

**Deer Lakes School District
Financial Statements
June 30, 2021**

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Independent Auditor's Report

Members of the Board
Deer Lakes School District
Cheswick, Pennsylvania

Report on the Financial Statements

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 Deer Lakes School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Deer Lakes School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Deer Lakes School District, as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, post-employment benefit information and pension information as shown in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Deer Lakes School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2022, on our consideration of Deer Lakes 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 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 Deer Lakes 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 Deer Lakes School District's internal control over financial reporting and compliance.

Hosack, Specht, Muetzl & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
February 10, 2022

**Deer Lakes School District
Management's Discussion and Analysis
June 30, 2021**

The discussion and analysis of Deer Lakes School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

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

Financial Highlights

At June 30, 2021, the School District's general fund combined fund balance is \$5,105,690 which represents a decrease of \$267,198. The reason for the decrease in the general fund fund balance at June 30, 2021 was to cover expenditures exceeding revenues in the 20-21 school year. The capital reserve fund balance at June 30, 2021 was \$205,741 which is a decrease of \$178,784 due to the completion of several district projects and an addition for future athletic equipment purchases.

These transfers result in the following changes to fund balance accounts:

	June 30, 2021	June 30, 2020
General Fund		
Nonspendable Fund Balance	\$ 333,388	\$ 316,296
Assigned Capital Reserve Fund	1,700,000	1,700,000
Assigned OPEB	1,500,000	1,500,000
Unassigned Fund Balance	<u>1,572,302</u>	<u>1,856,592</u>
	<u>5,105,690</u>	<u>5,372,888</u>
Capital Projects Fund		
Committed Fund Balance	<u>1,673,581</u>	<u>-</u>
Nonmajor Committed Capital		
Fund Balance	<u>384,525</u>	<u>384,525</u>

The general fund budget for the 2020/2021 fiscal year reflected no tax increases and the millage rate remained the same at 21.953. The School District intended to use \$3,044,740 of fund balance to balance the budget, with the intention that revenues and expenditures would be closely monitored to limit the use of the fund balance. The School District's actual fund balance in the year ending June 30, 2021 decreased by \$267,198. The decrease was lower than budgeted, due to increased projected revenues of \$1,464,622 and a decrease of \$1,312,920 in budgeted expenditures.

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Student population remained relatively constant with the 2020/2021 operating costs decreasing by \$902,971 over the previous year. The primary components of this decrease were:

- Payroll decreased by \$235,442 which represents a 1.45% decrease over 2019/2020 year. The decrease mainly relates to the effects of COVID-19 and remote learning with a decrease in transportation wages.
- Fringe Benefits increased \$8,609 or 0.08%, which was mainly driven by an increase in pension costs (rates increased from 34.29% to 34.51%) and counteracted with less overall payroll for 2020/2021.
- Transportation expenses overall decreased by \$905,077 or 32.24%, which was mainly driven by less transportation required due to remote learning in outside placements.

The School District experienced an overall increase in revenue of \$231,130 from 2019/2020 to 2020/2021. The main variances included:

- Increase in delinquent real estate collections of \$346,858
- Increase in current Real Estate Tax collections of \$85,501
- Increase in Earned Income Tax collections of \$14,821
- Increase in Federal Revenue Sources of \$495,980 mainly due to ESSER funding
- Decrease in State Revenue Sources of \$260,829

Using the Annual Financial Report

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

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

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

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

**Deer Lakes School District
Management's Discussion and Analysis
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Figure A-1 shows how the required parts of the financial section are arranged and relate to one another:

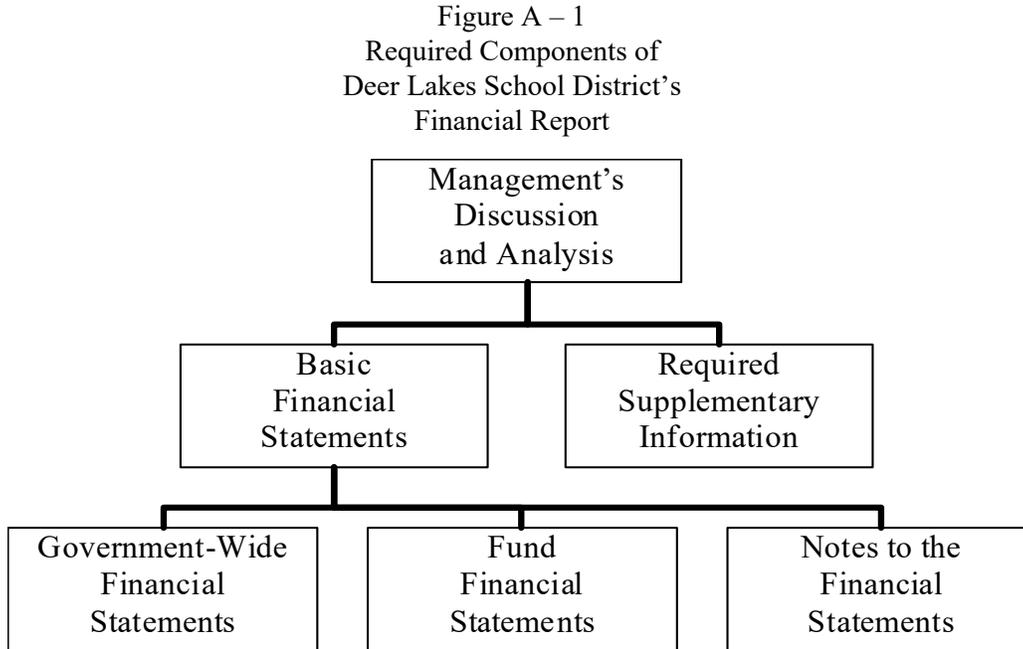


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents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

**Deer Lakes School District
Management's Discussion and Analysis
June 30, 2021**

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

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as education, administration and community services	Activities the School District operates similar to private business - food services	Instances in which the School District is the trustee or agent to someone else's resources
Required financial statements	Statement of net position; statement of activities	Balance sheet; statement of revenues, expenditures, and changes in fund balance	Statement of net position; statement of revenues, expenses and changes in net position; statement of cash flows	Statement of fiduciary net position; statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of in-flow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

**Deer Lakes School District
Management's Discussion and Analysis
June 30, 2021**

Overview of Financial Statements

Government-Wide Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

**Deer Lakes School District
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Proprietary funds - These funds are used to account for the School District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the School District charges customers for services it provides - whether to outside customers or to other units in the School District - these services are generally reported in proprietary funds. The food service fund is the School District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

Fiduciary funds - The School District is the trustee, or fiduciary, for some scholarship and custodial funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position on Exhibit 10 and on the changes in net position on Exhibit 11. We exclude these activities from the School District's other financial statement because the School District cannot use these assets to finance its operations.

Financial Analysis of the School District as a Whole

The School District's total net position was a deficit \$(43,679,918) at June 30, 2021 and a deficit \$(41,454,913) at June 30, 2020.

Table A - 1
Years Ended June 30, 2021 and 2020
Net Position

	2021			2020		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Current and Other Assets	\$ 16,072,472	\$ 234,227	\$ 16,306,699	\$ 16,160,435	\$ 321,616	\$ 16,482,051
Capital Assets	<u>55,111,763</u>	<u>27,816</u>	<u>55,139,579</u>	<u>57,100,661</u>	<u>32,163</u>	<u>57,132,824</u>
Total Assets	<u>71,184,235</u>	<u>262,043</u>	<u>71,446,278</u>	<u>73,261,096</u>	<u>353,779</u>	<u>73,614,875</u>
Deferred Outflows of Resources	<u>16,013,337</u>	<u>252,246</u>	<u>16,265,583</u>	<u>12,176,830</u>	<u>218,881</u>	<u>12,395,711</u>
Current and Other Liabilities	5,567,691	506,888	6,074,579	7,107,389	562,128	7,669,517
Noncurrent Liabilities						
Due Within One Year	2,491,818	-	2,491,818	2,142,657	-	2,142,657
Due in More Than One Year	<u>118,851,614</u>	<u>1,606,607</u>	<u>120,458,221</u>	<u>113,358,056</u>	<u>1,491,681</u>	<u>114,849,737</u>
Total Liabilities	<u>126,911,123</u>	<u>2,113,495</u>	<u>129,024,618</u>	<u>122,608,102</u>	<u>2,053,809</u>	<u>124,661,911</u>
Deferred Inflows of Resources	<u>2,321,826</u>	<u>45,335</u>	<u>2,367,161</u>	<u>2,751,122</u>	<u>52,466</u>	<u>2,803,588</u>

**Deer Lakes School District
Management's Discussion and Analysis
June 30, 2021**

Table A - 1
Years Ended June 30, 2021 and 2020
Net Position

	2021			2020		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Net Position						
Net Investment in Capital Assets	13,365,881	27,816	13,393,697	10,630,759	32,163	10,662,922
Unrestricted	<u>(55,401,258)</u>	<u>(1,672,357)</u>	<u>(57,073,615)</u>	<u>(50,552,057)</u>	<u>(1,565,778)</u>	<u>(52,117,835)</u>
Total Net Position	<u>\$ (42,035,377)</u>	<u>\$ (1,644,541)</u>	<u>\$ (43,679,918)</u>	<u>\$ (39,921,298)</u>	<u>\$ (1,533,615)</u>	<u>\$ (41,454,913)</u>

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

The results of this year's operations as a whole are reported in the statement of activities on Exhibit 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School District's activities that are supported by other general revenues. The two largest general revenues are the local taxes assessed to community taxpayers and the basic education subsidy provided by the state of Pennsylvania.

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

Table A - 2
Years Ended June 30, 2021 and 2020
Changes in Net Position

	2021			2020		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Revenues						
Program Revenues						
Charges for Services	\$ 23,852	\$ 69,326	\$ 93,178	\$ 52,075	\$ 450,956	\$ 503,031
Operating Grants and Contribs.	7,568,803	1,272,533	8,841,336	7,119,958	622,483	7,742,441
Capital Grants and Contribs.	568,840	-	568,840	771,100	-	771,100

**Deer Lakes School District
Management's Discussion and Analysis
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Table A - 2
Years Ended June 30, 2021 and 2020
Changes in Net Position

	2021			2020		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
General Revenues						
Property Taxes	19,390,982	-	19,390,982	18,907,230	-	18,907,230
Other Taxes	2,502,989	-	2,502,989	2,427,539	-	2,427,539
Grants, Subsidies and Contribs.						
Unrestricted	7,167,190	-	7,167,190	7,180,072	-	7,180,072
Investment Earnings	22,585	37	22,622	232,163	2,645	234,808
Other	35,490	-	35,490	24,950	-	24,950
Total Revenues	37,280,731	1,341,896	38,622,627	36,715,087	1,076,084	37,791,171
Expenses						
Instruction	24,619,961	-	24,619,961	23,229,784	-	23,229,784
Instructional Student Support	2,089,655	-	2,089,655	2,326,471	-	2,326,471
Admin. and Fin. Support Svcs.	4,622,176	-	4,622,176	4,277,028	-	4,277,028
Operation and Maintenance of Plant Services	3,830,296	-	3,830,296	4,110,297	-	4,110,297
Pupil Transportation	2,175,892	-	2,175,892	2,655,567	-	2,655,567
Student Activities	686,348	-	686,348	763,798	-	763,798
Community Services	2,254	-	2,254	368	-	368
Interest on Long-Term Debt	1,368,228	-	1,368,228	1,940,922	-	1,940,922
Food Service	-	1,452,822	1,452,822	-	1,217,317	1,217,317
Total Expenses	39,394,810	1,452,822	40,847,632	39,304,235	1,217,317	40,521,552
Increase (Decrease) in Net Position	(2,114,079)	(110,926)	(2,225,005)	(2,589,148)	(141,233)	(2,730,381)
Beginning Net Position	(39,921,298)	(1,533,615)	(41,454,913)	(37,332,150)	(1,392,382)	(38,724,532)
Ending Net Position	<u>\$ (42,035,377)</u>	<u>\$ (1,644,541)</u>	<u>\$ (43,679,918)</u>	<u>\$ (39,921,298)</u>	<u>\$ (1,533,615)</u>	<u>\$ (41,454,913)</u>

**Deer Lakes School District
Management's Discussion and Analysis
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The tables below present the expenses of both the governmental activities and the business-type activities of the School District.

