</u>	<u>149,341</u>	<u>149,341</u>
Total revenues and other financing sources	<u>37,559,107</u>	<u>37,559,107</u>	<u>38,678,322</u>	<u>1,119,215</u>
<b>Expenditures:</b>				
Instructional services:				
Regular programs - elementary/secondary:				
Personnel services - salaries	9,416,331	9,416,331	9,181,815	234,516
Personnel services - employee benefits	5,679,936	5,679,936	5,352,984	326,952
Purchased professional and technical services	-	-	4,896	(4,896)
Purchased property services	20,000	20,000	64,238	(44,238)
Other purchased services	3,788,645	3,788,645	3,583,881	204,764
Supplies	445,457	445,457	311,846	133,611
Property	75,000	75,000	23,027	51,973
Other objects	6,965	6,965	-	6,965
Total regular instruction	<u>19,432,334</u>	<u>19,432,334</u>	<u>18,522,687</u>	<u>909,647</u>
Special programs - elementary/secondary:				
Personnel services - salaries	2,088,208	2,088,208	2,419,819	(331,611)
Personnel services - employee benefits	1,439,749	1,439,749	1,717,288	(277,539)
Purchased professional and technical services	281,850	281,850	298,325	(16,475)
Purchased property services	2,000	2,000	-	2,000
Other purchased services	4,852,660	4,852,660	4,940,646	(87,986)
Supplies	57,300	57,300	13,949	43,351
Property	16,000	16,000	7,685	8,315
Total special instruction	<u>8,737,767</u>	<u>8,737,767</u>	<u>9,397,712</u>	<u>(659,945)</u>

(Continued)

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2022  
(Continued)

Expenditures (Continued):	Budget		Actual	Variance with Final Budget
	Original	Final		
Instructional services (continued):				
Vocational education:				
Other purchased services	260,000	260,000	239,571	20,429
Total vocational education	260,000	260,000	239,571	20,429
Other instructional programs - elementary/secondary:				
Personnel services - salaries	47,400	47,400	83,588	(36,188)
Personnel services - employee benefits	20,200	20,200	35,668	(15,468)
Purchased professional and technical services	-	-	660	(660)
Other purchased services	-	-	37,252	(37,252)
Supplies	6,500	6,500	1,413	5,087
Total other instructional programs - elementary/secondary	74,100	74,100	158,581	(84,481)
Nonpublic school programs:				
Purchased professional and technical services	-	-	36,148	(36,148)
Supplies	-	-	3,758	(3,758)
Total nonpublic school programs	-	-	39,906	(39,906)
Total instructional services	28,504,201	28,504,201	28,358,457	145,744
Support services:				
Pupil personnel:				
Personnel services - salaries	536,461	536,461	509,441	27,020
Personnel services - employee benefits	339,766	339,766	322,220	17,546
Purchased professional and technical services	489,040	489,040	435,744	53,296
Other purchased services	7,500	7,500	2,282	5,218
Supplies	15,200	15,200	26,674	(11,474)
Other objects	-	-	180	(180)
Total pupil personnel	1,387,967	1,387,967	1,296,541	91,426
Instructional staff:				
Personnel services - salaries	276,209	276,209	395,625	(119,416)
Personnel services - employee benefits	138,158	138,158	240,127	(101,969)
Purchased professional and technical services	110,000	110,000	76,456	33,544
Purchased property services	67,500	67,500	3,109	64,391
Other purchased services	6,000	6,000	692	5,308
Supplies	108,850	108,850	113,846	(4,996)
Property	225,000	225,000	-	225,000
Total instructional staff	931,717	931,717	829,855	101,862
Administration:				
Personnel services - salaries	1,113,392	1,113,392	1,034,288	79,104
Personnel services - employee benefits	703,620	703,620	633,981	69,639
Purchased professional and technical services	551,220	551,220	530,773	20,447
Purchased property services	20,000	20,000	-	20,000
Other purchased services	52,800	52,800	15,775	37,025
Supplies	53,100	53,100	32,102	20,998
Other objects	25,510	25,510	23,598	1,912
Total administration	2,519,642	2,519,642	2,270,517	249,125
Pupil health:				
Personnel services - salaries	155,202	155,202	206,807	(51,605)
Personnel services - employee benefits	105,967	105,967	127,874	(21,907)
Purchased professional and technical services	-	-	193,459	(193,459)
Other purchased services	-	-	27	(27)
Supplies	4,835	4,835	7,868	(3,033)
Total pupil health	266,004	266,004	536,035	(270,031)

