

**Deer Lakes School District
Financial Statements
June 30, 2022**

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Independent Auditor's Report

Members of the Board
Deer Lakes School District
Cheswick, Pennsylvania

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Deer Lakes School District, as of and for the year ended June 30, 2022, 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.

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

Basis for Opinions

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

Change in Accounting Principle

As described in Note 16 to the financial statements, Deer Lakes School District adopted new accounting guidance, GASB Statement No. 87 "*Leases*". Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Deer Lakes School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Deer Lakes School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
March 10, 2023

Deer Lakes School District
Management's Discussion and Analysis
June 30, 2022

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, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for 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, 2022, the School District's general fund combined fund balance is \$5,270,846 which represents an increase of \$165,156. The reason for the increase in the general fund balance at June 30, 2022 was due to revenues exceeding budgeted projections by \$1,386,337 and expenditures less \$1,097,471 of budgeted projections. The capital reserve fund balance at June 30, 2022 was \$157,120 which is a decrease of \$48,621 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, 2022	June 30, 2021
General Fund		
Nonspendable Fund Balance	\$ 359,724	\$ 333,388
Assigned Capital Reserve Fund	1,700,000	1,700,000
Assigned OPEB	1,500,000	1,500,000
Unassigned Fund Balance	<u>1,711,122</u>	<u>1,572,302</u>
	<u>\$ 5,270,846</u>	<u>\$ 5,105,690</u>
Capital Projects Fund		
Committed Fund Balance	<u>\$ 1,008,311</u>	<u>\$ 1,673,581</u>
Capital Reserve Fund		
Committed Fund Balance	<u>\$ 157,120</u>	<u>\$ 384,525</u>

The general fund budget for the 2021/2022 fiscal year reflected a tax increase of 3.36% with the millage rate increasing by .737 from 21.953 to 22.69. The School District intended to use \$2,318,652 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, 2022 increased by \$165,156. The increase was due to revenues exceeding budgeted projections by \$1,386,337 and expenditures less \$1,097,471 of budgeted projections.

**Deer Lakes School District
Management's Discussion and Analysis
June 30, 2022**

Student population remained relatively constant with the 2021/2022 operating costs increasing by \$1,604,354 over the previous year. The primary components of this increase were:

- Payroll increased by \$624,933 which represents a 3.91% increase over 2020/2021 year. The increase mainly relates to contractual increases, as well as, the district operating with minimal implications from COVID-19 as compared to 2020/2021.
- Fringe Benefits increased \$455,165 or 4.49%, which coincides with the overall increase in payroll accompanied by increases in pension cost (34.51% to 34.94%) and increases in health insurance premiums by 5% from the 2020/2021 school year.

The School District experienced an overall increase in revenue of \$2,036,709 from 2020/2021 to 2021/2022. The Main Variances included:

- Increase in current real estate of \$903,236.
- Increase in earned income tax of \$189,460.
- Increase in real estate transfer tax of \$159,188.
- Increase in Federal Revenue Sources of \$560,636 mainly due to ARP ESSER funding.

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
June 30, 2022**

Figure A-1 shows how the required parts of the financial section are arranged and relate to one another:

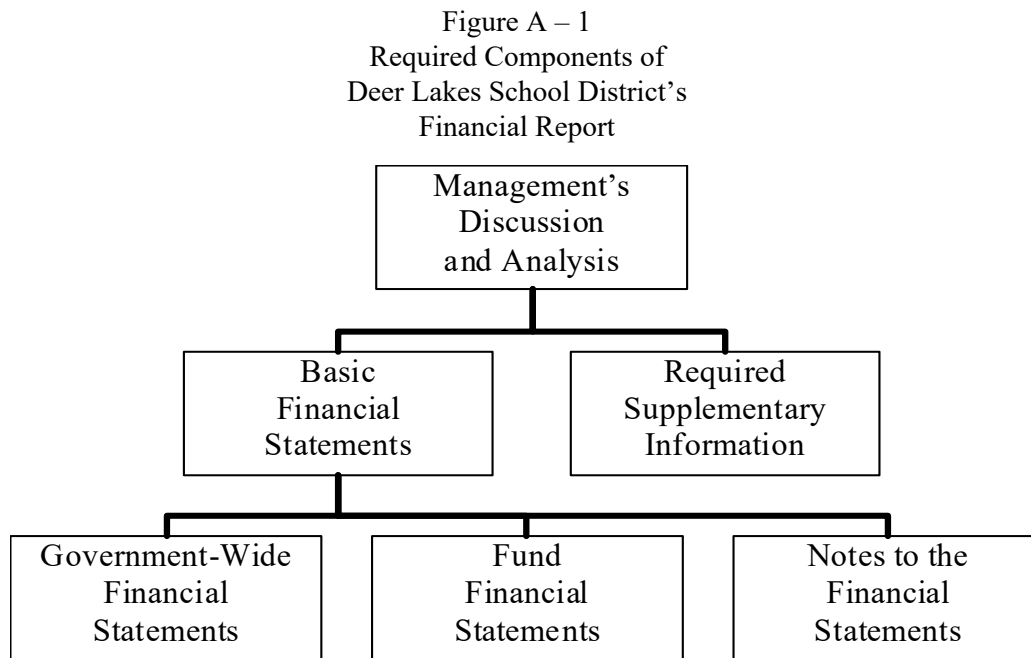


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents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

**Deer Lakes School District
Management's Discussion and Analysis
June 30, 2022**

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, 2022**

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
Management's Discussion and Analysis
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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 \$(41,885,677) at June 30, 2022 and a deficit \$(43,679,918) at June 30, 2021.

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

	2022			2021		
	Governmental	Business-		Governmental	Business-	
	Activities	Type	Totals	Activities	Type	Totals
		Activities			Activities	
Current and Other Assets	\$ 15,689,339	\$ 399,377	\$ 16,088,716	\$ 16,072,472	\$ 234,227	\$ 16,306,699
Capital Assets	<u>53,877,833</u>	<u>27,041</u>	<u>53,904,874</u>	<u>55,111,763</u>	<u>27,816</u>	<u>55,139,579</u>
Total Assets	<u>69,567,172</u>	<u>426,418</u>	<u>69,993,590</u>	<u>71,184,235</u>	<u>262,043</u>	<u>71,446,278</u>
Deferred Outflows of Resources	<u>15,137,700</u>	<u>236,973</u>	<u>15,374,673</u>	<u>16,013,337</u>	<u>252,246</u>	<u>16,265,583</u>
Current and Other Liabilities	5,621,974	431,244	6,053,218	5,567,691	506,888	6,074,579
Noncurrent Liabilities						
Due Within One Year	2,818,602	-	2,818,602	2,491,818	-	2,491,818
Due in More Than One Year	<u>107,537,483</u>	<u>1,356,879</u>	<u>108,894,362</u>	<u>118,851,614</u>	<u>1,606,607</u>	<u>120,458,221</u>
Total Liabilities	<u>115,978,059</u>	<u>1,788,123</u>	<u>117,766,182</u>	<u>126,911,123</u>	<u>2,113,495</u>	<u>129,024,618</u>
Deferred Inflows of Resources	<u>9,245,176</u>	<u>242,582</u>	<u>9,487,758</u>	<u>2,321,826</u>	<u>45,335</u>	<u>2,367,161</u>