Table A-3 shows the School District's largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, interest on debt, as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table A - 3
Years Ended June 30, 2021 and 2020
Governmental Activities

	2021		2020	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Instruction	\$ 24,619,961	\$ 19,503,642	\$ 23,229,784	\$ 18,333,851
Instructional Student Support	2,089,655	1,606,824	2,326,471	2,070,891
Admin. and Fin. Support Svcs.	4,622,176	4,207,145	4,277,028	3,911,324
Operation and Maintenance of Plant Services	3,830,296	3,471,576	4,110,297	3,801,618
Pupil Transportation	2,175,892	1,033,200	2,655,567	1,406,784
Student Activities	686,348	611,540	763,798	666,812
Community Services	2,254	-	368	-
Interest on Long-Term Debt	<u>1,368,228</u>	<u>799,388</u>	<u>1,940,922</u>	<u>1,169,822</u>
Total Governmental Activities	<u>\$ 39,394,810</u>	31,233,315	<u>\$ 39,304,235</u>	31,361,102
Less:				
Unrestricted Grants, Subsidies		<u>(7,167,190)</u>		<u>(7,180,072)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$24,066,125</u>		<u>\$24,181,030</u>

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

Table A - 4
Years Ended June 30, 2021 and 2020
Business-Type Activities

	2021		2020	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Food Service	<u>\$ 1,452,822</u>	\$ 110,963	<u>\$ 1,217,317</u>	\$ 143,878
Add/Less:				
Investment Earnings		<u>(37)</u>		<u>(2,645)</u>
Total Business-Type Activities		<u>\$ 110,926</u>		<u>\$ 141,233</u>

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

Capital Assets and Debt Administration

Capital Assets

On June 30, 2021, the School District had \$55,111,763 invested in a broad range of capital assets, including land, buildings, furniture and equipment. This amount represents a net decrease (including additions, deletions, and depreciation) of \$1,988,898 from last year.

Table A-5 illustrates the School District's capital assets as of June 30, 2021 and 2020, net of depreciation.

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

	2021	2020
Land and Land Improvements	\$ 59,494	\$ 59,494
Buildings and Building Improvements	53,287,122	55,213,854
Furniture and Equipment	1,765,147	1,827,313

**Deer Lakes School District
Management's Discussion and Analysis
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Debt Administration

As of July 1, 2020, the School District had total outstanding bond and note principal of \$49,041,332. During the year, the School District issued \$24,900,000 in new bonds and retired principal of \$23,846,357. The total outstanding bond and note principal as of June 30, 2021, is \$50,094,975.

Other long-term obligations include accrued sick leave for specific employees of the School District in the amount of \$782,177 and capital leases payable in the amount of \$148,996.

Table A - 6
Outstanding Debt

	As of 06/30/21	As of 06/30/20
G.O. Bonds Series of 2011A	\$ 2,625,000	\$ 3,880,000
G.O. Bonds Series of 2011B	375,000	4,115,000
G.O. Bonds Series of 2012	60,000	17,165,000
G.O. Bonds Series of 2013	-	885,000
G.O. Bonds Series of 2017	22,270,000	22,445,000
G.O. Bonds Series of 2020A	21,675,000	-
G.O. Bonds Series of 2020B	2,590,000	-
G.O. Notes Series of 2016	499,975	551,332

School District Funds

At June 30, 2021, the School District's governmental funds reported a combined fund balance of \$5,105,690 which is a decrease of \$267,198. The primary component of this was a decrease in actual expenditures and an increase in actual revenues in Federal, State and Local revenues specifically delinquent real estate, local current tax collections, and ESSER funds. The budgeted loss was projected at \$3,044,740.

General Fund Budget

During the fiscal year, the Board of School Directors (The Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, which is not prohibited by state law. This schedule can be found in the required supplementary information section of the annual audit.

The School District applies for federal, state and local grants and these grants cannot always be anticipated in the budgeting process.

Budgeted expenditures and other financing uses also increased this same amount to compensate for the additional approved grants. Transfers between specific categories of expenditures/financing uses occur during the year. The most significant transfers occur from the budget reserve category to specific expenditure areas.

**Deer Lakes School District
Management's Discussion and Analysis
June 30, 2021**

During the year ended June 30, 2021, actual revenues were more than budgeted revenues by \$1,293,563 and actual expenditures were less than budgeted in the amount of \$1,312,9520.

Major Financial Issues

In previous years, the Board approved a Tax Increment Financing (TIF) program for the Mills Corporation to construct a mall in Frazer Township. The TIF redirects 80% of School District real estate taxes on improvements in the mall zone to an authority to be used for infrastructure. Allegheny County and Frazer Township are also participating in the program. The mall was a major addition of commercial tax base to a school district that is mostly residential property. In February 2019, the Pittsburgh Mills Mall owners won an assessment appeal that significantly reduced their real estate assessments resulting in prior year and current year tax refunds. The mall opened in July 2005 and will continue to have an impact on Deer Lakes School District tax collections in the future.

Economic Factors and Next Year's Budgets and Rates

The general fund revenue budgeted for the 2021/2022 year was \$37,934,115, which was \$2,114,996 more than the 2020/2021 budget. This represents a 5.9% increase in budgeted revenues. The main reasons for the increase were the anticipated receipt of ESSER federal funds and an increase in local tax collection. The School District real estate taxes increased from 21.953 mills to 22.69 mills for the 2021/2022 School Year.

The expenditure budget for the 2021/2022 year increased \$1,388,948 to \$40,252,807. Contracted services, staff changes, healthcare, and other payroll related costs, make up this increase. The School District has worked and continues to work diligently to provide STEM initiatives to our students. We have provided college and career readiness applications, increased academic rigor through professional development, and invested in our technology infrastructure to build capacity for the increased use of mobile devices. The School District has added the necessary hardware and infrastructure to provide a robust and dependable computing environment and will continue these initiatives throughout the coming years.

Like most school districts in the Commonwealth of Pennsylvania, the Deer Lakes School District's annual budget process will continue to be a challenge. The School District's administration will work closely with the school board to reduce costs as well as limit the future burden on the taxpayers of the School District.

**Deer Lakes School District
Management's Discussion and Analysis
June 30, 2021**

The comparison of revenue and expenditure categories is as follows:

Table A - 7

	Budgeted Revenue 2021/2022	Actual Revenue 2020/2021
Local	60.0%	60.3%
State	36.7%	36.8%
Federal/Other	3.3%	2.9%
	Budgeted Expenditures 2021/2022	Actual Expenditures 2020/2021
Instruction	57.6%	59.1%
Support Services	30.4%	29.2%
Noninstructional Services	1.9%	1.6%
Capital Outlay	0.3%	0.0%
Fund Transfers/Debt/Other	9.8%	10.1%

Labor Relations

The School District has a contract with its teachers and custodial/maintenance, cafeteria works and bus drivers. The bargaining agreement with the secretarial staff and paraprofessional union expired on June 30, 2020. The parties agreed to a 2% wage increase for the 2020/2021 school year and is currently in the process of negotiating a successor agreement.

Contacting the School District Financial Management

The mission of Deer Lakes School District is to utilize a unique K-12 educational complex by providing all students the opportunity to realize their maximum academic potential in a rapidly changing world. The emphasis is on academic achievement, without neglecting character building and sports activities vital for encouraging all youngsters to achieve their best and become active participants in society. The School District is committed to pursuing the latest in technology to prepare its students for the world of tomorrow through skills acquired today.

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the School District's finances and to show the Board's accountability for the money it receives. If you have any questions about this report or wish to request additional information, please contact Bradley Snyder, Business Manager at 724-265-5300.

**Deer Lakes School District
Statement of Net Position
June 30, 2021**

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,826,046	\$ 8,876	\$ 7,834,922
Taxes Receivable, Net	3,874,731	-	3,874,731
Due From Other Governments	1,955,944	142,877	2,098,821
Other Receivables	1,722,005	25,029	1,747,034
Inventories	-	57,445	57,445
Prepaid Items	333,388	-	333,388
Long-Term Prepayments (net of amortization)	360,358	-	360,358
Capital Assets not Being Depreciated			
Land	59,494	-	59,494
Capital Assets, Net of Accumulated Depreciation			
Building & Building Improvements	53,287,122	-	53,287,122
Furniture & Equipment	1,765,147	27,816	1,792,963
TOTAL ASSETS	71,184,235	262,043	71,446,278
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	3,415,532	-	3,415,532
Amounts Related to OPEB - District	3,568,197	-	3,568,197
Amounts Related to OPEB - PSERS	314,899	8,775	323,674
Amounts Related to Pension	8,714,709	243,471	8,958,180
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,013,337	252,246	16,265,583
LIABILITIES			
Internal Balances	(408,154)	408,154	-
Accounts Payable	1,947,702	46,362	1,994,064
Accrued Salaries and Benefits	3,663,056	3,300	3,666,356
Unearned Revenues	22,479	23,129	45,608
Other Current Liabilities	342,608	25,943	368,551
Noncurrent Liabilities:			
Due Within One Year	2,491,818	-	2,491,818
Due in More Than One Year:			
Capital Leases	101,053	-	101,053
Compensated Absences	757,177	-	757,177
Bonds Payable	47,377,418	-	47,377,418
Notes Payable	446,100	-	446,100
Other Post-Employment Benefits - District	12,197,473	-	12,197,473
Other Post-Employment Benefits - PSERS	2,443,278	67,722	2,511,000
Net Pension Liability	55,529,115	1,538,885	57,068,000
TOTAL LIABILITIES	126,911,123	2,113,495	129,024,618
DEFERRED INFLOWS OF RESOURCES			
Amounts Related to OPEB - PSERS	60,549	1,678	62,227
Amounts Related to OPEB - District	685,934	-	685,934
Amounts Related to Pension	1,575,343	43,657	1,619,000
TOTAL DEFERRED INFLOWS OF RESOURCES	2,321,826	45,335	2,367,161
NET POSITION			
Net Investment in Capital Assets	13,365,881	27,816	13,393,697
Unrestricted	(55,401,258)	(1,672,357)	(57,073,615)
TOTAL NET POSITION	\$ (42,035,377)	\$ (1,644,541)	\$ (43,679,918)