(Continued)

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2022  
(Continued)

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued):</b>				
Support services (continued):				
Business:				
Personnel services - salaries	162,544	162,544	135,492	27,052
Personnel services - employee benefits	128,416	128,416	129,279	(863)
Purchased professional and technical services	100,000	100,000	121,891	(21,891)
Purchased property services	3,500	3,500	-	3,500
Other purchased services	5,500	5,500	9,111	(3,611)
Supplies	6,350	6,350	3,171	3,179
Property	3,000	3,000	-	3,000
Other objects	850	850	5,002	(4,152)
Total business	<u>410,160</u>	<u>410,160</u>	<u>403,946</u>	<u>6,214</u>
Operation and maintenance of plant services:				
Personnel services - salaries	723,962	723,962	665,289	58,673
Personnel services - employee benefits	487,087	487,087	497,806	(10,719)
Purchased professional and technical services	453,500	453,500	446,009	7,491
Purchased property services	421,700	421,700	854,180	(432,480)
Other purchased services	97,500	97,500	136,348	(38,848)
Supplies	932,500	932,500	917,841	14,659
Property	20,000	20,000	16,000	4,000
Other objects	900	900	82	818
Total operation and maintenance of plant services	<u>3,137,149</u>	<u>3,137,149</u>	<u>3,533,555</u>	<u>(396,406)</u>
Student transportation services:				
Personnel services - salaries	-	-	1,034	(1,034)
Personnel services - employee benefits	-	-	449	(449)
Purchased property services	75,500	75,500	58,871	16,629
Other purchased services	844,500	844,500	1,098,258	(253,758)
Supplies	22,000	22,000	-	22,000
Total student transportation services	<u>942,000</u>	<u>942,000</u>	<u>1,158,612</u>	<u>(216,612)</u>
Central services:				
Personnel services - employee benefits	-	-	33,063	(33,063)
Purchased professional and technical services	-	-	101,029	(101,029)
Purchased property services	14,474	14,474	3,052	11,422
Other purchased services	73,100	73,100	86,370	(13,270)
Supplies	85,050	85,050	4,893	80,157
Property	46,500	46,500	-	46,500
Total central services	<u>219,124</u>	<u>219,124</u>	<u>228,407</u>	<u>(9,283)</u>
Other support services:				
Personnel services - employee benefits	505,760	505,760	654,577	(148,817)
Other purchased services	-	-	19,695	(19,695)
Total other support services	<u>505,760</u>	<u>505,760</u>	<u>674,272</u>	<u>(168,512)</u>
Total support services	<u>10,319,523</u>	<u>10,319,523</u>	<u>10,931,740</u>	<u>(612,217)</u>

(Continued)

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2022  
(Continued)

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued):</b>				
Operation of noninstructional services:				
Student activities:				
Personnel services - salaries	314,647	314,647	323,063	(8,416)
Personnel services - employee benefits	143,534	143,534	122,618	20,916
Purchased professional and technical services	55,500	55,500	47,708	7,792
Other purchased services	77,650	77,650	70,522	7,128
Supplies	87,970	87,970	(3,293)	91,263
Property	23,000	23,000	-	23,000
Other objects	6,000	6,000	75,209	(69,209)
Total student activities	<u>708,301</u>	<u>708,301</u>	<u>635,827</u>	<u>72,474</u>
Community services:				
Personnel services - salaries	-	-	160	(160)
Personnel services - employee benefits	-	-	69	(69)
Purchased professional and technical services	-	-	375	(375)
Other purchased services	6,000	6,000	-	6,000
Supplies	-	-	979	(979)
Total community services	<u>6,000</u>	<u>6,000</u>	<u>1,583</u>	<u>4,417</u>
Scholarship awards:				
Other objects	15,160	15,160	12,047	3,113
Total scholarship awards	<u>15,160</u>	<u>15,160</u>	<u>12,047</u>	<u>3,113</u>
Total operation of noninstructional services	<u>729,461</u>	<u>729,461</u>	<u>649,457</u>	<u>80,004</u>
Facilities acquisition, construction, and improvements:				
Building improvement services:				
Purchased professional and technical services	-	-	39,293	(39,293)
Property	-	-	30,655	(30,655)
Total building improvement services	<u>-</u>	<u>-</u>	<u>69,948</u>	<u>(69,948)</u>
Other expenditures and financing uses:				
Debt service:				
Other objects	494,460	494,460	415,553	78,907
Other uses of funds	465,036	465,036	503,871	(38,835)
Total debt service	<u>959,496</u>	<u>959,496</u>	<u>919,424</u>	<u>40,072</u>
Interfund transfers - out				
Other uses of funds	45,000	45,000	-	45,000
Total interfund transfers - out	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Total other expenditures and financing uses	<u>1,004,496</u>	<u>1,004,496</u>	<u>919,424</u>	<u>85,072</u>
Total expenditures and other financing uses	<u>40,557,681</u>	<u>40,557,681</u>	<u>40,929,026</u>	<u>(371,345)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(2,998,574)</u>	<u>(2,998,574)</u>	<u>(2,250,704)</u>	<u>747,870</u>
<b>Net Change in Fund Balance</b>	<u>\$ (2,998,574)</u>	<u>\$ (2,998,574)</u>	<u>\$ (2,250,704)</u>	<u>\$ 747,870</u>