**Deer Lakes School District
Management's Discussion and Analysis
June 30, 2022**

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

	2022			2021		
	Governmental	Business-		Governmental	Business-	
	Activities	Type		Activities	Type	
		Activities	Totals		Activities	Totals
Net Position						
Net Investment in Capital Assets	8,561,990	27,041	8,589,031	13,365,881	27,816	13,393,697
Unrestricted	<u>(49,080,353)</u>	<u>(1,394,355)</u>	<u>(50,474,708)</u>	<u>(55,401,258)</u>	<u>(1,672,357)</u>	<u>(57,073,615)</u>
Total Net Position	<u>\$ (40,518,363)</u>	<u>\$ (1,367,314)</u>	<u>\$ (41,885,677)</u>	<u>\$ (42,035,377)</u>	<u>\$ (1,644,541)</u>	<u>\$ (43,679,918)</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, 2022 and 2021
Changes in Net Position

	2022			2021		
	Governmental	Business-		Governmental	Business-	
	Activities	Type		Activities	Type	
		Activities	Totals		Activities	Totals
Revenues						
Program Revenues						
Charges for Services	\$ 96,868	\$ 173,127	\$ 269,995	\$ 23,852	\$ 69,326	\$ 93,178
Operating Grants and Contribs.	8,189,558	1,521,349	9,710,907	7,568,803	1,272,533	8,841,336
Capital Grants and Contribs.	619,103	-	619,103	568,840	-	568,840

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

	2022			2021		
	Governmental	Business-		Governmental	Business-	
	Activities	Type	Totals	Activities	Type	Totals
		Activities			Activities	
General Revenues						
Property Taxes	20,136,587	-	20,136,587	19,390,982	-	19,390,982
Other Taxes	2,855,303	-	2,855,303	2,502,989	-	2,502,989
Grants, Subsidies and Contribs.						
Unrestricted	7,321,265	40	7,321,305	7,167,190	-	7,167,190
Investment Earnings	26,820	61	26,881	22,585	37	22,622
Other	49,794	-	49,794	35,490	-	35,490
Total Revenues	<u>39,295,298</u>	<u>1,694,577</u>	<u>40,989,875</u>	<u>37,280,731</u>	<u>1,341,896</u>	<u>38,622,627</u>
Expenses						
Instruction	22,721,890	-	22,721,890	24,619,961	-	24,619,961
Instructional Student Support	2,141,558	-	2,141,558	2,089,655	-	2,089,655
Admin. and Fin. Support Svcs.	4,350,666	-	4,350,666	4,622,176	-	4,622,176
Operation and Maintenance						
of Plant Services	3,470,669	-	3,470,669	3,830,296	-	3,830,296
Pupil Transportation	2,821,588	-	2,821,588	2,175,892	-	2,175,892
Student Activities	730,646	-	730,646	686,348	-	686,348
Community Services	695	-	695	2,254	-	2,254
Interest on Long-Term Debt	1,535,826	-	1,535,826	1,368,228	-	1,368,228
Food Service	-	1,417,350	1,417,350	-	1,452,822	1,452,822
Total Expenses	<u>37,773,538</u>	<u>1,417,350</u>	<u>39,190,888</u>	<u>39,394,810</u>	<u>1,452,822</u>	<u>40,847,632</u>
Increase (Decrease) in Net Position	1,521,760	277,227	1,798,987	(2,114,079)	(110,926)	(2,225,005)
Beginning Net Position						
(Restated - See Note16)	<u>(42,040,123)</u>	<u>(1,644,541)</u>	<u>(43,684,664)</u>	<u>(39,921,298)</u>	<u>(1,533,615)</u>	<u>(41,454,913)</u>
Ending Net Position	<u>\$ (40,518,363)</u>	<u>\$ (1,367,314)</u>	<u>\$ (41,885,677)</u>	<u>\$ (42,035,377)</u>	<u>\$ (1,644,541)</u>	<u>\$ (43,679,918)</u>

**Deer Lakes School District
Management's Discussion and Analysis
June 30, 2022**

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, 2022 and 2021
Governmental Activities

	2022		2021	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Instruction	\$ 22,721,890	\$ 16,232,471	\$ 24,619,961	\$ 19,503,642
Instructional Student Support	2,141,558	913,389	2,089,655	1,606,824
Admin. and Fin. Support Svcs.	4,350,666	3,863,178	4,622,176	4,207,145
Operation and Maintenance of Plant Services	3,470,669	3,057,834	3,830,296	3,471,576
Pupil Transportation	2,821,588	2,122,473	2,175,892	1,033,200
Student Activities	730,646	548,425	686,348	611,540
Community Services	695	-	2,254	-
Interest on Long-Term Debt	<u>1,535,826</u>	<u>916,723</u>	<u>1,368,228</u>	<u>799,388</u>
Total Governmental Activities	<u>\$ 37,773,538</u>	27,654,493	<u>\$ 39,394,810</u>	31,233,315
Less:				
Unrestricted Grants, Subsidies		<u>(7,321,265)</u>		<u>(7,167,190)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$ 20,333,228</u>		<u>\$ 24,066,125</u>

**Deer Lakes School District
Management's Discussion and Analysis
June 30, 2022**

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, 2022 and 2021
Business-Type Activities

	2022		2021	
	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>\$1,417,350</u>	\$ (277,126)	<u>\$1,452,822</u>	\$ 110,963
Add/Less:				
Investment Earnings		<u>(61)</u>		<u>(37)</u>
Total Business-Type Activities		<u>\$ (277,187)</u>		<u>\$ 110,926</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, 2022, the School District had \$53,412,101 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 \$1,699,662 from last year.

Table A-5 illustrates the School District's capital assets as of June 30, 2022 and 2021, net of depreciation.

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

	2022	2021
Land and Land Improvements	\$ 59,494	\$ 59,494
Buildings and Building Improvements	51,374,742	53,287,122
Furniture and Equipment	1,977,865	1,765,147

**Deer Lakes School District
Management's Discussion and Analysis
June 30, 2022**

Debt Administration

As of July 1, 2021, the School District had total outstanding bond and note principal of \$50,094,975. The total outstanding bond and note principal as of June 30, 2022, is \$47,676,100.

Other long-term obligations include accrued sick leave for specific employees of the School District in the amount of \$798,193 and financing agreements in the amount of \$217,963.

Table A - 6
Outstanding Debt

	As of 06/30/22	As of 06/30/21
G.O. Bonds Series of 2011A	\$ 1,350,000	\$ 2,625,000
G.O. Bonds Series of 2011B	-	375,000
G.O. Bonds Series of 2012	-	60,000
G.O. Bonds Series of 2017	22,095,000	22,270,000
G.O. Bonds Series of 2020A	21,430,000	21,675,000
G.O. Bonds Series of 2020B	2,355,000	2,590,000
G.O. Notes Series of 2016	446,100	499,975

School District Funds

At June 30, 2022, the School District's governmental funds reported a combined fund balance of \$6,436,277 which is a decrease of \$548,735. The primary component of this was in the capital projects fund, \$665,270 and an increase in the general fund of \$165,156. The decrease in the capital projects fund was due to the completion of various projects throughout the district. The change in the general fund is described above.

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, 2022**

During the year ended June 30, 2022, actual revenues were more than budgeted revenues by \$1,386,337 and actual expenditures were less than budgeted in the amount of \$1,097,471.

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 2022/2023 year was \$38,992,866, which was \$1,058,751 more than the 2021/2022 budget. This represents a 2.8% 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's last real estate tax increase was in 2021/2022 increasing the millage rate to 22.69.