See Accompanying Notes

**Deer Lakes School District
Statement of Activities
Year Ended June 30, 2021**

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
Governmental activities:							
Instruction	\$ 24,619,961	\$ -	\$ 5,116,319	\$ -	\$ (19,503,642)	\$ -	\$ (19,503,642)
Instructional Student Support	2,089,655	-	482,831	-	(1,606,824)	-	(1,606,824)
Administrative and Financial Support Services	4,622,176	-	415,031	-	(4,207,145)	-	(4,207,145)
Operation and Maintenance of Plant Services	3,830,296	14,213	344,507	-	(3,471,576)	-	(3,471,576)
Pupil Transportation	2,175,892	-	1,142,692	-	(1,033,200)	-	(1,033,200)
Student Activities	686,348	9,639	65,169	-	(611,540)	-	(611,540)
Community Services	2,254	-	2,254	-	-	-	-
Interest on Long-Term Debt	1,368,228	-	-	568,840	(799,388)	-	(799,388)
Total Governmental Activities	39,394,810	23,852	7,568,803	568,840	(31,233,315)	-	(31,233,315)
Business-type activities:							
Food Service	1,452,822	69,326	1,272,533	-	-	(110,963)	(110,963)
Total Primary Government	\$ 40,847,632	\$ 93,178	\$ 8,841,336	\$ 568,840	(31,233,315)	(110,963)	(31,344,278)
General Revenues							
Taxes							
Property Taxes Levied for General Purposes, Net					19,390,982	-	19,390,982
Earned Income Taxes					1,969,060	-	1,969,060
Real Estate Transfer Taxes					305,669	-	305,669
Other Taxes Levied for General Purposes, Net					228,260	-	228,260
Grants, Subsidies and Contributions not Restricted					7,167,190	-	7,167,190
Investment Earnings					22,585	37	22,622
Miscellaneous Income					35,490	-	35,490
Total General Revenues					29,119,236	37	29,119,273
Change in Net Position					(2,114,079)	(110,926)	(2,225,005)
Net Position - July 1, 2020					(39,921,298)	(1,533,615)	(41,454,913)
Net Position - June 30, 2021					\$ (42,035,377)	\$ (1,644,541)	\$ (43,679,918)

See Accompanying Notes

**Deer Lakes School District
Balance Sheet
Governmental Funds
June 30, 2021**

	General Fund	Capital Projects Fund	Nonmajor Funds	Exhibit 3 Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 5,719,578	\$ 1,889,238	\$ 217,230	\$ 7,826,046
Taxes Receivable, Net	3,874,731	-	-	3,874,731
Due from Other Funds	666,486	-	-	666,486
Due from Other Governments	1,955,944	-	-	1,955,944
Other Receivables	1,687,208	-	-	1,687,208
Prepaid Items	<u>333,388</u>	<u>-</u>	<u>-</u>	<u>333,388</u>
TOTAL ASSETS	<u>\$ 14,237,335</u>	<u>\$ 1,889,238</u>	<u>\$ 217,230</u>	<u>\$ 16,343,803</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Due to Other Funds	\$ -	\$ 212,046	\$ 11,489	\$ 223,535
Accounts Payable	1,944,091	3,611	-	1,947,702
Accrued Salaries and Benefits	<u>3,663,056</u>	<u>-</u>	<u>-</u>	<u>3,663,056</u>
Total Liabilities	<u>5,607,147</u>	<u>215,657</u>	<u>11,489</u>	<u>5,834,293</u>
Deferred Inflows of Resources				
Unavailable Revenues - Property Taxes	3,502,019	-	-	3,502,019
Unavailable Revenues - Grants	<u>22,479</u>	<u>-</u>	<u>-</u>	<u>22,479</u>
Total Deferred Inflows of Resources	<u>3,524,498</u>	<u>-</u>	<u>-</u>	<u>3,524,498</u>
Fund Balances				
Nonspendable	333,388	-	-	333,388
Committed	-	1,673,581	205,741	1,879,322
Assigned	3,200,000	-	-	3,200,000
Unassigned	<u>1,572,302</u>	<u>-</u>	<u>-</u>	<u>1,572,302</u>
Total Fund Balances	<u>5,105,690</u>	<u>1,673,581</u>	<u>205,741</u>	<u>6,985,012</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 14,237,335</u>	<u>\$ 1,889,238</u>	<u>\$ 217,230</u>	<u>\$ 16,343,803</u>

See Accompanying Notes

**Deer Lakes School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021**

Exhibit 4

Total Fund Balances - Governmental Funds \$ 6,985,012

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$96,364,439, and the accumulated depreciation is \$41,252,676 55,111,763

Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures and, therefore, are not reported as assets in governmental funds. 3,502,019

Premiums, discounts and deferred charges on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position. 3,268,114

The payment to the joint venture career and technical center is capitalized and amortized over the life of the notes in the statement of net position. 360,358

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds Payable	\$ (49,595,000)	
Accrued Interest on the Bonds	(342,608)	
Capital Leases Payable	(148,996)	
Notes Payable	(499,975)	
Compensated Absences	<u>(782,177)</u>	(51,368,756)

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

OPEB Liability - PSERS	(2,443,278)	
OPEB Liability - District	(12,197,473)	
Net Pension Liability	<u>(55,529,115)</u>	(70,169,866)

**Deer Lakes School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021**

Exhibit 4

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

Deferred Outflows of Resources Related to Pensions	8,714,709	
Deferred Inflows of Resources Related to Pensions	(1,575,343)	
Deferred Outflows of Resources Related to OPEB - District	3,568,197	
Deferred Outflows of Resources Related to OPEB - PSERS	314,899	
Deferred Inflows of Resources Related to OPEB -District	(685,934)	
Deferred Inflows of Resources Related to OPEB -PSERS	<u>(60,549)</u>	<u>10,275,979</u>
Total Net Position - Governmental Activities		<u>\$ (42,035,377)</u>

See Accompanying Notes

**Deer Lakes School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021**

Exhibit 5

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenues				
Local Sources	\$ 22,489,411	\$ 1,826	\$ 36	\$ 22,491,273
State Sources	13,708,430	-	-	13,708,430
Federal Sources	914,841	-	-	914,841
	<u>37,112,682</u>	<u>1,826</u>	<u>36</u>	<u>37,114,544</u>
Total Revenues				
Expenditures				
Instruction	22,172,399	-	-	22,172,399
Support Services	10,975,170	12,698	316,749	11,304,617
Noninstructional Services	614,199	-	-	614,199
Capital Outlay	-	173,588	178,820	352,408
Debt Service (Principal & Interest)	3,781,335	-	-	3,781,335
Refunds of Prior Year's Receipts	7,836	-	-	7,836
	<u>37,550,939</u>	<u>186,286</u>	<u>495,569</u>	<u>38,232,794</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures				
	<u>(438,257)</u>	<u>(184,460)</u>	<u>(495,533)</u>	<u>(1,118,250)</u>
Other Financing Sources (Uses)				
Issuance of Refunding Bonds	-	-	24,900,000	24,900,000
(Discount) Premium on Bonds Issued	-	-	108,869	108,869
Transfers In	145,000	2,003,041	-	2,148,041
Insurance Recoveries	23,878	-	-	23,878
Sale/Compensation for Fixed Assets	2,181	-	-	2,181
Payment to Refunded Bond Escrow Agent	-	-	(22,689,079)	(22,689,079)
Transfers Out	-	(145,000)	(2,003,041)	(2,148,041)
	<u>171,059</u>	<u>1,858,041</u>	<u>316,749</u>	<u>2,345,849</u>
Total Other Financing Sources (Uses)				
Net Changes in Fund Balances	(267,198)	1,673,581	(178,784)	1,227,599
Fund Balances - July 1, 2020	5,372,888	-	384,525	5,757,413
Fund Balances - June 30, 2021	<u>\$ 5,105,690</u>	<u>\$ 1,673,581</u>	<u>\$ 205,741</u>	<u>\$ 6,985,012</u>

See Accompanying Notes

**Deer Lakes School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2021**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds \$ 1,227,599

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

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

Depreciation Expense	\$ (2,210,723)	
Capital Outlays	<u>221,825</u>	(1,988,898)

Because some property taxes and other revenues will not be collected within the current financial resources measurement focus period, they are not considered as "available" revenues in the governmental funds. Unavailable revenues increased by this amount this year. 171,842

Repayment of bond, notes & lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,587,657

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide financial statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. The proceeds were: (24,900,000)

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

Compensated Absences	(56,950)	
Other Post-Employment Benefits -District	(490,619)	
Other Post-Employment Benefits - PSERS	<u>(3,069)</u>	(550,638)

**Deer Lakes School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2021**

Exhibit 6

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Net Change in Accrued Interest on Bonds		99,297
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The School Districts' bonded debt was also reduced by an advance refunding of debt. Resources of (\$22,689,079) were paid to the escrow agent for the advance refunding of outstanding bonds (\$21,305,000). The difference between those amounts was \$1,384,079; \$1,366,682 will be amortized as an adjustment of interest expense in the statement of activities over the remaining life of the new debt and \$17,397 is recognized as current interest expense.

22,671,682

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

Bond Premium	(108,869)		
Amortization of Joint Venture Payment	(47,003)		
Amortization of Discount, Premium and Deferred Loss on Refunding	<u>(205,093)</u>		(360,965)

Governmental funds report School District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense.

District Pension Contributions to PSERS	5,313,502		
Cost of Benefits Earned	<u>(6,385,157)</u>		<u>(1,071,655)</u>

Change in Net Position of Governmental Activities		<u>\$ (2,114,079)</u>
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See Accompanying Notes

**Deer Lakes School District
Statement of Net Position
Proprietary Funds
June 30, 2021**

Exhibit 7

	Food Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 8,876
Due From Other Governments	142,877
Other Receivables	25,029
Inventories	<u>57,445</u>
Total Current Assets	<u>234,227</u>
Noncurrent Assets	
Building and Building Improvements, Net	<u>27,816</u>
TOTAL ASSETS	<u>262,043</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts Related to Pensions	243,471
Amounts Related to OPEB - PSERS	<u>8,775</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>252,246</u>
LIABILITIES	
Current Liabilities	
Due to Other Funds	408,154
Accounts Payable	46,362
Accrued Salaries and Benefits	3,300
Unearned Revenues	23,129
Other Current Liabilities	<u>25,943</u>
Total Current Liabilities	<u>506,888</u>
Noncurrent Liabilities	
Net Pension Liability	1,538,885
Net OPEB Liability - PSERS	<u>67,722</u>
Total Noncurrent Liabilities	<u>1,606,607</u>
TOTAL LIABILITIES	<u>2,113,495</u>
DEFERRED INFLOWS OF RESOURCES	
Amounts Related to Pensions	43,657
Amounts Related to OPEB - PSERS	<u>1,678</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>45,335</u>
NET POSITION	
Invested in Capital Assets	27,816
Unrestricted	<u>(1,672,357)</u>
TOTAL NET POSITION	<u>\$ (1,644,541)</u>

See Accompanying Notes

**Deer Lakes School District
Statement of Revenues, Expenses and Changes
in Net Position
Proprietary Funds
Year Ended June 30, 2021**