(Concluded)

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

### 1. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 68 for the PSERS Pension Plan

Actuarial Valuation Date/ Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
School District Fiscal Year In Which NPL is Recorded	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Discount Rate	7.00%	7.25%	7.25%	7.25%	7.25%	7.25%	7.50%	7.50%
Salary Increases	4.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.50%	5.50%
Mortality	50% PubT- 2010 and 50% PubG- 2010	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2000	RP-2000
Changes in Benefits	None	None	A new hybrid defined benefit/ defined contribution plan is applicable for new PSERS members on July 1, 2019 and thereafter	None	Vested Class T-E and T-F members can withdraw their accumulated contributions and interest	None	None	None
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%
School District Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016



# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

### 2. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 75 for the PSERS Premium Assistance (OPEBs)

Actuarial Valuation Date/ Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
School District Fiscal Year In Which NOL is Recorded	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Discount Rate	2.18%	2.66%	2.79%	2.98%	3.13%
Salary Increases	4.5%	5.00%	5.00%	5.00%	5.00%
Mortality	50% PubT-2010 and 50% PubG- 2010	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015
Changes in Benefits	None	None	A new hybrid defined benefit/ defined contribution plan is applicable for new PSERS members on July 1, 2019 and thereafter	None	Vested Class T-E and T-F members can withdraw their accumulated contributions and interest
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	0.75%	0.80%	0.82%	0.84%	0.83%
School District Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

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### 3. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 75 for the Retiree OPEB Plan

The retiree plan is not administered through a trust and assets are not accumulated in a trust to pay related benefits.

Actuarial Valuation Date	7/01/2020	7/01/2020	7/01/2018	7/01/2018	7/01/2018
School District Fiscal Year In Which NOL is Recorded	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Discount Rate	2.30%	2.30%	3.00%	3.00%	3.00%
Salary Increases	2.75%	2.75%	3.00%	3.00%	3.00%
Mortality	RP-2014 Mortality Table	RP-2014 Mortality Table	RP-2014 Scale MP-2018	RP-2014 Scale MP-2018	RP-2014 Scale MP-2018
Changes in Benefits	N/A	N/A	N/A	N/A	N/A

## **SUPPLEMENTARY INFORMATION**

# STEEL VALLEY SCHOOL DISTRICT

## COMBINING BALANCE SHEET ALL CUSTODIAL FUNDS

June 30, 2022

	Student Activities	Middle School	PTO	Total
<b>Assets</b>				
Cash and cash equivalents	<u>\$ 203,534</u>	<u>\$ 32,648</u>	<u>\$ 67,041</u>	<u>\$ 303,223</u>
<b>Liabilities</b>				
Deposits held for others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Position</b>				
Restricted for student activities	<u>203,534</u>	<u>32,648</u>	<u>67,041</u>	<u>303,223</u>
<b>Total Net Position</b>	<u><u>\$ 203,534</u></u>	<u><u>\$ 32,648</u></u>	<u><u>\$ 67,041</u></u>	<u><u>\$ 303,223</u></u>