The expenditure budget for the 2022/2023 year increased \$979,135 to \$41,231,942. 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 manage costs effectively 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, 2022**

The comparison of revenue and expenditure categories is as follows:

Table A - 7

	Budgeted Revenue 2022/2023	Actual Revenue 2021/2022
Local	57.9%	60.7%
State	38.8%	35.1%
Federal/Other	3.3%	4.2%

	Budgeted Expenditures 2022/2023	Actual Expenditures 2021/2022
Instruction	58.0%	57.4%
Support Services	30.6%	30.5%
Noninstructional Services	1.9%	1.8%
Capital Outlay	0.2%	0.0%
Fund Transfers/Debt/Other	9.3%	10.3%

Labor Relations

The School District has negotiated contracts with its teachers, support personnel, and custodial/maintenance, cafeteria works and bus drivers. The teachers' contract extends through June 30, 2028, with the support personnel and custodial/maintenance, cafeteria works and bus drivers each respectfully extending through June 30, 2027.

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, 2022

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 8,170,486	\$ 3,385	\$ 8,173,871
Taxes Receivable, Net	4,078,009	-	4,078,009
Due From Other Governments	2,654,633	298,451	2,953,084
Other Receivables	113,132	22,282	135,414
Inventories	-	75,259	75,259
Prepaid Items	359,724	-	359,724
Long-Term Prepayments (net of amortization)	313,355	-	313,355
Capital Assets not Being Depreciated			
Land	59,494	-	59,494
Capital Assets, Net of Accumulated Depreciation			
Building & Building Improvements	51,374,742	-	51,374,742
Furniture & Equipment	1,977,865	27,041	2,004,906
Intangible Right-to-Use Asset, Net of Amort.	465,732	-	465,732
TOTAL ASSETS	69,567,172	426,418	69,993,590
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	3,148,793	-	3,148,793
Amounts Related to OPEB - District	3,375,110	-	3,375,110
Amounts Related to OPEB - PSERS	486,170	13,538	499,708
Amounts Related to Pension	8,127,627	223,435	8,351,062
TOTAL DEFERRED OUTFLOWS OF RESOURCES	15,137,700	236,973	15,374,673
LIABILITIES			
Internal Balances	(365,442)	365,442	-
Accounts Payable	1,528,909	58	1,528,967
Accrued Salaries and Benefits	3,842,862	2,385	3,845,247
Unearned Revenues	295,941	36,666	332,607
Other Current Liabilities	319,704	26,693	346,397
Noncurrent Liabilities:			
Due Within One Year	2,818,602	-	2,818,602
Due in More Than One Year:			
Financing Agreements	130,989	-	130,989
Compensated Absences	773,193	-	773,193
Bonds Payable	44,840,939	-	44,840,939
Notes Payable	389,456	-	389,456
Leases Payable	309,650	-	309,650
Other Post-Employment Benefits - District	12,774,135	-	12,774,135
Other Post-Employment Benefits - PSERS	2,633,072	73,928	2,707,000
Net Pension Liability	45,686,049	1,282,951	46,969,000
TOTAL LIABILITIES	115,978,059	1,788,123	117,766,182
DEFERRED INFLOWS OF RESOURCES			
Amounts Related to OPEB - PSERS	75,870	2,130	78,000
Amounts Related to OPEB - District	606,758	-	606,758
Amounts Related to Pension	8,562,548	240,452	8,803,000
TOTAL DEFERRED INFLOWS OF RESOURCES	9,245,176	242,582	9,487,758
NET POSITION			
Net Investment in Capital Assets	8,561,990	27,041	8,589,031
Unrestricted	(49,080,353)	(1,394,355)	(50,474,708)
TOTAL NET POSITION	\$ (40,518,363)	\$ (1,367,314)	\$ (41,885,677)

See Accompanying Notes

**Deer Lakes School District
Statement of Activities
Year Ended June 30, 2022**

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities:							
Instruction	\$ 22,721,890	\$ -	\$ 5,632,471	\$ -	\$ (17,089,419)	\$ -	\$ (17,089,419)
Instructional Student Support	2,141,558	-	1,156,572	-	(984,986)	-	(984,986)
Administrative and Financial Support Services	4,350,666	-	370,059	-	(3,980,607)	-	(3,980,607)
Operation and Maintenance of Plant Services	3,470,669	19,804	298,813	-	(3,152,052)	-	(3,152,052)
Pupil Transportation	2,821,588	-	651,748	-	(2,169,840)	-	(2,169,840)
Student Activities	730,646	77,064	79,200	-	(574,382)	-	(574,382)
Community Services	695	-	695	-	-	-	-
Interest on Long-Term Debt	1,535,826	-	-	619,103	(916,723)	-	(916,723)
Total Governmental Activities	<u>37,773,538</u>	<u>96,868</u>	<u>8,189,558</u>	<u>619,103</u>	<u>(28,868,009)</u>	<u>-</u>	<u>(28,868,009)</u>
Business-type activities:							
Food Service	1,417,350	173,127	1,521,349	-	-	277,126	277,126
Total Primary Government	<u>\$ 39,190,888</u>	<u>\$ 269,995</u>	<u>\$ 9,710,907</u>	<u>\$ 619,103</u>	<u>(28,868,009)</u>	<u>277,126</u>	<u>(28,590,883)</u>
General Revenues							
Taxes							
Property Taxes Levied for General Purposes, Net					20,136,587	-	20,136,587
Earned Income Taxes					2,163,692	-	2,163,692
Real Estate Transfer Taxes					464,858	-	464,858
Other Taxes Levied for General Purposes, Net					226,753	-	226,753
Grants, Subsidies and Contributions not Restricted					7,321,265	40	7,321,305
Investment Earnings					26,820	61	26,881
Miscellaneous Income					49,794	-	49,794
Total General Revenues					<u>30,389,769</u>	<u>101</u>	<u>30,389,870</u>
Change in Net Position					1,521,760	277,227	1,798,987
Net Position - July 1, 2021 (Restated - See Note 16)					<u>(42,040,123)</u>	<u>(1,644,541)</u>	<u>(43,684,664)</u>
Net Position - June 30, 2022					<u>\$ (40,518,363)</u>	<u>\$ (1,367,314)</u>	<u>\$ (41,885,677)</u>

See Accompanying Notes

**Deer Lakes School District
Balance Sheet
Governmental Funds
June 30, 2022**

Exhibit 3

	General Fund	Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 6,989,850	\$ 1,180,636	\$ 8,170,486
Taxes Receivable, Net	4,078,009	-	4,078,009
Due from Other Funds	399,140	-	399,140
Due from Other Governments	2,654,633	-	2,654,633
Other Receivables	80,191	-	80,191
Prepaid Items	<u>359,724</u>	<u>-</u>	<u>359,724</u>
TOTAL ASSETS	<u><u>\$ 14,561,547</u></u>	<u><u>\$ 1,180,636</u></u>	<u><u>\$ 15,742,183</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Due to Other Funds	\$ -	\$ 757	\$ 757
Accounts Payable	1,514,461	14,448	1,528,909
Accrued Salaries and Benefits	3,842,862	-	3,842,862
Payroll Deductions and Withholdings	776	-	776
Unearned Revenues	<u>273,225</u>	<u>-</u>	<u>273,225</u>
Total Liabilities	<u>5,631,324</u>	<u>15,205</u>	<u>5,646,529</u>
Deferred Inflows of Resources			
Unavailable Revenues - Property Taxes	3,636,661	-	3,636,661
Unavailable Revenues - Grants	<u>22,716</u>	<u>-</u>	<u>22,716</u>
Total Deferred Inflows of Resources	<u>3,659,377</u>	<u>-</u>	<u>3,659,377</u>
Fund Balances			
Nonspendable	359,724	-	359,724
Committed	-	1,165,431	1,165,431
Assigned	3,200,000	-	3,200,000
Unassigned	<u>1,711,122</u>	<u>-</u>	<u>1,711,122</u>
Total Fund Balances	<u>5,270,846</u>	<u>1,165,431</u>	<u>6,436,277</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 14,561,547</u></u>	<u><u>\$ 1,180,636</u></u>	<u><u>\$ 15,742,183</u></u>