Exhibit 8

	Food Service Fund
Operating Revenues	
Food Service Revenue	\$ 69,326
Operating Expenses	
Salaries	452,181
Employee Benefits	388,651
Purchased Prof. and Tech. Services	2,947
Purchased Property Services	5,053
Other Purchased Services	3,600
Supplies	590,441
Depreciation	4,347
Dues and Fees	<u>5,602</u>
Total Operating Expenses	<u>1,452,822</u>
Operating Income (Loss)	<u>(1,383,496)</u>
Nonoperating Revenues (Expenses)	
Earnings on Investments	37
Contributions and Donations	1,000
State Sources	135,032
Federal Sources	<u>1,136,501</u>
Total Nonoperating Revenues (Expenses)	<u>1,272,570</u>
Change in Net Position	(110,926)
Net Position - July 1, 2020	<u>(1,533,615)</u>
Net Position - June 30, 2021	<u>\$ (1,644,541)</u>

See Accompanying Notes

**Deer Lakes School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021**

Exhibit 9

	Food Service Fund
Cash Flows From Operating Activities	
Cash Received from Users	\$ 75,176
Cash Payments to Employees for Services	(766,912)
Cash Payments to Suppliers for Goods and Services	(509,181)
Cash Payments for Other Operating Expenses	<u>(5,602)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(1,206,519)</u>
Cash Flows From Non-Capital Financing Activities	
Local Sources	1,000
State Sources	136,582
Federal Sources	<u>1,057,968</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>1,195,550</u>
Cash Flows From Investing Activities	
Earnings on Investments	37
Loans Received (Paid)	<u>(23,620)</u>
Net Cash Provided by (Used for) Investing Activities	<u>(23,583)</u>
Net Increase (Decrease) in Cash and Cash Flows	(34,552)
Cash and Cash Equivalents - July 1, 2020	<u>43,428</u>
Cash and Cash Equivalents - June 30, 2021	<u>\$ 8,876</u>

**Deer Lakes School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021**

Exhibit 9

		Food Service Fund
Operating Income (Loss)	\$	(1,383,496)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation		4,347
Change in Pensions and OPEB Liability		74,430
Donated Commodities		102,524
(Increase) Decrease in Accounts Receivable		13,563
(Increase) Decrease in Inventories		(9,311)
Increase (Decrease) in Accounts Payable		(1,778)
Increase (Decrease) in Accrued Salaries Benefits		(510)
Increase (Decrease) in Deferred Revenue		1,425
Increase (Decrease) in Other Current Liabilities		<u>(7,713)</u>
 Total Adjustments		 <u>176,977</u>
 Cash Provided by (Used for) Operating Activities	 \$	 <u>(1,206,519)</u>

Noncash Non-Capital Financing Activities

During the year ended June 30, 2021, the School District received \$79,478 of U.S.D.A Donated Commodities in the food service fund.

See Accompanying Notes

**Deer Lakes School District
Statement of Net Position
Fiduciary Funds
June 30, 2021**

Exhibit 10

	Private Purpose Trust Fund	Custodial Fund
ASSETS		
Cash and Cash Equivalents	\$ 10,379	\$ 77,916
 LIABILITIES		
Due to Other Funds	-	34,797
 NET POSITION		
Restricted for:		
Scholarships	10,379	-
Student Groups	-	43,119
 TOTAL NET POSITION	 \$ 10,379	 \$ 43,119

See Accompanying Notes

**Deer Lakes School District
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2021**

Exhibit 11

	Private Purpose Trust Fund	Custodial Fund
Additions		
Revenue from Student Activities	\$ -	\$ 30,663
Interest Earnings	120	138
Total Additions	120	30,801
Deductions		
Student Activities Program Expenses	-	35,531
Change in Net Position	120	(4,730)
Net Position - July 1, 2020	10,259	47,849
Net Position - June 30, 2021	\$ 10,379	\$ 43,119

See Accompanying Notes

Deer Lakes School District
Notes to Financial Statements
June 30, 2021

Note 1 - Summary of Significant Accounting Policies

Deer Lakes School District, located in Allegheny County, Pennsylvania, provides public education, kindergarten through twelfth grade, to the residents of the Townships of East Deer, West Deer and Frazer. The School District operates under a nine-person elected Board of Directors.

A. Basic Financial Statements - Government-Wide Statements

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

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

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

B. Basic Financial Statements - Fund Financial Statements

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

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

Deer Lakes School District
Notes to Financial Statements
June 30, 2021

1. Governmental Funds

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

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

The *capital projects fund* accounts for financial resources accumulated and payments made for the acquisition and improvements of sites, construction and remodel of facilities and procurement of equipment necessary for providing educational programs.

The School District also reports as nonmajor governmental funds the following:

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

Capital reserve funds account for financial resources to be used for the acquisition or construction of major capital facilities or equipment (other than those financed by proprietary funds).

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Proprietary Funds

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

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

3. Fiduciary Funds

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

Deer Lakes School District
Notes to Financial Statements
June 30, 2021

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

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

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e. the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

C. Measurement Focus and Basis of Accounting

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

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

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

Deer Lakes School District
Notes to Financial Statements
June 30, 2021

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

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

D. Joint Venture

The School District is one of nine-member school districts of the A. W. Beattie Career Center (Beattie). Beattie provides vocational-technical training and education to participating students of the member districts. Beattie is controlled and governed by the Joint Board, which is composed of all the school board members of all the member districts. Beattie's operations are the responsibility of the Joint Committee, which consists of two representatives from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of Beattie. The School District's share of annual operating and capital costs for Beattie fluctuates, based on the percentage of enrollment of each member district in the school. The School District's financial obligation to Beattie for the year ended June 30, 2021, was \$824,286 which was paid in the year ended June 30, 2021 to Beattie and reported in the School District's general fund. The School District is also responsible for their share of a general obligation note that paid for renovations of the A. W. Beattie facilities. The School District's share of the general obligation note at June 30, 2021, was \$499,975.

The School District has no equity interest in Beattie as of June 30, 2021. Complete financial statements for Beattie can be obtained from the administrative offices at 9600 Babcock Boulevard, Allison Park, PA 15101-2091.

E. Cash and Cash Equivalents

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

Deer Lakes School District
Notes to Financial Statements
June 30, 2021

F. Investments

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

G. Budgets

The School Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis of accounting for the general fund. This is the only fund for which a budget is required and for which taxes may be levied. The general fund is the only fund that has an annual budget that has been legally adopted by the School Board. The Public School Code allows the School Board to authorize budget transfer amendments during the year, but only during the last nine months of the fiscal year. The School Board made no budget transfers during the school year. There were no supplemental budgetary appropriations made during the year ended June 30, 2021.

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

H. Receivables and Payables

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

I. Inventories

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

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the general fund, if considered material. There was no material inventory balance as of June 30, 2021.

Deer Lakes School District
Notes to Financial Statements
June 30, 2021

The inventory of the food service fund consists of food supplies and government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2021 are reported as unearned revenue.

J. Prepaid Items

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

K. Capital Assets

Capital assets, which include property, plant, equipment and land improvements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$3,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

Assets	Years
Buildings	50
Building Improvements	20-40
Land Improvements	20
Furniture	15
Vehicles	8
Equipment	10-15
Computers	5

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

Deer Lakes School District
Notes to Financial Statements
June 30, 2021

L. Deferred Outflows/Inflows of Resources

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

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

M. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premium and discount, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discount on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Compensated Absences

The School District's policies regarding vacation and sick time are provided through various contracts. Employees can accumulate sick and/or vacation days which they are paid for upon retirement or termination of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the amount of reimbursable unused vacation or sick leave to employees who have terminated their employment as of the end of the fiscal year, while the proprietary funds report the liability as it is incurred.

Deer Lakes School District
Notes to Financial Statements
June 30, 2021

O. Defining Operating Revenues and Expenses

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

P. Equity Classifications

Government-Wide Statements

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

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

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

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

Fund Statements - Fund Balance

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

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

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

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

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

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

**Deer Lakes School District
Notes to Financial Statements
June 30, 2021**

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

The purpose of the nonspendable, restricted, committed and assigned fund balance as of June 30, 2021, is as follows:

General Fund

1. The nonspendable fund balance of \$333,388 is for prepaid hospitalization.
2. The assigned fund balance of \$3,200,000 is for the following purposes:

a. Capital Projects	\$1,700,000
b. Other Post Employment Benefits	<u>1,500,000</u>
	<u>\$3,200,000</u>

The committed fund balance in the capital projects fund of \$1,673,581 is for future capital projects.

The committed fund balance in the capital reserve fund of \$205,741 is for future capital projects.

Note 2 - Deposits and Investments

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of June 30, 2021, \$635,650 of the School District's bank balance of \$885,650 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging Bank's Agent not in the School District's Name	<u>\$635,650</u>
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Deer Lakes School District
Notes to Financial Statements
June 30, 2021

As of June 30, 2021, the School District had the following investments:

Investments	Fair Value
PLGIT	\$ 5,098,114
PSDLAF	<u>2,169,952</u>
	<u>\$ 7,268,066</u>

Interest Rate Risk – The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

Investments

The Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT) were established as common law trusts, organized under laws of the Commonwealth of Pennsylvania. Shares of the funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities.

The purpose of the funds is to enable such governmental units to pool their available funds for investments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. These funds have the characteristics of open-end mutual funds and are not subject to custodial credit risk classification.

PSDLAF and PLGIT, collectively referred to as “The Funds” are governed by elected board of trustees who are responsible for the overall management of The Funds. The trustees are elected from the several classes of local governments participating in The Funds. Each fund is audited annually by independent auditors. The Funds operate in a manner consistent with the SEC’s Rule 2(a)7 of the Investment Company Act of 1940. The funds use amortized cost to report net position to compute share prices. The Funds maintain net asset value of \$1 per share. Accordingly, the fair value of the position in PSDLAF and PLGIT is the same as the value of PSDLAF and PLGIT shares.

Deer Lakes School District
Notes to Financial Statements
June 30, 2021

Note 3 - Real Estate Taxes

The municipal tax collectors bill and collect real estate taxes on behalf of the School District based upon assessed values provided by the County. The School District's tax rate for all purposes in 2020/2021 was 21.953 mills (\$21.95 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2020/2021 is as follows:

Tax Levy Date	July 1, 2020
2% Discount Period	Through August 31, 2020
Face Payment Period	September 1 – October 31, 2020
10% Penalty Period	November 1 Until Liened
Lien Filing Date	July 1, 2021

The amounts shown as delinquent real estate taxes receivable have not been recorded as revenue on the fund statements. These taxes are, however, recorded as deferred revenue on the balance sheet until they are received. The amounts reported for this receivable are reported on the balance sheet in the amount of \$3,502,019, net of uncollectible, along with other taxes receivable of \$372,712.