# STEEL VALLEY SCHOOL DISTRICT

## COMBINING STATEMENT OF CHANGES IN NET POSITION ALL CUSTODIAL FUNDS

YEAR ENDED JUNE 30, 2022

	Student Activities	Middle School	PTO	Total
<b>Additions</b>				
Revenues:				
Local sources	\$ 108,578	\$ 41,408	\$ 166,390	\$ 316,376
Total additions	108,578	41,408	166,390	316,376
<b>Deductions:</b>				
Current:				
Operation of noninstructional services	125,639	41,586	166,201	333,426
Total deductions	125,639	41,586	166,201	333,426
Change in Net Position	(17,061)	(178)	189	(17,050)
<b>Net Position:</b>				
Beginning of year	220,595	32,826	66,852	320,273
End of year	\$ 203,534	\$ 32,648	\$ 67,041	\$ 303,223

# STEEL VALLEY SCHOOL DISTRICT

## SCHEDULE OF REAL ESTATE TAXES

YEAR ENDED JUNE 30, 2022

	West Homestead Borough	Munhall Borough	Homestead Borough	Total
<b>Current Taxes</b>				
Real Estate Valuation	\$ 155,482,492	\$ 375,185,558	\$ 184,733,548	\$ 715,401,598
<b>Taxes Assessed:</b>				
Real estate (26.1081 mills)	\$ 4,059,352	\$ 9,795,382	\$ 4,823,042	\$ 18,677,776
Additions	-	84,820	-	84,820
Penalties	4,243	14,464	6,583	25,290
<b>Total taxes assessed</b>	<b>4,063,595</b>	<b>9,894,666</b>	<b>4,829,625</b>	<b>18,787,886</b>
<b>Deductions:</b>				
Tax collections	(3,720,126)	(8,287,934)	(4,303,424)	(16,311,484)
Homestead exemption	(152,969)	(720,689)	(94,424)	(968,082)
Exonerations	-	(39,575)	-	(39,575)
Discounts allowed	(69,808)	(139,734)	(19,724)	(229,266)
<b>Total deductions</b>	<b>(3,942,903)</b>	<b>(9,187,932)</b>	<b>(4,417,572)</b>	<b>(17,548,407)</b>
<b>Unpaid taxes at June 30, 2022</b>	<b>\$ 120,692</b>	<b>\$ 706,734</b>	<b>\$ 412,053</b>	<b>\$ 1,239,479</b>
<b>Delinquent Taxes</b>				
Delinquent taxes at July 1, 2021				\$ 5,275,256
Add: 2021-2022 unpaid taxes				1,239,479
<b>Total unpaid taxes</b>				<b>6,514,735</b>
<b>Deductions:</b>				
Tax collections				(964,550)
Adjustments to face amount due to either court order, assessment change, or proof of payment				(149,850)
<b>Total deductions</b>				<b>(1,114,400)</b>
Delinquent taxes at June 30, 2022				5,400,335
Less: estimate for uncollectibles				(4,320,268)
<b>Delinquent taxes estimated receivable at June 30, 2022</b>				<b>\$ 1,080,067</b>

Note: Delinquent tax information is not available on a by Borough basis for June 30, 2022.

# STEEL VALLEY SCHOOL DISTRICT

## SCHEDULE OF MONTHLY REAL ESTATE TAX COLLECTIONS

YEAR ENDED JUNE 30, 2022

<u>Monthly Real Estate Tax Collections</u>	<u>West Homestead Borough</u>	<u>Munhall Borough</u>	<u>Homestead Borough</u>	<u>Total</u>
July 2021	\$ 453,636	\$ 1,053,931	\$ 126,158	\$ 1,633,725
August 2021	2,269,663	3,721,095	849,798	6,840,556
September 2021	738,607	2,420,580	2,521,602	5,680,789
October 2021	75,612	267,957	699,418	1,042,987
November 2021	89,274	521,514	74,227	685,015
December 2021 - January 2022	93,334	302,857	32,221	428,412
Total monthly collections	<u>\$ 3,720,126</u>	<u>\$ 8,287,934</u>	<u>\$ 4,303,424</u>	<u>\$ 16,311,484</u>