See Accompanying Notes

**Deer Lakes School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022**

Exhibit 4

Total Fund Balances - Governmental Funds	\$	6,436,277
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$96,763,298, and the accumulated depreciation is \$43,351,197.		53,412,101
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Intangible right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The value of these assets is \$1,043,379 and the accumulated amortization is \$577,647.		465,732
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Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures and, therefore, are not reported as assets in governmental funds.		3,636,661
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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.		3,052,854
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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.		313,355
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Long-term liabilities, including bonds, notes, leases and financing agreements 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	\$ (47,230,000)	
Accrued Interest on the Bonds	(318,928)	
Financing Agreements	(217,963)	
Leases Payable	(474,634)	
Notes Payable	(446,100)	
Compensated Absences	(798,193)	
		(49,485,818)

**Deer Lakes School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022**

Exhibit 4

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

OPEB Liability - PSERS	(2,633,072)	
OPEB Liability - District	(12,774,135)	
Net Pension Liability	<u>(45,686,049)</u>	(61,093,256)

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	8,127,627	
Deferred Inflows of Resources Related to Pensions	(8,562,548)	
Deferred Outflows of Resources Related to OPEB - District	3,375,110	
Deferred Outflows of Resources Related to OPEB - PSERS	486,170	
Deferred Inflows of Resources Related to OPEB -District	(606,758)	
Deferred Inflows of Resources Related to OPEB -PSERS	<u>(75,870)</u>	<u>2,743,731</u>

Total Net Position - Governmental Activities		<u>\$ (40,518,363)</u>
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See Accompanying Notes

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

Exhibit 5

	General Fund	Non-Major Funds	Total Governmental Funds
Revenues			
Local Sources	\$23,876,959	\$ 2,658	\$23,879,617
State Sources	13,822,029	-	13,822,029
Federal Sources	<u>1,459,289</u>	<u>-</u>	<u>1,459,289</u>
Total Revenues	<u>39,158,277</u>	<u>2,658</u>	<u>39,160,935</u>
Expenditures			
Instruction	22,476,588	-	22,476,588
Support Services	11,938,505	314,768	12,253,273
Noninstructional Services	717,414	-	717,414
Capital Outlay	-	401,781	401,781
Debt Service (Principal & Interest)	4,022,510	-	4,022,510
Refunds of Prior Year's Receipts	<u>279</u>	<u>-</u>	<u>279</u>
Total Expenditures	<u>39,155,296</u>	<u>716,549</u>	<u>39,871,845</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,981</u>	<u>(713,891)</u>	<u>(710,910)</u>
Other Financing Sources (Uses)			
Proceeds from Financing Agreements	159,306	-	159,306
Insurance Recoveries	<u>2,869</u>	<u>-</u>	<u>2,869</u>
Total Other Financing Sources (Uses)	<u>162,175</u>	<u>-</u>	<u>162,175</u>
Net Changes in Fund Balances	165,156	(713,891)	(548,735)
Fund Balances - July 1, 2021	<u>5,105,690</u>	<u>1,879,322</u>	<u>6,985,012</u>
Fund Balances - June 30, 2022	<u>\$ 5,270,846</u>	<u>\$ 1,165,431</u>	<u>\$ 6,436,277</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, 2022**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds	\$	(548,735)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Depreciation Expense	\$ (2,348,011)		
Intangible Right-to-Use Asset Amortization	(227,081)		
Capital Outlays	<u>648,349</u>		(1,926,743)

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.

134,642

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

2,732,139

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	(16,016)		
Other Post-Employment Benefits -District	(690,573)		
Other Post-Employment Benefits - PSERS	<u>(33,844)</u>		(740,433)

**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, 2022**

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		23,680
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Bond discount, premium and deferred charges on bonds are reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the bonds in the statement of activities.

Amortization of Joint Venture Payment	(47,003)	
Amortization of Discount, Premium and		
Deferred Loss on Refunding	(215,260)	(262,263)

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	5,587,437	
Cost of Benefits Earned	(3,318,658)	2,268,779

Some capital assets acquired this year were financed through financing agreements. The amount financed is reported in the governmental funds as an other financing source. The financing agreements are not revenues in the statement of activities but constitute long-term liabilities in the statement of net position.

Change in Net Position of Governmental Activities		\$ 1,521,760
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See Accompanying Notes

**Deer Lakes School District
Statement of Net Position
Proprietary Funds
June 30, 2022**

Exhibit 7

	Food Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 3,385
Due From Other Governments	298,451
Other Receivables	22,282
Inventories	<u>75,259</u>
Total Current Assets	<u>399,377</u>
Noncurrent Assets	
Building and Building Improvements, Net	<u>27,041</u>
TOTAL ASSETS	<u>426,418</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts Related to Pensions	223,435
Amounts Related to OPEB - PSERS	<u>13,538</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>236,973</u>
LIABILITIES	
Current Liabilities	
Due to Other Funds	365,442
Accounts Payable	58
Accrued Salaries and Benefits	2,385
Unearned Revenues	36,666
Other Current Liabilities	<u>26,693</u>
Total Current Liabilities	<u>431,244</u>
Noncurrent Liabilities	
Net Pension Liability	1,282,951
Net OPEB Liability - PSERS	<u>73,928</u>
Total Noncurrent Liabilities	<u>1,356,879</u>
TOTAL LIABILITIES	<u>1,788,123</u>
DEFERRED INFLOWS OF RESOURCES	
Amounts Related to Pensions	240,452
Amounts Related to OPEB - PSERS	<u>2,130</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>242,582</u>
NET POSITION	
Invested in Capital Assets	27,041
Unrestricted	<u>(1,394,355)</u>
TOTAL NET POSITION	<u><u>\$ (1,367,314)</u></u>

See Accompanying Notes

Deer Lakes School District
Statement of Revenues, Expenses and Changes
in Net Position
Proprietary Funds
Year Ended June 30, 2022

Exhibit 8

	Food Service Fund
Operating Revenues	
Food Service Revenue	\$ 173,127
Operating Expenses	
Salaries	457,859
Employee Benefits	361,842
Purchased Property Services	2,105
Other Purchased Services	5,665
Supplies	622,586
Depreciation	3,229
Dues and Fees	1,272
	<hr/>
Total Operating Expenses	1,454,558
	<hr/>
Operating Income (Loss)	(1,281,431)
	<hr/>
Nonoperating Revenues (Expenses)	
Earnings on Investments	61
Contributions and Donations	40
Change in Pension & OPEB Liability	37,208
State Sources	135,967
Federal Sources	1,385,382
	<hr/>
Total Nonoperating Revenues (Expenses)	1,558,658
	<hr/>
Change in Net Position	277,227
Net Position - July 1, 2021	(1,644,541)
	<hr/>
Net Position - June 30, 2022	\$ (1,367,314)
	<hr/>

See Accompanying Notes

**Deer Lakes School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2022**

Exhibit 9

	Food Service Fund
Cash Flows From Operating Activities	
Cash Received from Users	\$ 176,624
Cash Payments to Employees for Services	(820,616)
Cash Payments to Suppliers for Goods and Services	(625,073)
Cash Payments for Other Operating Expenses	<u>(1,272)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(1,270,337)</u>
Cash Flows From Non-Capital Financing Activities	
Local Sources	40
State Sources	131,940
Federal Sources	<u>1,177,971</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>1,309,951</u>
Cash Flows From Capital and Related Financing Activities	
Facilities Acquisition/Const./Imp.Serv	<u>(2,454)</u>
Cash Flows From Investing Activities	
Earnings on Investments	61
Loans Received (Paid)	<u>(42,712)</u>
Net Cash Provided by (Used for) Investing Activities	<u>(42,651)</u>
Net Increase (Decrease) in Cash and Cash Flows	(5,491)
Cash and Cash Equivalents - July 1, 2021	<u>8,876</u>
Cash and Cash Equivalents - June 30, 2022	<u>\$ 3,385</u>