Note 4 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2021, the following amounts are due from other governmental units:

	Governmental Activities	Business-Type Activities	Totals
Federal (through the state)	\$ 662,070	\$ 137,598	\$ 799,668
State	1,260,697	5,279	1,265,976
Local	33,177	-	33,177
	<u>\$ 1,955,944</u>	<u>\$ 142,877</u>	<u>\$ 2,098,821</u>

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance 07/01/20	Additions	Deletions	Balance 06/30/21
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 59,494	\$ -	\$ -	\$ 59,494
	<u>\$ 59,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,494</u>

Deer Lakes School District
Notes to Financial Statements
June 30, 2021

	Balance 07/01/20	Additions	Deletions	Balance 06/30/21
Capital Assets Being Depreciated				
Land Improvements	464,630	-	-	464,630
Buildings and Building Improv.	85,614,877	9,966	-	85,624,843
Furniture and Equipment	<u>10,003,613</u>	<u>211,859</u>	<u>-</u>	<u>10,215,472</u>
Total Capital Assets Being Depreciated	<u>96,083,120</u>	<u>221,825</u>	<u>-</u>	<u>96,304,945</u>
Less Accumulated Depreciation				
Land Improvements	464,630	-	-	464,630
Buildings and Building Improv.	30,401,023	1,936,698	-	32,337,721
Furniture and Equipment	<u>8,176,300</u>	<u>274,025</u>	<u>-</u>	<u>8,450,325</u>
Total Accumulated Depreciation	<u>39,041,953</u>	<u>2,210,723</u>	<u>-</u>	<u>41,252,676</u>
Total Capital Assets Being Depreciated, Net	<u>57,041,167</u>	<u>(1,988,898)</u>	<u>-</u>	<u>55,052,269</u>
Governmental Activities Capital Assets, Net	<u>\$ 57,100,661</u>	<u>\$ (1,988,898)</u>	<u>\$ -</u>	<u>\$ 55,111,763</u>
Business-Type Activities				
Furniture and Equipment	\$ 500,787	\$ -	\$ -	\$ 500,787
Less Accumulated Depreciation and Equipment	<u>468,624</u>	<u>4,347</u>	<u>-</u>	<u>472,971</u>
Business-Type Activities Capital Assets, Net	<u>\$ 32,163</u>	<u>\$ (4,347)</u>	<u>\$ -</u>	<u>\$ 27,816</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

Instruction	\$ 1,282,219
Instructional Student Support	265,287
Administration and Financial Support Services	154,751
Operation and Maintenance of Plant Services	243,180
Pupil Transportation	221,072
Student Activities	<u>44,214</u>

Total Depreciation Expense \$ 2,210,723

Business-Type Activities

Food Service	<u>\$ 4,347</u>
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Deer Lakes School District
Notes to Financial Statements
June 30, 2021

Note 6 - Interfund Balances and Transfers

At June 30, 2021, interfund balances were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 666,486	\$ -
Capital Projects Fund	-	212,046
Nonmajor Funds	-	11,489
Proprietary Fund		
Food Service	-	408,154
Fiduciary Fund	-	34,797
	<u>\$ 666,486</u>	<u>\$ 666,486</u>

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

The capital projects fund transferred \$145,000 to the general fund to fund current capital projects. The debt service fund transferred \$2,003,041 to the capital projects fund which represented the excess funds from the 2021 bonds.

Note 7 - Long-Term Debt

Long-term liability for the year ended June 30, 2021 was as follows:

	Balance 07/01/20	Additions	Reductions	Balance 06/30/21	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 48,490,000	\$ 24,900,000	\$ 23,795,000	\$ 49,595,000	\$ 2,365,000
Plus: Bond Premium	194,773	108,869	78,254	225,388	-
Less: Bond Discount	<u>(151,384)</u>	<u>-</u>	<u>(73,414)</u>	<u>(77,970)</u>	<u>-</u>
Total Bonds Payable	<u>48,533,389</u>	<u>25,008,869</u>	<u>23,799,840</u>	<u>49,742,418</u>	<u>2,365,000</u>
Capital Leases Payable	195,296	-	46,300	148,996	47,943
General Obligation Note	551,332	-	51,357	499,975	53,875
Compensated Absences	<u>725,227</u>	<u>56,950</u>	<u>-</u>	<u>782,177</u>	<u>25,000</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 50,005,244</u>	<u>\$ 25,065,819</u>	<u>\$ 23,897,497</u>	<u>\$ 51,173,566</u>	<u>\$ 2,491,818</u>

**Deer Lakes School District
Notes to Financial Statements
June 30, 2021**

General Obligation Bonds

Series of 2011A; interest 0.5%-3.25%; final payment October 2022	\$ 2,625,000
Series of 2011B; interest 0.5%-3.50%; final payment October 2024	375,000
Series of 2012; interest 2.00%-4.00%; final payment October 2038	60,000
Series of 2017; interest 0.95%-3.75%; final payment April 2032	22,270,000
Series of 2020A; interest 0.693%-2.59%; final payment October 2038	21,675,000
Series of 2020B; interest 2.00%-5.00%; final payment October 2039	<u>2,590,000</u>
	<u>\$ 49,595,000</u>

General Obligation Notes

Series of 2016; interest 0.50%-2.25%; final payment October 2028	<u>\$ 499,975</u>
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The debt service source for the above is the general fund.

The annual requirements of School District funds to amortize all debt outstanding (excluding compensated absences) as of June 30, 2021 including interest, are as follows:

Year Ended June 30,	General Obligation Bonds		General Obligation Notes		Totals
	Principal	Interest	Principal	Interest	
2022	\$ 2,365,000	\$ 1,320,403	\$ 53,875	\$ 15,880	\$ 3,755,158
2023	2,485,000	1,238,988	56,644	13,117	3,793,749
2024	2,235,000	1,184,899	59,413	10,216	3,489,528
2025	2,280,000	1,142,879	62,434	7,170	3,492,483
2026	2,450,000	1,106,144	64,952	4,959	3,626,055
2027-2031	12,920,000	4,803,665	202,657	6,693	17,933,015
2032-2036	14,735,000	2,986,583	-	-	17,721,583
2037-2039	10,125,000	634,359	-	-	10,759,359
	<u>\$ 49,595,000</u>	<u>\$ 14,417,920</u>	<u>\$ 499,975</u>	<u>\$ 58,035</u>	<u>\$ 64,570,930</u>

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On August 19, 2020, the School District issued \$22,075,000 Series 2020A bonds with interest rates from 0.693% to 2.59% and \$2,825,000 Series 2020B to advance and currently refund all or portions of the outstanding 2011B, 2012 and 2013 general obligation bonds (\$21,305,000) with interest rates from .50% to 4.0% and provide funds for various capital projects. The net proceeds of \$22,689,079 (after payment of issuance costs and funds for capital projects of \$2,003,041) were used to currently refund the above bonds and outstanding interest. As a result, those bonds are considered defeased and the liability for those bonds has been removed as a liability in these financial statements.

The School District currently refunded the above noted bonds which increased its total debt service payments over nineteen years by \$325,872 while providing \$2,008,041 for capital projects and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$1,720,811.

Note 8 - Capital Lease

The School District has entered into lease agreements as lessee for financing the acquisition of school buses. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset	
Furniture and Equipment	\$ 408,528
Less: Accumulated Depreciation	<u>(54,470)</u>
 Total	 <u>\$ 354,058</u>

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2021, were as follows:

	Year Ended June 30,	Governmental Activities
	2022	\$ 53,232
	2023	53,232
	2024	<u>53,232</u>
 Total minimum lease payments		 159,696
 Less: Amount representing Interest		 <u>(10,700)</u>
 Present Value of Minimum Lease Payments		 <u>\$ 148,996</u>

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Notes to Financial Statements
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Note 9 - Operating Lease

The School District leases office equipment under various operating leases. During the year ended June 30, 2021, the School District paid \$145,244 on these leases.

Future lease payments are as follows:

Year Ended June 30,	Amount
2022	\$ 145,245
2023	143,186
2024	142,500
2025	<u>142,500</u>
	<u>\$ 573,431</u>

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

A. Summary of Significant Accounting Policies

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

B. General Information about the Pension Plan

1. Plan Description

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

2. Benefits Provided

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

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Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F).

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

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

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

3. Contributions

Member Contributions

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

**Deer Lakes School District
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Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2021 was 33.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$5,462,716 for the year ended June 30, 2021.

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

At June 30, 2021, the School District reported a liability of \$57,068,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2021, the School District's proportion was 0.1159%, which was a decrease of 0.0007% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School District recognized pension expense of \$6,603,850. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 149,000	\$ 1,368,000
Net difference between projected and actual investment earnings	2,508,000	-
Changes in proportions	771,000	251,000
Difference between employer contributions and proportionate share of total contributions	67,464	-
Contributions subsequent to the measurement date	5,462,716	-
	\$ 8,958,180	\$ 1,619,000

\$5,462,716 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

Year Ended June 30,	
2022	\$ 177,265
2023	275,350
2024	674,886
2025	<u>748,963</u>
	<u>\$ 1,876,464</u>

1. Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined by rolling forward the System's total pension liability at June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.25%, includes inflation at 2.75%.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

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

**Deer Lakes School District
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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	15.0%	5.2%
Private Equity	15.0%	7.2%
Fixed Income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return	10.0%	2.5%
Infrastructure/MLPs	6.0%	5.7%
Real estate	10.0%	5.5%
Risk parity	8.0%	3.3%
Cash	6.0%	-1.0%
Financing (LIBOR)	<u>-14.0%</u>	-0.7%
	<u><u>100%</u></u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

2. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	(In Thousands)		
	1.00%	Current	1.00%
	Decrease	Discount Rate	Increase
	6.25%	7.25%	8.25%
School District's proportionate share of the net pension liability	\$ 70,605	\$ 57,068	\$ 45,600

Deer Lakes School District
Notes to Financial Statements
June 30, 2021

4. Pension Plan Fiduciary Net Position

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

Note 11 - Contingent Liabilities

Deer Lakes School District participates in a number of federally assisted grant programs, principal of which are Education Stabilization Fund and National School Lunch Program. The programs are subject to program compliance audits by the grantors or their representatives. The audits of some of these programs for and including the year ended June 30, 2021 have not yet been conducted. Accordingly, the School District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

There are a number of real estate assessment appeals pending as of June 30, 2021, which could result in tax refunds being owed by the School District.

The COVID-19 pandemic has continued to impact the School District. During the year ended June 30, 2021, the School incurred additional expenses related to mitigating the effects of the pandemic on staff and students. The ultimate outcome cannot be determined at this time. The School District's staff will continue to monitor operating results to mitigate any financial impact that may occur.

As a response to COVID-19, the Coronavirus Aid, Relief and Economics Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act were enacted by Congress to provide budgetary relief to educational agencies. This funding is reflected in these and in future financial statements.

Note 12 - Other Post-Employment Benefit Plan

A. Plan Description

Deer Lakes School District administers a single-employer defined benefit healthcare plan ("the Supplemental Health Plan"). The plan provides medical, and in some cases dental and vision, for three classifications of employees: teachers; administrators; and support staff. Support staff includes grandfathered secretaries, teacher's aides, secretaries, custodial maintenance, bus drivers and food service. The benefits provided are for the eligible retirees and their spouses through the School District group health insurance plan which covers both active and retired members.

Benefit provisions are mostly established through negotiations between the School District and union or group representing the employees. The plan does not issue a publicly available financial report.

**Deer Lakes School District
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Medical Benefits

Administrators

In order to be eligible for medical coverage, an administrator must have completed at least 30 years of service with PSERS or have attained age 62. Also, the member must have at least 10 years with the School District.

Benefits are provided up to the point in which the retiree and/or the spouse becomes eligible for Medicare.

For those retired administrators with EPO coverage, the only required contribution is the \$100 monthly PSERS allowance. Any retiree with PPO coverage is required to contribute the cost difference between the EPO and PPO coverages.

Teachers

In order to be eligible for Medical coverage, a teacher must have completed at least 15 years with the School District.