**STEEL VALLEY SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2022

Federal Grantor / Pass-Through Grantor / Project Title	Federal ALN	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Program or Award Amount	Total Received For the Year	Accrued (Unearned) Revenue at July 1, 2021	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue at June 30, 2022	Passed Through to Subrecipients
<b>U.S. Department of Education</b>										
Passed Through the Pennsylvania Department of Education (PDE):										
Title I Grants to Local Educational Agencies	84.010	013-200419	8/8/19-9/30/20	\$ 678,352	\$ -	\$ 497,440	\$ -	\$ -	\$ 497,440	\$ -
Title I Grants to Local Educational Agencies	84.010	013-210419	7/1/20-9/30/21	670,587	-	225,388	40,594	40,594	265,982	-
Title I Grants to Local Educational Agencies	84.010	013-220419	7/1/21-9/30/22	721,344	192,669	-	713,883	713,883	521,214	-
Total Title I					192,669	722,828	754,477	754,477	1,284,636	-
Supporting Effective Instruction State Grants	84.367	020-150419	7/1/14-9/30/15	128,619	-	1,704	-	-	1,704	-
Supporting Effective Instruction State Grants	84.367	020-200419	8/8/19-9/30/20	94,941	12,674	69,708	-	-	57,034	-
Supporting Effective Instruction State Grants	84.367	020-210419	7/1/20-9/30/21	90,246	-	15,886	19,322	19,322	35,208	-
Supporting Effective Instruction State Grants	84.367	020-220419	7/1/21-9/30/22	90,374	24,043	-	81,074	81,074	57,031	-
Total Supporting Effective Instruction State Grants					36,717	87,298	100,396	100,396	150,977	-
Title IV - Student Support and Academic Enrichment Program	84.424	144-200419	7/1/19-9/30/22	51,711	6,895	37,921	-	-	31,026	-
Title IV - Student Support and Academic Enrichment Program	84.424	144-220419	7/1/21-9/30/22	50,429	13,440	-	12,376	12,376	(1,064)	-
Total Title IV					20,335	37,921	12,376	12,376	29,962	-
COVID-19: Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425D	200-200419	3/13/20-9/30/21	557,161	29,324	(29,877)	304,035	304,035	244,834	-
COVID-19: Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425D	200-210419	3/13/20-9/30/23	2,476,269	2,476,269	2,476,269	-	-	-	-
COVID-19: Governor's Emergency Education Relief Fund	84.425C	254-200419	3/13/20-9/30/21	85,839	4,518	(22,589)	85,839	85,839	58,732	-
COVID-19 ARP ESSER	84.425U	223-210419	3/13/20-9/30/24	5,008,776	273,206	-	-	-	(273,206)	-
COVID-19 ARP ESSER 7%	84.425U	225-210419	3/13/20-9/30/24	389,293	21,234	-	-	-	(21,234)	-
Total ARP ESSER					294,440	-	-	-	(294,440)	-
Total COVID-19: Education Stabilization Fund					2,804,551	2,423,803	389,874	389,874	9,126	-
Passed Through Pennsylvania Commission on Crime and Delinquency (PCCD)										
COVID-19 - Education Stabilization Fund	84.425D	35591	3/13/20-9/30/22	44,680	44,536	42,434	2,246	2,246	144	-
Total COVID-19 - Education Stabilization Fund passed through PCCD					44,536	42,434	2,246	2,246	144	-
Total COVID-19: Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund passed through PDE and PCCD					2,849,087	2,466,237	392,120	392,120	9,270	-
Passed Through the Allegheny Intermediate Unit:										
Title III - English Language Acquisition State Grants	84.365	n/a	n/a	n/a	816	-	816	816	-	-
Passed Through the Allegheny Intermediate Unit:										
Special Education Preschool Grants (IDEA, Section 619)	84.173	131-22-0-003	7/1/21-6/30/22	1,335	5,791	4,456	1,335	1,335	-	-
Special Education Grants to States (IDEA, Part B)	84.027	062-22-0-003	7/1/21-6/30/22	471,352	851,833	380,481	471,352	471,352	-	-
Special Education Grants to States (IDEA, Part B)	84.027	062-22-0-0033	7/1/21-6/30/22	20,000	20,000	17,418	2,582	2,582	-	-
Passed Through the Pennsylvania Department of Education:										
COVID-19: Special Education Grants to States	84.027	252-200419	7/1/20-9/30/21	10,088	673	(2,690)	10,088	10,088	6,725	-
Total Special Education Cluster					878,297	399,665	485,357	485,357	6,725	-
Total U.S. Department of Education					3,977,921	3,713,949	1,745,542	1,745,542	1,481,570	-

(Continued)

See accompanying notes to schedule of expenditures of federal awards.