**Deer Lakes School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2022**

Exhibit 9

	Food Service Fund
Operating Income (Loss)	\$ (1,281,431)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	3,229
Donated Commodities	55,864
(Increase) Decrease in Accounts Receivable	2,747
(Increase) Decrease in Inventories	(4,277)
Increase (Decrease) in Accounts Payable	(46,304)
Increase (Decrease) in Accrued Salaries Benefits	(915)
Increase (Decrease) in Other Current Liabilities	<u>750</u>
Total Adjustments	<u>11,094</u>
Cash Provided by (Used for) Operating Activities	<u><u>\$ (1,270,337)</u></u>

Noncash Non-Capital Financing Activities

During the year ended June 30, 2022, the School District received \$73,680 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, 2022**

Exhibit 10

	Private Purpose Trust Fund	Custodial Fund
ASSETS		
Cash and Cash Equivalents	<u>\$ 10,397</u>	<u>\$ 76,774</u>
LIABILITIES		
Due to Other Funds	<u>-</u>	<u>32,941</u>
NET POSITION		
Restricted for:		
Scholarships	10,397	-
Student Groups	<u>-</u>	<u>43,833</u>
TOTAL NET POSITION	<u>\$ 10,397</u>	<u>\$ 43,833</u>

See Accompanying Notes

**Deer Lakes School District
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2022**

Exhibit 11

	Private Purpose Trust Fund	Custodial Fund
Additions		
Revenue from Student Activities	\$ -	\$ 60,259
Interest Earnings	<u>18</u>	<u>191</u>
Total Additions	<u>18</u>	<u>60,450</u>
Deductions		
Student Activities Program Expenses	<u>-</u>	<u>59,736</u>
Change in Net Position	18	714
Net Position - July 1, 2021	<u>10,379</u>	<u>43,119</u>
Net Position - June 30, 2022	<u><u>\$ 10,397</u></u>	<u><u>\$ 43,833</u></u>

See Accompanying Notes

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

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, 2022

1. Governmental Funds

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

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.

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, 2022

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, 2022

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, 2022, was \$847,292 which was paid in the year ended June 30, 2022 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, 2022, was \$446,100.

The School District has no equity interest in Beattie as of June 30, 2022. Complete financial statements for Beattie can be obtained from the administrative offices at 9600 Babcock Boulevard, Allison Park, PA 15101-2091.

E. Cash and Cash Equivalents

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

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

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, 2022.

The final budget data reflected in the financial statements includes the effect of approved budget transfer amendments and for comparative purposes, the actual amounts have also been presented. The School District expenditures may not legally exceed the revised budget amounts by function. Function is defined as a program area such as instructional services. Management may amend the budget without seeking prior approval of the Board within a function. Amendments between functions require prior Board approval. 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, 2022.

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

The inventory of the food service fund consists of food supplies and government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2022 are reported as 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, 2022

L. Intangible Right-to-Use Assets

The School District has recorded intangible right-to-use assets as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payment made prior to the lease term, less any lease incentives, and plus any ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

M. Deferred Outflows/Inflows of Resources

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

N. 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.

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

O. 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.

P. 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.

Q. Equity Classifications

Government-Wide Statements

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

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

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

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.

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

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

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

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

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

The purpose of the nonspendable, restricted, committed and assigned fund balance as of June 30, 2022, is as follows:

General Fund

1. The nonspendable fund balance of \$359,724 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 \$1,008,311 is for future capital projects.

The committed fund balance in the capital reserve fund of \$157,120 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.

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of June 30, 2022, \$1,047,228 of the School District's bank balance of \$1,297,228 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>\$1,047,228</u>

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

Investments	Fair Value
PLGIT	\$ 5,107,061
PSDLAF	<u>2,127,797</u>
	<u>\$ 7,234,858</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.

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

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.

Note 3 - Real Estate Taxes

The municipal tax collectors bill and collect real estate taxes on behalf of the School District based upon assessed values provided by the County. The School District’s tax rate for all purposes in 2021/2022 was 22.690 mills (\$22.69 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2021/2022 is as follows:

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

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 \$3,636,661, net of uncollectible, along with other taxes receivable of \$441,348.

Note 4 - Due from Other Governments

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

	Governmental Activities	Business-Type Activities	Totals
Federal (through the state)	\$ 1,223,386	\$ 289,145	\$ 1,512,531
State	1,409,034	9,306	1,418,340
Local	<u>22,213</u>	<u>-</u>	<u>22,213</u>
	<u>\$ 2,654,633</u>	<u>\$ 298,451</u>	<u>\$ 2,953,084</u>

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

Note 5 - Capital Assets

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

	Balance 07/01/21	Additions	Deletions	Balance 06/30/22
Governmental Activities				
Capital Assets not Being Depreciated				
Land	<u>\$ 59,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,494</u>
Capital Assets Being Depreciated				
Land Improvements	464,630	-	-	464,630
Buildings and Building Improv.	85,624,843	26,055	-	85,650,898
Furniture and Equipment	<u>10,215,472</u>	<u>622,294</u>	<u>(249,490)</u>	<u>10,588,276</u>
Total Capital Assets Being Depreciated	<u>96,304,945</u>	<u>648,349</u>	<u>(249,490)</u>	<u>96,703,804</u>
Less Accumulated Depreciation				
Land Improvements	464,630	-	-	464,630
Buildings and Building Improv.	32,337,721	1,938,435	-	34,276,156
Furniture and Equipment	<u>8,450,325</u>	<u>409,576</u>	<u>(249,490)</u>	<u>8,610,411</u>
Total Accumulated Depreciation	<u>41,252,676</u>	<u>2,348,011</u>	<u>(249,490)</u>	<u>43,351,197</u>
Total Capital Assets Being Depreciated, Net	<u>55,052,269</u>	<u>(1,699,662)</u>	<u>-</u>	<u>53,352,607</u>
Governmental Activities Capital Assets, Net	<u>\$55,111,763</u>	<u>\$ (1,699,662)</u>	<u>\$ -</u>	<u>\$53,412,101</u>
Business-Type Activities				
Furniture and Equipment	\$ 500,787	\$ 2,454	\$ -	\$ 503,241
Less Accumulated Depreciation and Equipment	<u>472,971</u>	<u>3,229</u>	<u>-</u>	<u>476,200</u>
Business-Type Activities Capital Assets, Net	<u>\$ 27,816</u>	<u>\$ (775)</u>	<u>\$ -</u>	<u>\$ 27,041</u>
Governmental Activities				
Intangible Right-to-use Assets:				
Leased Equipment	\$ 1,043,379	\$ -	\$ -	\$ 1,043,379
Less Accumulated Amortization	<u>350,566</u>	<u>227,081</u>	<u>-</u>	<u>577,647</u>
Net Intangible Right-to-use Assets	<u>\$ 692,813</u>	<u>\$ (227,081)</u>	<u>\$ -</u>	<u>\$ 465,732</u>

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

Governmental Activities

Instruction	\$ 1,361,846
Instructional Student Support	281,761
Administration and Financial Support Services	164,361
Operation and Maintenance of Plant Services	258,281
Pupil Transportation	234,801
Student Activities	<u>46,961</u>

Total Depreciation Expense	<u><u>\$ 2,348,011</u></u>
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Business-Type Activities

Food Service	<u><u>\$ 3,229</u></u>
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Governmental Activities

Intangible Right-to-use Assets:

Administration and Financial Support Services	<u><u>\$ 227,081</u></u>
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Note 6 - Interfund Balances

At June 30, 2022, interfund balances were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 399,140	\$ -
Nonmajor Funds	-	757
Proprietary Fund		
Food Service	-	365,442
Fiduciary Fund	<u>-</u>	<u>32,941</u>
	<u><u>\$ 399,140</u></u>	<u><u>\$ 399,140</u></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.