Benefits are provided up to the point in which the retiree and/or the spouse becomes eligible for Medicare. Surviving spouses are not eligible for benefits.

For those retired teachers with EPO coverage, the only required contribution is the \$100 monthly PSERS allowance. Any retiree with PPO coverage is required to contribute the cost difference between the EPO and PPO coverages.

Support Staff

In order to be eligible for medical coverage, grandfathered secretaries, teachers' aides, and secretaries must have completed at least 20 years of PSERS service and attain age 55. Custodial/maintenance, bus drivers, and food service workers must attain age 62.

Benefits are provided up to the point in which the member and/or the spouse becomes eligible for Medicare. Surviving spouses are not eligible for benefits.

Retired grandfathered secretaries, teacher's aides, and secretaries must contribute the \$100 monthly PSERS allowance plus any increases in premiums which occur after the date of retirement. In addition, any retiree with PPO coverage is required to contribute the cost difference between the EPO and PPO coverages.

Retired custodial/maintenance, bus drivers, and food service workers with single coverage must contribute the same amount as active employees (currently 3% of the premium). The \$100 monthly PSERS allowance can be used to offset this cost. Spouses are required to pay the full spousal premium in order to maintain coverage.

**Deer Lakes School District
Notes to Financial Statements
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Dental/Vision

Retirees are also eligible for dental and/or vision benefits.
All retirees must pay for 100% of the cost of dental and/or vision benefits.

Life Insurance

Life insurance is not provided to retirees.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	37
Active employees	<u>230</u>
	<u>267</u>

B. Total OPEB Liability

The School District's total OPEB liability of \$12,197,473 was measured as of July 1, 2020 and was determined by an actuarial valuation as of July 1, 2020.

C. Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	2.50%
Discount Rate	2.21%
Healthcare Cost Trend Rates	7.0% for 2020/2021, decreasing .25% per year to an ultimate rate of 4.50%

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

Mortality rates were based on the Pri.H-2012 Total Dataset Mortality Table projected using Scale MP-2019.

The actuarial assumptions used in the July 1, 2020 actuarial valuation were selected using input from the School District based upon actual experience.

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D. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 9,958,150
Changes for the year:	
Service Cost	354,602
Interest	348,535
Difference between expected and actual experience	1,039,597
Changes of assumptions or other inputs	939,072
Benefit Payments	<u>(442,483)</u>
Net Changes	<u>2,239,323</u>
Balance at June 30, 2021	<u>\$ 12,197,473</u>

E. Changes of Assumptions and Other Inputs

- Changed the discount rate from 3.50% to 2.21%.

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

The following is the total OPEB liability to the School District, as well as the total OPEB liability using a discount rate that is one-percentage point lower (1.21%) or one-percentage point higher (3.21%) than the current discount rate:

	1.00% Decrease 1.21%	Current Discount Rate 2.21%	1.00% Increase 3.21%
Total OPEB Liability	\$ 12,514,000	\$ 12,197,473	\$ 11,766,247

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

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

	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	\$ 11,022,598	\$ 12,197,473	\$ 13,538,063

**Deer Lakes School District
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H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the School District recognized OPEB change of \$490,619. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 1,578,746	\$ 306,354
Differences between expected and actual experience	1,517,683	379,580
Benefit payments subsequent to the measurement date	<u>471,768</u>	<u>-</u>
	<u>\$ 3,568,197</u>	<u>\$ 685,934</u>

The \$471,768 amount reported as deferred outflows of resources resulting from the School District's benefit payments subsequent to the measurement date will be recognized as a reduction in next year's total OPEB liability. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2022	\$ 259,250
2023	259,250
2024	259,250
2025	259,250
2026	259,250
Thereafter	<u>1,114,245</u>
	<u>\$ 2,410,495</u>

Note 13 - Other Post-Employment Benefits - PSERS

A. Summary of Significant Accounting Policies

Other Post-Employment Benefits

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

Deer Lakes School District
Notes to Financial Statements
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B. General Information about the Health Insurance Premium Assistance Program

1. Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

2. Premium Assistance Eligibility Criteria

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

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

3. Pension Plan Description

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

4. Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2021 was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School District were \$133,674 for the year ended June 30, 2021.

**Deer Lakes School District
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C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the School District reported a liability of \$2,511,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the School District's proportion was 0.1162%, which was a decrease of .0004% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School District recognized OPEB expense of \$141,692. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 23,000	\$ -
Changes in assumptions	102,000	55,000
Net difference between projected and actual investment earnings	4,000	-
Changes in proportions	61,000	7,000
Difference between employer contributions and proportionate share of total contributions	-	227
Contributions subsequent to the measurement date	<u>133,674</u>	<u>-</u>
	<u>\$ 323,674</u>	<u>\$ 62,227</u>

\$133,674 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2022	\$ 21,692
2023	22,034
2024	21,057
2025	35,990
2026	21,000
Thereafter	<u>6,000</u>
	<u>\$ 127,773</u>

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1. Actuarial Assumptions

The total OPEB liability as of June 30, 2020 was determined by rolling forward the System's total OPEB liability at June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.79 %, S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate pre age 65 at 50%.
 - Eligible retirees will elect to participate post age 65 at 70%.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

Investments consist primarily of short term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class. The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board.

**Deer Lakes School District
Notes to Financial Statements
June 30, 2021**

Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.3%	-1.00%
US Core Fixed Income	46.5%	-0.10%
Non-US Developed Fixed	<u>3.2%</u>	-0.10%
	<u>100%</u>	

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

2. Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.66%. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 2.66% which represents the S&P 20 year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2020, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 688 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2020, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1 percentage point lower or 1 percentage point higher than the current rate:

	(In Thousands)		
	1.00% Decrease	Current Trend Rates	1.00% Increase
System net OPEB Liability	\$ 2,510	\$ 2,511	\$ 2,511

**Deer Lakes School District
Notes to Financial Statements
June 30, 2021**

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

The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.66%) or 1 percentage point higher (3.66%) than the current rate:

	(In Thousands)		
	1.00% Decrease 1.66%	Current Discount Rate 2.66%	1.00% Increase 3.66%
School District's proportionate share of the net OPEB liability	\$ 2,863	\$ 2,511	\$ 2,219

5. OPEB Plan Fiduciary Net Position

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

Note 14 - Risk Management

The School District is one of forty-six members of the Allegheny County Schools Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. Contributions to the Consortium totaled \$3,853,668 and \$3,833,445 for the years ended June 30, 2021 and 2020, respectively.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to or responsible for a proportionate share of the Consortium net position or deficiency in net position, respectively, as determined on the fiscal year-end date after withdrawal. As of June 30, 2021, the net position of the Consortium was \$63,689,030 of which \$790,136 is attributable to the School District.

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

The School District is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

Deer Lakes School District
Notes to Financial Statements
June 30, 2021

Note 15 - On-Behalf Payments

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2021, was \$3,411,484.

This includes \$2,813,412 recognized for revenues and expenditures relating to pension contributions for its employees that the Commonwealth of Pennsylvania paid to the Public School Employees' Retirement System (PSERS) for pension and \$598,072 to the federal government for social security and Medicare taxes for the year ended June 30, 2021. The School District pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate share.

Note 16 - Tax Increment Financing (TIF)

The School District has entered into a tax increment financing plan with Frazer Township and Allegheny County to provide financing for the development of blighted areas within their respective jurisdictions in order to increase the tax base and improve the general economy. The Frazer Mills Tax Increment financing plan is for the financing and construction of infrastructure improvements in connection with a mixed-use commercial development. The School District agrees to contribute and pay over to the Redevelopment Authority for repayment of debt issued by them for the assistance in funding this project, approximately 80% (\$1,536,128 during 2020/2021 not accounting for refunds paid to taxpayers) of their share of all incremental real estate tax realized from the increase in market value of taxable real property situated in the tax increment financing district through the tax year 2024.

Note 17 – Prior Period Restatement

As a result of the implementation of GASB Statement No. 84 "*Fiduciary Activities*", the School District made a prior period adjustment to record net position for its Custodial Fund within its fiduciary activities. This prior period adjustment and its effect on net position at July 1, 2020 was an increase in Custodial Fund net position of \$47,849. Prior to the implementation of GASB Statement No. 84, custodial fund assets equaled liabilities and did not involve measurement of results of operations.

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

**Deer Lakes School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources				
Taxes				
Current Real Estate Taxes	\$ 18,071,468	\$ 18,071,468	\$ 18,338,860	\$ 267,392
Public Utility Realty Taxes	20,900	20,900	21,854	954
Payments in Lieu of Current Taxes	114,721	114,721	114,721	-
Current Per Capita Taxes - Sec. 679	42,000	42,000	36,113	(5,887)
Current Per Capita Taxes - Act 511	42,000	42,000	36,113	(5,887)
Local Services Taxes	20,000	20,000	19,459	(541)
Earned Income Taxes	1,700,000	1,700,000	1,942,965	242,965
Real Estate Transfer Taxes	200,000	200,000	305,669	105,669
Delinquencies on Taxes	650,000	650,000	914,211	264,211
Earnings on Investments	50,000	50,000	20,723	(29,277)
Other Local Revenues				
Revenue from Student Activities	40,500	40,500	9,639	(30,861)
Revenues from Local Governments	-	-	281	281
Other Revenues from Intermed. Sources	-	-	4,570	4,570
Federal Revenues from IU	391,000	391,000	425,429	34,429
Contributions & Donations from Private Sources	10,000	10,000	20,271	10,271
Rentals	16,000	16,000	14,213	(1,787)
Tuition from other LEAs	150,000	150,000	231,011	81,011
Refund of Prior Year's Expenditures	-	-	24,881	24,881
Miscellaneous Revenue	3,000	3,000	8,428	5,428
Total Revenues from Local Sources	21,521,589	21,521,589	22,489,411	967,822
State Sources				
Basic Instructional & Oper. Subsidies				
Basic Instructional Subsidy	6,215,188	6,215,188	6,215,158	(30)
Tuition	-	-	23,106	23,106
Subsidies for Spec. Educ. Programs				
Special Education of Excep. Pupils	1,316,029	1,316,029	1,315,986	(43)
Subsidies for Noneduc. Programs				
Transportation (Regular & Additional)	936,405	936,405	1,029,037	92,632
Rentals & Sinking Fund Payments	583,919	583,919	568,840	(15,079)
School Safety Grant	246,853	246,853	8,379	(238,474)
Ready to Learn Block Grant	264,465	264,465	264,465	-
Health Services	35,000	35,000	34,049	(951)

**Deer Lakes School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
State Property Tax Reduction	931,761	931,761	931,761	-
Social Security Payments	624,500	624,500	581,080	(43,420)
State Retirement Revenue	2,847,645	2,847,645	2,736,569	(111,076)
Total Revenues from State Sources	14,001,765	14,001,765	13,708,430	(293,335)
Federal Sources				
Restricted Grants-In-Aid from the Fed.				
Gov't. through the Commonwealth				
IDEA B	-	-	13,265	13,265
Title I	186,821	186,821	191,584	4,763
Title II	42,711	42,711	65,857	23,146
Title IV	14,233	14,233	14,167	(66)
Elementary & Secondary School				
Emergency Relief Fund (ESSER)	-	-	203,952	203,952
Elementary & Secondary School				
Emergency Relief Fund (ESSER II)	-	-	153,054	153,054
Elementary & Secondary School				
Emergency Relief Fund (ARP ESSER III)	-	-	1,584	1,584
Other CARES Act Funding	-	-	190,860	190,860
Other Restricted Federal Grants-In-Aid				
through the Commonwealth	-	-	16,187	16,187
Medical Assistance - Access	50,000	50,000	50,000	-
Medical Assistance - Admin.	2,000	2,000	14,331	12,331
Total Revenues from Federal Sources	295,765	295,765	914,841	619,076
Total Revenues	35,819,119	35,819,119	37,112,682	1,293,563
Other Financing Sources				
Fund Transfer				
Capital Projects Fund	-	-	145,000	145,000
Insurance Recoveries	-	-	23,878	23,878
Sale of Capital Assets	-	-	2,181	2,181
Total Other Financing Sources	-	-	171,059	171,059
Total Revenues and Other Financing Sources	35,819,119	35,819,119	37,283,741	1,464,622