**STEEL VALLEY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2022

(Continued)

<u>Federal Grantor / Pass-Through Grantor / Project Title</u>	<u>Federal ALN</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Program or Award Amount</u>	<u>Total Received For the Year</u>	<u>Accrued (Unearned) Revenue at July 1, 2021</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Unearned) Revenue at June 30, 2022</u>	<u>Passed Through to Subrecipients</u>
<b>U.S. Department of Agriculture</b>										
Passed Through the Pennsylvania Department of Education:										
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grants	10.649	n/a	7/1/21-6/30/22	n/a	3,063	-	3,063	3,063	-	-
Child Nutrition Cluster										
School Breakfast Program	10.553	365/367	7/1/21-6/30/22	n/a	296,675	8,091	290,303	290,303	1,719	-
National School Lunch Program	10.555	362	7/1/21-6/30/22	n/a	647,589	12,889	642,011	642,011	7,311	-
COVID-19 National School Lunch Program - Supply Chain Assistance	10.555	n/a	7/1/21-6/30/22	n/a	30,033	-	30,033	30,033	-	-
COVID-19 National School Lunch Programs - SNP Emergency Operating Costs	10.555	n/a	7/1/21-6/30/22	n/a	50,349	-	50,349	50,349	-	-
Passed Through the Pennsylvania Department of Agriculture:										
National School Lunch Program (Commodities)	10.555	n/a	7/1/21-6/30/22	n/a	61,992	(2,998)	60,279	60,279	(4,711)	-
Total National School Lunch Program					789,963	9,891	782,672	782,672	2,600	-
Total Child Nutrition Cluster					1,089,701	17,982	1,076,038	1,076,038	4,319	-
Total U.S. Department of Agriculture					1,089,701	17,982	1,076,038	1,076,038	4,319	-
Total Expenditures of Federal Awards					\$ 5,067,622	\$ 3,731,931	\$ 2,821,580	\$ 2,821,580	\$ 1,485,889	\$ -

(Concluded)

See accompanying notes to schedule of expenditures of federal awards.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

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### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Steel Valley School District (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 the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

### 2. Summary of Significant Accounting Policies

The accompanying Schedule is presented using the accrual basis of accounting. Expenditures are recognized following the cost principles contained in the Uniform Guidance. The School District has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

### 3. Reconciliation to Federal Subsidy Confirmation

Amount received per SEFA	\$	5,067,622
Less:		
USDA Commodities received		(61,992)
Amounts passed through the AIU		(878,440)
Amounts passed through PCCD		(44,536)
Plus: amounts included on confirmation not required to be reported on SEFA:		
National School Lunch Program		20,256
School Breakfast Program		11,583
Amount received per subsidy confirmation	\$	<u>4,114,493</u>

# **Steel Valley School District**

Independent Auditor's Reports  
Required by the Uniform Guidance

Year Ended June 30, 2022

**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**

**Board of Directors  
Steel Valley School District**

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 Steel Valley School District (School District), as of and for the year ended 2022, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements, and have issued our report thereon dated February 1, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Board of Directors  
Steel Valley School District  
Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters

### Report on Compliance and Other Matters

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

*Mahe Duessel*

Pittsburgh, Pennsylvania  
February 1, 2023

## **Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

**Board of Directors  
Steel Valley School District**

### **Report on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

We have audited Steel Valley School District (School District)’s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the School District’s major federal programs for the year ended June 30, 2022. The 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, the 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 the 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 the School District’s compliance with the compliance requirements referred to above.

## Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the 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 the 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 the 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 the 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 the 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 the School District's internal control over compliance. Accordingly, no such opinion is expressed.

Board of Directors  
Steel Valley School District  
Independent Auditor's Report on Compliance for Each Major  
Program and on Internal Control over Compliance

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.

*Maher Duessel*

Pittsburgh, Pennsylvania  
February 1, 2023



# STEEL VALLEY SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

### I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles.

2. Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiencies identified that are not considered to be material weakness(es)?  yes  none reported

3. Noncompliance material to financial statements noted?  yes  no

4. Internal control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiencies identified that are not considered to be material weakness(es)?  yes  none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?  yes  no

7. Major Programs:

ALN Number(s)  
84.010

Name of Federal Program or Cluster  
Title I – Grants to Local Educational Agencies

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

9. Auditee qualified as low-risk auditee?  yes  no

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

**No matters were reported.**

III. Findings and questioned costs for federal awards.

**No matters were reported.**

# **STEEL VALLEY SCHOOL DISTRICT**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2022**

**NONE**