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

Note 7 - Long-Term Debt

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

	Balance 07/01/21	Additions	Reductions	Balance 06/30/22	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 49,595,000	\$ -	\$ 2,365,000	\$ 47,230,000	\$ 2,485,000
Plus: Bond Premium	225,388	-	55,852	169,536	-
Less: Bond Discount	<u>(77,970)</u>	<u>-</u>	<u>(4,373)</u>	<u>(73,597)</u>	<u>-</u>
Total Bonds Payable	<u>49,742,418</u>	<u>-</u>	<u>2,416,479</u>	<u>47,325,939</u>	<u>2,485,000</u>
Financing Agreements	148,996	159,306	90,339	217,963	86,974
General Obligation Note	499,975	-	53,875	446,100	56,644
Compensated Absences	<u>782,177</u>	<u>16,016</u>	<u>-</u>	<u>798,193</u>	<u>25,000</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 51,173,566</u>	<u>\$ 175,322</u>	<u>\$ 2,560,693</u>	<u>\$ 48,788,195</u>	<u>\$ 2,653,618</u>
Lease Liabilities	<u>\$ 697,559</u>	<u>\$ -</u>	<u>\$ 222,925</u>	<u>\$ 474,634</u>	<u>\$ 164,984</u>
Total Long-Term Obligations as Reported in the Statement of Net Position				<u>\$ 49,262,829</u>	<u>\$ 2,818,602</u>

General Obligation Bonds

Series of 2011A; interest 0.5%-3.25%; final payment October 2022	\$ 1,350,000
Series of 2017; interest 0.95%-3.75%; final payment April 2032	22,095,000
Series of 2020A; interest 0.693%-2.59%; final payment October 2038	21,430,000
Series of 2020B; interest 2.00%-5.00%; final payment October 2039	<u>2,355,000</u>
	<u>\$ 47,230,000</u>

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

General Obligation Notes

Series of 2016; interest 0.50%-2.25%; final payment October 2028	<u>\$ 446,100</u>
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Financing Agreements

Agreement dated October 1, 2021 in the amount of \$159,306; due in annual payments of \$42,396 including interest at 4.335% through October 1, 2024.	\$ 116,910
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Agreement dated April 9, 2019 in the amount of \$248,528; due in annual payments of \$53,232 including interest at 3.55% through September 10, 2023.	<u>101,053</u>
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	<u>\$ 217,963</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, 2022 including interest, are as follows:

Year Ended June 30,	General Obligation Bonds		General Obligation Notes		Financing Agreements		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 2,485,000	\$ 1,238,988	\$ 56,644	\$ 13,117	\$ 86,974	\$ 8,655	\$ 3,889,378
2024	2,235,000	1,184,899	59,413	10,216	90,354	5,275	3,585,157
2025	2,280,000	1,142,879	62,434	7,170	40,635	1,761	3,534,879
2026	2,450,000	1,106,144	64,952	4,959	-	-	3,626,055
2027	2,480,000	1,062,539	66,210	3,648	-	-	3,612,397
2028-2032	13,220,000	4,506,265	136,447	3,045	-	-	17,865,757
2033-2037	15,175,000	2,540,182	-	-	-	-	17,715,182
2038-2039	6,905,000	315,621	-	-	-	-	7,220,621
	<u>\$47,230,000</u>	<u>\$13,097,517</u>	<u>\$ 446,100</u>	<u>\$ 42,155</u>	<u>\$ 217,963</u>	<u>\$ 15,691</u>	<u>\$61,049,426</u>

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

Note 8 – Lease Liabilities

The School District has entered into agreements to lease copiers, postage machine and computers. The term of the copier lease is for five years requiring monthly payments of \$11,875. The term of the postage machine lease is for four years requiring monthly payments of \$229. The term of the HP computer lease is for four years requiring annual payments of \$62,180. The term of the TRAFERA computer lease is for four years requiring annual payments of \$34,054. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at present value of the future minimum lease payments as of the date of their inception. For purposes of discounting future payments, the School District determined an interest rate of 2.9% to be an appropriate discount rate.

As of June 30, 2022, the value of the lease liability recorded for the above leases was \$474,634. As a result, the School District has recorded an Intangible Right-to-Use asset with a net book value of \$465,732 as of June 30, 2022. Future minimum lease payments under these leases are as follows:

Year Ended June 30,	Lease Payable		Totals
	Principal	Interest	
2023	\$ 164,984	\$ 12,028	\$ 177,012
2024	169,363	7,191	176,554
2025	<u>140,287</u>	<u>2,213</u>	<u>142,500</u>
	<u>\$ 474,634</u>	<u>\$ 21,432</u>	<u>\$ 496,066</u>

Note 9 - Public School Employees' Retirement System (PSERS)

A. Summary of Significant Accounting Policies

Pensions

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

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

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

B. General Information about the Pension Plan

1. Plan Description

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

2. Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F).

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

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

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

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

3. Contributions

Member Contributions

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

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

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

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2022 was 34.14% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$5,739,539 for the year ended June 30, 2022.

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

At June 30, 2022, the School District reported a liability of \$46,969,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2020 to June 30, 2021. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2022, the School District's proportion was 0.1144%, which was a decrease of 0.0015% from its proportion measured as of June 30, 2021.

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

For the year ended June 30, 2022, the School District recognized pension expense of \$3,431,657. At June 30, 2022, 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	\$ 35,000	\$ 617,000
Net difference between projected and actual investment earnings	-	7,477,000
Changes in assumptions	2,278,000	-
Changes in proportions	236,000	709,000
Difference between employer contributions and proportionate share of total contributions	62,523	-
Contributions subsequent to the measurement date	<u>5,739,539</u>	<u>-</u>
	<u><u>\$ 8,351,062</u></u>	<u><u>\$8,803,000</u></u>

\$5,739,539 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2023	\$(1,545,569)
2024	(1,155,033)
2025	(1,079,955)
2026	<u>(2,410,920)</u>
	<u><u>\$(6,191,477)</u></u>

1. Changes in Actuarial Assumptions

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

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

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate – decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates – Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	27.0%	5.2%
Private Equity	12.0%	7.3%
Fixed Income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	0.1%
Leverage	<u>-13.0%</u>	0.1%
	<u>100%</u>	

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

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

2. Discount Rate

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

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

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

	(In Thousands)		
	1.00% Decrease 6.00%	Current Discount Rate 7.00%	1.00% Increase 8.00%
School District's proportionate share of the net pension liability	\$ 61,648	\$ 46,969	\$ 34,586

4. Pension Plan Fiduciary Net Position

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

Note 10 - 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, 2022 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, 2022, which could result in tax refunds being owed by the School District.

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

Note 11 - 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.

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.

**Deer Lakes School District
Notes to Financial Statements
June 30, 2022**

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.

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	22
Active employees	<u>230</u>
	<u>252</u>

B. Total OPEB Liability

The School District's total OPEB liability of \$12,774,135 was measured as of July 1, 2021 and was determined by an actuarial valuation as of July 1, 2020. Standard roll-forward techniques were used to roll-forward the liability from the valuation date to the measurement date using updated assumptions.