**Deer Lakes School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instruction				
Regular Programs				
Personal Services				
Salaries	8,943,494	8,943,494	8,820,751	122,743
Employee Benefits	5,591,596	5,591,596	5,468,183	123,413
Purchased Prof. and Tech. Services	255,150	255,150	204,282	50,868
Purchased Property Services	195,445	166,707	162,829	3,878
Other Purchased Services	504,000	433,600	839,033	(405,433)
Supplies	339,950	323,955	259,618	64,337
Property	10,000	9,590	-	9,590
Other Objects	4,075	4,575	48,762	(44,187)
Total Regular Programs	<u>15,843,710</u>	<u>15,728,667</u>	<u>15,803,458</u>	<u>(74,791)</u>
Special Programs				
Personal Services				
Salaries	2,472,364	2,472,364	2,505,262	(32,898)
Employee Benefits	1,598,467	1,598,467	1,600,929	(2,462)
Purchased Prof. and Tech. Services	297,000	290,160	172,693	117,467
Other Purchased Services	705,900	785,030	1,210,715	(425,685)
Supplies	55,300	52,225	45,496	6,729
Other Objects	800	900	560	340
Total Special Programs	<u>5,129,831</u>	<u>5,199,146</u>	<u>5,535,655</u>	<u>(336,509)</u>
Vocational Education Programs				
Other Purchased Services	825,000	825,000	824,286	714
Other Instructional Programs				
Personal Services				
Salaries	7,500	7,500	660	6,840
Employee Benefits	3,214	3,214	282	2,932
Other Purchased Services	600	600	-	600
Total Other Instructional Programs	<u>11,314</u>	<u>11,314</u>	<u>942</u>	<u>10,372</u>
Nonpublic School Programs				
Purchased Prof. and Tech. Services	3,878	3,878	3,955	(77)
Supplies	-	-	4,103	(4,103)
Total Nonpublic School Programs	<u>3,878</u>	<u>3,878</u>	<u>8,058</u>	<u>(4,180)</u>
Total Instruction	<u>21,813,733</u>	<u>21,768,005</u>	<u>22,172,399</u>	<u>(404,394)</u>

**Deer Lakes School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Support Services				
Pupil Personnel				
Personal Services				
Salaries	519,632	519,632	502,977	16,655
Employee Benefits	321,627	321,627	320,535	1,092
Purchased Prof. and Tech. Services	120,000	120,000	241,661	(121,661)
Other Purchased Services	2,700	2,700	13	2,687
Supplies	12,800	13,392	2,694	10,698
Other Objects	800	800	80	720
	<u>977,559</u>	<u>978,151</u>	<u>1,067,960</u>	<u>(89,809)</u>
Total Pupil Personnel				
Instructional Staff				
Personal Services				
Salaries	283,493	283,493	202,065	81,428
Employee Benefits	186,446	186,446	118,595	67,851
Purchased Prof. and Tech. Services	89,733	89,733	36,850	52,883
Other Purchased Services	600	100	-	100
Supplies	49,200	48,923	18,361	30,562
	<u>609,472</u>	<u>608,695</u>	<u>375,871</u>	<u>232,824</u>
Total Instructional Staff				
Administration				
Personal Services				
Salaries	1,327,058	1,327,058	1,282,351	44,707
Employee Benefits	789,936	789,936	760,756	29,180
Purchased Prof. and Tech. Services	137,300	136,300	212,884	(76,584)
Other Purchased Services	54,113	46,688	35,962	10,726
Supplies	106,950	47,728	34,326	13,402
Other Objects	52,100	54,648	44,403	10,245
	<u>2,467,457</u>	<u>2,402,358</u>	<u>2,370,682</u>	<u>31,676</u>
Total Administration				
Pupil Health				
Personal Services				
Salaries	151,462	151,462	143,058	8,404
Employee Benefits	107,638	107,638	102,884	4,754
Purchased Prof. and Tech. Services	48,000	48,000	47,131	869
Other Purchased Services	1,000	1,000	798	202
Supplies	7,500	7,910	7,901	9
	<u>315,600</u>	<u>316,010</u>	<u>301,772</u>	<u>14,238</u>
Total Pupil Health				

**Deer Lakes School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Business				
Personal Services				
Salaries	198,878	173,878	154,127	19,751
Employee Benefits	141,156	141,156	102,617	38,539
Purchased Prof. and Tech. Services	500	25,500	96,216	(70,716)
Purchased Property Services	80,000	80,000	44,291	35,709
Other Purchased Services	5,550	3,050	256	2,794
Supplies	85,400	83,300	19,915	63,385
Other Objects	3,150	3,150	3,658	(508)
Total Business	514,634	510,034	421,080	88,954
Oper. and Maint. of Plant Svcs.				
Personal Services				
Salaries	1,223,097	1,243,097	1,222,909	20,188
Employee Benefits	947,155	947,155	905,396	41,759
Purchased Prof. and Tech. Services	310,000	289,750	145,985	143,765
Purchased Property Services	225,550	240,750	159,195	81,555
Other Purchased Services	145,543	141,743	143,275	(1,532)
Supplies	692,200	678,350	728,164	(49,814)
Property	41,000	40,500	33,882	6,618
Other Objects	1,000	4,400	3,246	1,154
Total Oper. and Maint. of Plant Svcs.	3,585,545	3,585,745	3,342,052	243,693
Student Transportation Services				
Personal Services				
Salaries	749,500	764,500	543,999	220,501
Employee Benefits	505,076	505,076	451,976	53,100
Purchased Prof. and Tech. Services	81,000	66,000	16,345	49,655
Purchased Property Services	18,000	18,000	12,260	5,740
Other Purchased Services	1,180,250	1,180,250	777,298	402,952
Supplies	135,500	135,500	91,729	43,771
Property	136,600	136,600	6,000	130,600
Other Objects	1,000	1,000	2,248	(1,248)
Total Student Transportation Services	2,806,926	2,806,926	1,901,855	905,071

**Deer Lakes School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Central				
Personal Services				
Salaries	251,691	251,691	255,272	(3,581)
Employee Benefits	174,465	175,265	177,012	(1,747)
Purchased Prof. and Tech. Services	85,540	151,740	108,751	42,989
Purchased Property Services	95,000	95,000	130,112	(35,112)
Other Purchased Services	6,000	6,000	77,400	(71,400)
Supplies	249,963	249,963	226,064	23,899
Property	174,185	222,387	185,658	36,729
Other Objects	3,850	3,850	2,285	1,565
	<u>1,040,694</u>	<u>1,155,896</u>	<u>1,162,554</u>	<u>(6,658)</u>
Total Central				
Other				
Other Purchased Services	33,500	33,500	31,344	2,156
	<u>33,500</u>	<u>33,500</u>	<u>31,344</u>	<u>2,156</u>
Total Support Services	<u>12,351,387</u>	<u>12,397,315</u>	<u>10,975,170</u>	<u>1,422,145</u>
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	429,310	429,310	335,566	93,744
Employee Benefits	185,758	185,758	134,743	51,015
Purchased Prof. and Tech. Services	30,000	30,000	30,617	(617)
Purchased Property Services	-	-	12,531	(12,531)
Other Purchased Services	56,731	56,531	32,166	24,365
Supplies	59,600	59,600	49,395	10,205
Property	7,500	7,500	6,470	1,030
Other Objects	14,200	14,200	10,457	3,743
	<u>783,099</u>	<u>782,899</u>	<u>611,945</u>	<u>170,954</u>
Total Student Activities				
Community Services				
Other Purchased Services	-	-	2,254	(2,254)
Supplies	1,300	1,300	-	1,300
	<u>1,300</u>	<u>1,300</u>	<u>2,254</u>	<u>(954)</u>
Total Community Services				
Total Noninstructional Services	<u>784,399</u>	<u>784,199</u>	<u>614,199</u>	<u>170,000</u>

**Deer Lakes School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Facilities Acquisition, Construction and Improvement Services Property	<u>175,000</u>	<u>175,000</u>	<u>-</u>	<u>175,000</u>
Debt Service				
Interest	1,719,340	1,424,340	1,245,035	179,305
Refunds of Prior Year's Receipts	-	-	7,836	(7,836)
Redemption of Principal	<u>2,020,000</u>	<u>2,315,000</u>	<u>2,536,300</u>	<u>(221,300)</u>
Total Debt Service	<u>3,739,340</u>	<u>3,739,340</u>	<u>3,789,171</u>	<u>(49,831)</u>
Total Expenditures	<u>38,863,859</u>	<u>38,863,859</u>	<u>37,550,939</u>	<u>1,312,920</u>
Net Change in Fund Balance	(3,044,740)	(3,044,740)	(267,198)	2,777,542
Fund Balance - July 1, 2020	<u>5,559,113</u>	<u>5,559,113</u>	<u>5,372,888</u>	<u>(186,225)</u>
Fund Balance - June 30, 2021	<u>\$ 2,514,373</u>	<u>\$ 2,514,373</u>	<u>\$ 5,105,690</u>	<u>\$ 2,591,317</u>

Deer Lakes School District
Note to the Required Supplementary Information
Budget Comparison
June 30, 2021

Note 1 – Budgetary Information

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

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

Deer Lakes School District
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability
and Related Ratios
Last Six Years

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Total OPEB Liability						
Service cost	\$ 354,602	\$ 308,490	\$ 479,295	\$ 479,246	\$ 373,376	\$ -
Interest	348,535	363,442	351,667	284,310	360,933	-
Difference between expected and actual experience	1,039,597	-	(506,105)	-	968,094	-
Change of assumptions and other inputs	939,072	271,589	(124,209)	(319,798)	842,755	-
Benefit payments	<u>(442,483)</u>	<u>(376,626)</u>	<u>(632,506)</u>	<u>(596,428)</u>	<u>(590,104)</u>	<u>-</u>
Net Change in Total OPEB Liability	2,239,323	566,895	(431,858)	(152,670)	1,955,054	-
Total OPEB Liability - Beginning	<u>9,958,150</u>	<u>9,391,255</u>	<u>9,823,113</u>	<u>9,975,783</u>	<u>8,020,729</u>	<u>-</u>
Total OPEB Liability - Ending	<u>\$12,197,473</u>	<u>\$ 9,958,150</u>	<u>\$ 9,391,255</u>	<u>\$ 9,823,113</u>	<u>\$ 9,975,783</u>	<u>\$ 8,020,729</u>
Covered-Employee Payroll	\$14,121,236	\$14,797,489	\$ 14,436,575	\$ 13,277,838	\$ 12,953,988	N/A
Total OPEB Liability as a Percentage of Covered-Employee Payroll	86.38%	67.30%	65.05%	73.98%	77.01%	N/A

Notes to Schedule:

GASB 75 was implemented beginning with fiscal year ended June 30, 2017.