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

C. Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation roll-forward 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	2.16%
Healthcare Cost Trend Rates	7.0% for 2021/2022, 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-2020.

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

D. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 12,197,473
Changes for the year:	
Service Cost	660,725
Interest	269,564
Changes of assumptions or other inputs	118,141
Benefit Payments	<u>(471,768)</u>
Net Changes	<u>576,662</u>
Balance at June 30, 2022	<u><u>\$ 12,774,135</u></u>

E. Changes of Assumptions and Other Inputs

- Changed the discount rate from 2.21% to 2.16%.

Deer Lakes School District
Notes to Financial Statements
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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 (1.16%) or one-percentage point higher (3.16%) than the current discount rate:

	1.00% Decrease 1.16%	Current Discount Rate 2.16%	1.00% Increase 3.16%
Total OPEB Liability	\$ 14,002,082	\$ 12,774,135	\$ 11,659,816

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	\$ 11,488,876	\$ 12,774,135	\$ 14,243,110

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

For the year ended June 30, 2022, the School District recognized OPEB change of \$690,573. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 1,515,924	\$ 269,353
Differences between expected and actual experience	1,350,375	337,405
Benefit payments subsequent to the measurement date	508,811	-
	<u>\$ 3,375,110</u>	<u>\$ 606,758</u>

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

The \$508,811 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,	
2023	\$ 269,095
2024	269,095
2025	269,095
2026	269,095
2027	269,095
Thereafter	<u>914,066</u>
	<u>\$ 2,259,541</u>

Note 12 - Other Post-Employment Benefits - PSERS

A. Summary of Significant Accounting Policies

Other Post-Employment Benefits

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

B. General Information about the Health Insurance Premium Assistance Program

1. Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

2. Premium Assistance Eligibility Criteria

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

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

3. Pension Plan Description

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

4. Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2022 was 0.80% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School District were \$135,088 for the year ended June 30, 2022.

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

At June 30, 2022, the School District reported a liability of \$2,707,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2020 to June 30, 2021. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the School District's proportion was 0.1142%, which was a decrease of .0020% from its proportion measured as of June 30, 2021.

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

For the year ended June 30, 2022, the School District recognized OPEB expense of \$170,827. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 25,000	\$ -
Changes in assumptions	288,000	36,000
Net difference between projected and actual investment earnings	5,000	-
Changes in proportions	46,000	42,000
Difference between employer contributions and proportionate share of total contributions	620	-
Contributions subsequent to the measurement date	<u>135,088</u>	<u>-</u>
	<u>\$ 499,708</u>	<u>\$ 78,000</u>

\$135,088 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2023	\$ 52,168
2024	52,192
2025	66,123
2026	52,135
2027	36,000
Thereafter	<u>28,002</u>
	<u>\$ 286,620</u>

1. Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.18%, S&P 20 Year Municipal Bond Rate.

**Deer Lakes School District
Notes to Financial Statements
June 30, 2022**

- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 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, 2020 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	79.8%	0.10%
US Core Fixed Income	17.5%	0.70%
Non-US Developed Fixed	2.7%	-0.30%
	<u>100%</u>	

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

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

2. Discount Rate

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

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

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

The following presents the System net OPEB liability for June 30, 2021, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1 percentage point lower or 1 percentage point higher than the current rate:

	(In Thousands)		
	1.00% Decrease	Current Trend Rates	1.00% Increase
System net OPEB Liability	\$ 2,706	\$ 2,707	\$ 2,707

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

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

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

	(In Thousands)		
	1.00% Decrease	Current Discount Rate	1.00% Increase
	1.18%	2.18%	3.18%
School District's proportionate share of the net OPEB liability	\$ 3,106	\$ 2,707	\$ 2,378

5. OPEB Plan Fiduciary Net Position

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

Note 13 - 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 \$4,056,550 and \$3,853,668 for the years ended June 30, 2022 and 2021, 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, 2022, the net position of the Consortium was \$51,449,149 of which \$654,510 is attributable to the School District.

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

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

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

Note 14 - On-Behalf Payments

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2022, was \$3,761,374.

Deer Lakes School District
Notes to Financial Statements
June 30, 2022

This includes \$3,118,009 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 \$643,365 to the federal government for social security and Medicare taxes for the year ended June 30, 2022. The School District pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate share.

Note 15 - 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% (\$1,587,941) during 2021/2022 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 16 – Prior Period Restatement

As a result of the implementation of GASB Statement No. 87 "*Leases*", the School District made a prior period adjustment to record the value of the right-to-use asset, net of accumulated amortization, \$692,813 and the associated lease liability, (\$697,559) as of July 1, 2021. This prior period adjustment and its effect on net position at July 1, 2021 was a decrease in the governmental activities net position of \$4,746, restating the net position reported in the prior period financial statements of (\$42,035,377) to (\$42,040,123).

Note 17 – Subsequent Events

The School District entered into two financing agreements beginning July 1, 2022 for the purchase of technology equipment. The leases total \$695,580 and have three annual payments totaling \$236,651 with final payment due in July 2024.

**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, 2022**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Local Sources				
Taxes				
Current Real Estate Taxes	\$ 19,089,151	\$ 19,089,151	\$ 19,242,098	\$ 152,947
Public Utility Realty Taxes	21,000	21,000	19,933	(1,067)
Payments in Lieu of Current Taxes	117,590	117,590	118,592	1,002
Current Per Capita Taxes - Sec. 679	47,000	47,000	33,613	(13,387)
Current Per Capita Taxes - Act 511	47,000	47,000	33,612	(13,388)
Local Services Taxes	23,500	23,500	21,003	(2,497)
Earned Income Taxes	1,900,000	1,900,000	2,132,423	232,423
Real Estate Transfer Taxes	250,000	250,000	464,858	214,858
Delinquencies on Taxes	605,000	605,000	791,395	186,395
Earnings on Investments	20,000	20,000	24,162	4,162
Other Local Revenues				
Revenue from Student Activities	40,500	40,500	77,064	36,564
Other Revenues from Intermed. Sources	-	-	1,146	1,146
Federal Revenues from IU	420,000	420,000	537,621	117,621
Contributions & Donations from Private Sources	10,000	10,000	43,057	33,057
Rentals	24,000	24,000	19,804	(4,196)
Tuition from other LEAs	150,000	150,000	266,784	116,784
Refund of Prior Year's Expenditures	-	-	26,212	26,212
Miscellaneous Revenue	3,000	3,000	23,582	20,582
Total Revenues from Local Sources	<u>22,767,741</u>	<u>22,767,741</u>	<u>23,876,959</u>	<u>1,109,218</u>
State Sources				
Basic Instructional & Oper. Subsidies				
Basic Instructional Subsidy	6,300,000	6,300,000	6,346,485	46,485
Tuition	-	-	21,386	21,386
Subsidies for Spec. Educ. Programs				
Special Education of Excep. Pupils	1,325,000	1,325,000	1,427,156	102,156
Subsidies for Noneduc. Programs				
Transportation (Regular & Additional)	936,405	936,405	497,362	(439,043)
Rentals & Sinking Fund Payments	548,649	548,649	619,103	70,454
School Safety Grant	-	-	14,418	14,418
Ready to Learn Block Grant	264,465	264,465	264,465	-
Health Services	35,000	35,000	33,111	(1,889)