Assumption Changes:

Discount rate used for fiscal year ending:

2021	2.21%
2020	3.50%

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

**Deer Lakes School District
Required Supplementary Information
Schedule of School District's Contributions
PSERS
Last Seven Years**

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution	\$ 5,440,132	\$ 5,439,798	\$ 5,231,071	\$ 4,859,609	\$ 4,460,868	\$ 3,566,571	\$ 2,806,711
Contributions in Relation to the Contractually Required Contribution	<u>5,440,132</u>	<u>5,439,798</u>	<u>5,231,071</u>	<u>4,859,609</u>	<u>4,460,868</u>	<u>3,566,571</u>	<u>2,806,711</u>
Contribution Deficiency (Excess)	<u>\$ -</u>						
School District's Covered Payroll	\$16,157,942	\$16,307,016	\$16,077,105	\$15,432,152	\$15,028,081	\$14,479,437	\$13,978,793
Contributions as a Percentage of Covered Payroll	33.67%	33.36%	32.54%	31.49%	29.68%	24.63%	20.08%

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

The covered-payroll amount reported for June 30, 2020 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2021.

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

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
School District's Proportion of the Net Pension Liability (Asset)	0.1159%	0.1166%	0.1146%	0.1129%	0.1118%	0.1085%	0.1133%	0.1134%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 57,068	\$ 54,549	\$ 55,014	\$ 55,760	\$ 55,405	\$ 46,977	\$ 44,845	\$ 46,421
School District's Covered Payroll	\$ 16,307	\$ 16,077	\$ 15,432	\$ 15,028	\$ 14,479	\$ 13,979	\$ 14,455	\$ 14,551
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	349.96%	339.30%	356.49%	371.04%	382.66%	336.05%	310.24%	319.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.32%	55.66%	54.00%	51.84%	50.14%	54.34%	57.24%	54.49%

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

**Deer Lakes School District
Required Supplementary Information
Schedule of School District's Contributions
PSERS OPEB Plan
Last Four Years**

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually Required Contribution	\$ 133,674	\$ 136,493	\$ 134,343	\$ 127,882
Contributions in Relation to the Contractually Required Contribution	<u>133,674</u>	<u>136,493</u>	<u>134,343</u>	<u>127,882</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$16,157,942	\$16,307,016	\$16,077,105	\$15,432,152
Contributions as a Percentage of Covered Payroll	0.83%	0.84%	0.84%	0.83%

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

The covered-payroll amount reported for June 30, 2020 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2021.

**Deer Lakes School District
Required Supplementary Information
Schedule of School District's Proportionate Share
of the Net OPEB Liability
PSERS OPEB Plan
Last Four Years
(Dollar Amount in Thousands)**

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
School District's Proportion of the Net OPEB Liability (Asset)	0.1162%	0.1166%	0.1146%	0.1129%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 2,511	\$ 2,480	\$ 2,389	\$ 2,300
School District's Covered Payroll	\$ 16,307	\$ 16,077	\$ 15,432	\$ 15,028
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	15.40%	15.43%	15.48%	15.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.69%	5.56%	5.56%	5.73%

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

SINGLE AUDIT SECTION

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Members of the Board
Deer Lakes School District
Cheswick, Pennsylvania

Dear Members:

The reports contained in this single audit section are required in addition to the financial statements. The various reports for Deer Lakes School District for the period ended June 30, 2021 were prepared to fulfill the requirements of the Government Auditing Standards and the Uniform Grant Guidance. A summary of the reports are as follows:

- A. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- B. Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- C. Schedule of Findings and Questioned Costs
- D. Schedule of Expenditures of Federal Awards
- E. List of Report Distribution

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
February 10, 2022

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EXHIBIT A

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

Members of the Board
Deer Lakes School District
Cheswick, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Deer Lakes School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Deer Lakes School District's basic financial statements, and have issued our report thereon dated February 10, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Deer Lakes School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Deer Lakes School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Deer Lakes 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Deer Lakes 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
February 10, 2022

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EXHIBIT B

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

Members of the Board
Deer Lakes School District
Cheswick, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Deer Lakes School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Deer Lakes School District's major federal programs for the year ended June 30, 2021. Deer Lakes 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Deer Lakes School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Deer Lakes School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Deer Lakes School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Deer Lakes 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, 2021.

Report on Internal Control Over Compliance

Management of Deer Lakes School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Deer Lakes School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Deer Lakes School District's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
February 10, 2022

**Deer Lakes School District
Schedule of Findings and Questioned Costs
June 30, 2021**

EXHIBIT C

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were noted.

Section IV – Status of Prior Year’s Findings

No prior year’s findings.

Deer Lakes School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

EXHIBIT D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/20	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/21
U.S. Department of Education										
Passed through the Pennsylvania										
Department of Education										
Title I Improving Basic Programs	I	84.010	013-210115	07/20/20-09/30/21	\$ 189,850	\$ 151,331	\$ -	\$ 189,850	\$ 189,850	\$ 38,519
Title I Improving Basic Programs	I	84.010	013-200115	07/16/19-09/30/20	186,803	37,353	35,619	1,734	1,734	-
						<u>188,684</u>	<u>35,619</u>	<u>191,584</u>	<u>191,584</u>	<u>38,519</u>
Title IIA Teachers in the Workplace	I	84.367	220-200115	11/21/19-09/30/21	25,000	9,091	(4,545)	25,000	25,000	11,364
Title II Improving Teacher Quality	I	84.367	020-210115	07/20/20-09/30/21	40,857	32,502	-	40,857	40,857	8,355
Title II Improving Teacher Quality	I	84.367	020-200115	07/16/19-09/30/20	33,821	8,020	8,020	-	-	-
						<u>49,613</u>	<u>3,475</u>	<u>65,857</u>	<u>65,857</u>	<u>19,719</u>
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-210115	07/20/20-09/30/21	14,167	3,778	-	14,167	14,167	10,389
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-200115	07/16/19-09/30/20	14,233	9,489	9,489	-	-	-
						<u>13,267</u>	<u>9,489</u>	<u>14,167</u>	<u>14,167</u>	<u>10,389</u>
COVID-19 Elementary and Secondary School										
Emergency Relief Fund (ESSER)										
COVID-19 Elementary and Secondary School	I	84.425D	200-200115	03/13/20-09/30/21	153,430	145,355	2,648	150,782	150,782	8,075
COVID-19 Elementary and Secondary School	I	84.425D	200-210115	03/13/20-09/30/23	701,057	-	-	153,054	153,054	153,054
						<u>145,355</u>	<u>2,648</u>	<u>303,836</u>	<u>303,836</u>	<u>161,129</u>
COVID-19 Elementary and Secondary School										
Emergency Relief Fund (ARP ESSER)										
COVID-19 Elementary and Secondary School	I	84.425U	223-210115	03/13/20-09/30/24	1,418,034	-	-	1,584	1,584	1,584
Passed through the Pennsylvania										
Commission on Crime and Delinquency										
COVID-19 Safety and Security Grant	I	84.425D	2020-ES-01-34948	3/13/20-09/30/22	53,630	52,252	-	53,170	53,170	918
						<u>197,607</u>	<u>2,648</u>	<u>358,590</u>	<u>358,590</u>	<u>163,631</u>
Special Education Cluster										
Passed through the Pennsylvania										
Department of Education										
COVID-19 SECIM	I	84.027	252-200115	07/01/20-09/30/21	16,553	15,449	-	13,265	13,265	(2,184)

**Deer Lakes School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021**

EXHIBIT D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/20	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/21
Passed through the Allegheny Intermediate Unit										
IDEA B	I	84.027	062-210003	07/01/20-09/30/21	422,097	-	-	422,097	422,097	422,097
IDEA B	I	84.027	062-200003	07/01/19-09/30/20	391,352	391,352	391,352	-	-	-
IDEA B Section 619	I	84.173	131-200003	07/01/20-06/30/21	3,332	3,332	-	3,332	3,332	-
Subtotal Special Education Cluster						<u>410,133</u>	<u>391,352</u>	<u>438,694</u>	<u>438,694</u>	<u>419,913</u>
Subtotal U.S. Department of Education						<u>859,304</u>	<u>442,583</u>	<u>1,068,892</u>	<u>1,068,892</u>	<u>652,171</u>
U.S. Department of Treasury										
Passed through the Pennsylvania										
Commission on Crime and Delinquency										
COVID-19 Grant 2020	I	21.019	2020-CS-01-33397	03/01/20-10/30/20	193,693	193,693	2,832	190,861	190,861	-
U.S. Department of Homeland Security										
Passed through the Pennsylvania										
Emergency Management Agency										
Pennsylvania COVID-19 Declaration	I	97.036	FEMA-4506-DR-PA	01/20/20-09/14/20	16,187	16,187	-	16,187	16,187	-
U.S. Department of Health and Human Services										
Passed through the Pennsylvania										
Department of Public Welfare										
Medical Assistance Reimb. for Adm. Title 19	I	93.778	N/A	07/01/20-06/30/21	N/A	8,942	4,510	14,331	14,331	9,899
U.S. Department of Agriculture										
Passed through the Pennsylvania										
Department of Education										
National School Lunch Program	I	10.555	N/A	07/01/20-06/30/21	N/A	697,656	99,001	701,207	701,207	102,552
National School Breakfast Program	I	10.553	N/A	07/01/20-06/30/21	N/A	360,312	62,588	332,770	332,770	35,046
Passed through the Pennsylvania										
Department of Agriculture										
National School Lunch Program (Donated Commodities Non Cash Assistance)	I	10.555	N/A	07/01/20-06/30/21	N/A	79,478	(41,896)	102,524	102,524	(18,850)
Total U.S. Department of Agriculture and Nutrition Cluster						<u>1,137,446</u>	<u>119,693</u>	<u>1,136,501</u>	<u>1,136,501</u>	<u>118,748</u>
Total Federal Financial Assistance						<u>\$2,215,572</u>	<u>\$ 569,618</u>	<u>\$2,426,772</u>	<u>\$2,426,772</u>	<u>\$ 780,818</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**Deer Lakes School District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

EXHIBIT D

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Deer Lakes School District under programs of the federal government for the year ended June 30, 2021. 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 Deer Lakes School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Deer Lakes School District.

Note B - Summary of Significant Accounting Policies

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

Note C - Source Code

The Source Code (I) indicates funds received indirectly.

Note D - Reconciliation with Subsidy Confirmation

Amounts Received Per Schedule	\$2,215,572
Less: Commodities Received	(79,478)
Less: Pass Through IU's	(394,684)
Less: Title 19	(8,942)
Less: Pass through PCCD	(245,945)
Less: Pass through PEMA	(16,187)
Add: Medical Assistance - Access	150,000
Add: State Funding on Confirmation	<u>36,757</u>
 Per Subsidy Confirmation	 <u>\$1,657,093</u>

Note E - Subrecipients

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

**Deer Lakes School District
List of Report Distribution
June 30, 2021**

EXHIBIT E

1 Copy – Bureau of Audits

1 Copy – Bureau of the Census