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

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
State Property Tax Reduction	931,723	931,723	931,723	-
Social Security Payments	648,744	648,744	626,598	(22,146)
State Retirement Revenue	<u>2,946,566</u>	<u>2,946,566</u>	<u>3,040,222</u>	<u>93,656</u>
Total Revenues from State Sources	<u>13,936,552</u>	<u>13,936,552</u>	<u>13,822,029</u>	<u>(114,523)</u>
Federal Sources				
Restricted Grants-In-Aid from the Fed. Gov't. through the Commonwealth				
IDEA B	-	-	3,287	3,287
Title I	180,334	180,334	241,157	60,823
Title II	41,417	41,417	49,467	8,050
Title IV	14,233	14,233	14,277	44
Elementary & Secondary School Emergency Relief Fund (ESSER II)	396,747	396,747	329,342	(67,405)
Elementary & Secondary School Emergency Relief Fund (ARP ESSER III)	552,091	552,091	682,805	130,714
ARP ESSER Learning Loss	-	-	8,899	8,899
ARP ESSER Summer Programs	-	-	2,491	2,491
ARP ESSER Afterschool Programs	-	-	16,031	16,031
ARP ESSER Homeless Children & Youth Funds (ARP-HCY)	-	-	7,204	7,204
Medical Assistance - Access	40,000	40,000	92,230	52,230
Medical Assistance - Admin.	<u>5,000</u>	<u>5,000</u>	<u>12,099</u>	<u>7,099</u>
Total Revenues from Federal Sources	<u>1,229,822</u>	<u>1,229,822</u>	<u>1,459,289</u>	<u>229,467</u>
Total Revenues	<u>37,934,115</u>	<u>37,934,115</u>	<u>39,158,277</u>	<u>1,224,162</u>
Other Financing Sources				
Insurance Recoveries	-	-	2,869	2,869
Proceeds from Financing Agreements	<u>-</u>	<u>-</u>	<u>159,306</u>	<u>159,306</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>162,175</u>	<u>162,175</u>
Total Revenues and Other Financing Sources	<u>37,934,115</u>	<u>37,934,115</u>	<u>39,320,452</u>	<u>1,386,337</u>

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

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Expenditures				
Instruction				
Regular Programs				
Personal Services				
Salaries	9,288,918	9,288,918	9,039,968	248,950
Employee Benefits	5,807,034	5,807,034	5,640,825	166,209
Purchased Prof. and Tech. Services	271,000	271,040	376,349	(105,309)
Purchased Property Services	158,552	158,552	56,600	101,952
Other Purchased Services	615,720	597,060	448,575	148,485
Supplies	442,939	359,040	302,357	56,683
Property	5,000	5,000	-	5,000
Other Objects	3,875	84,117	7,981	76,136
Total Regular Programs	<u>16,593,038</u>	<u>16,570,761</u>	<u>15,872,655</u>	<u>698,106</u>
Special Programs				
Personal Services				
Salaries	2,584,241	2,546,911	2,565,715	(18,804)
Employee Benefits	1,676,382	1,644,237	1,676,684	(32,447)
Purchased Prof. and Tech. Services	192,950	213,188	289,224	(76,036)
Other Purchased Services	1,217,800	1,153,560	1,189,395	(35,835)
Supplies	52,250	42,601	32,191	10,410
Other Objects	1,350	1,350	93	1,257
Total Special Programs	<u>5,724,973</u>	<u>5,601,847</u>	<u>5,753,302</u>	<u>(151,455)</u>
Vocational Education Programs				
Other Purchased Services	<u>847,292</u>	<u>847,292</u>	<u>847,292</u>	<u>-</u>
Other Instructional Programs				
Personal Services				
Salaries	2,500	2,500	60	2,440
Employee Benefits	1,076	1,076	26	1,050
Other Purchased Services	<u>9,700</u>	<u>700</u>	<u>11</u>	<u>689</u>
Total Other Instructional Programs	<u>13,276</u>	<u>4,276</u>	<u>97</u>	<u>4,179</u>
Nonpublic School Programs				
Purchased Prof. and Tech. Services	<u>-</u>	<u>-</u>	<u>3,242</u>	<u>(3,242)</u>
Total Instruction	<u>23,178,579</u>	<u>23,024,176</u>	<u>22,476,588</u>	<u>547,588</u>

Deer Lakes School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Support Services				
Pupil Personnel				
Personal Services				
Salaries	501,937	501,937	521,762	(19,825)
Employee Benefits	328,588	328,588	335,617	(7,029)
Purchased Prof. and Tech. Services	276,400	348,858	252,274	96,584
Other Purchased Services	3,700	3,640	1,404	2,236
Supplies	13,050	9,843	5,122	4,721
Other Objects	<u>790</u>	<u>850</u>	<u>559</u>	<u>291</u>
Total Pupil Personnel	<u>1,124,465</u>	<u>1,193,716</u>	<u>1,116,738</u>	<u>76,978</u>
Instructional Staff				
Personal Services				
Salaries	308,608	308,608	307,030	1,578
Employee Benefits	175,760	175,760	177,625	(1,865)
Purchased Prof. and Tech. Services	83,814	84,064	17,243	66,821
Other Purchased Services	600	850	302	548
Supplies	<u>49,300</u>	<u>50,192</u>	<u>32,882</u>	<u>17,310</u>
Total Instructional Staff	<u>618,082</u>	<u>619,474</u>	<u>535,082</u>	<u>84,392</u>
Administration				
Personal Services				
Salaries	1,321,564	1,321,564	1,309,844	11,720
Employee Benefits	809,544	809,544	790,217	19,327
Purchased Prof. and Tech. Services	137,200	137,200	334,829	(197,629)
Other Purchased Services	52,050	56,173	44,072	12,101
Supplies	34,550	33,650	31,414	2,236
Property	-	-	44,267	(44,267)
Other Objects	<u>54,900</u>	<u>55,000</u>	<u>-</u>	<u>55,000</u>
Total Administration	<u>2,409,808</u>	<u>2,413,131</u>	<u>2,554,643</u>	<u>(141,512)</u>

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

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Pupil Health				
Personal Services				
Salaries	155,913	155,913	151,551	4,362
Employee Benefits	112,710	112,710	109,095	3,615
Purchased Prof. and Tech. Services	20,000	20,000	37,329	(17,329)
Other Purchased Services	500	510	140	370
Supplies	9,400	9,400	2,430	6,970
	<u>298,523</u>	<u>298,533</u>	<u>300,545</u>	<u>(2,012)</u>
Total Pupil Health				
Business				
Personal Services				
Salaries	204,792	204,792	205,979	(1,187)
Employee Benefits	112,864	112,864	148,155	(35,291)
Purchased Prof. and Tech. Services	500	500	6,661	(6,161)
Purchased Property Services	156,000	500	771	(271)
Other Purchased Services	4,050	4,050	854	3,196
Supplies	14,000	27,250	31,413	(4,163)
Other Objects	5,700	5,700	4,950	750
	<u>497,906</u>	<u>355,656</u>	<u>398,783</u>	<u>(43,127)</u>
Total Business				
Oper. and Maint. of Plant Svcs.				
Personal Services				
Salaries	1,265,334	1,265,334	1,285,806	(20,472)
Employee Benefits	969,029	969,029	958,565	10,464
Purchased Prof. and Tech. Services	237,000	240,100	184,552	55,548
Purchased Property Services	219,700	259,400	141,582	117,818
Other Purchased Services	129,480	128,476	175,064	(46,588)
Supplies	720,275	744,275	829,056	(84,781)
Property	25,000	25,000	-	25,000
Other Objects	2,250	2,300	1,417	883
	<u>3,568,068</u>	<u>3,633,914</u>	<u>3,576,042</u>	<u>57,872</u>
Total Oper. and Maint. of Plant Svcs.				

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

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Student Transportation Services				
Personal Services				
Salaries	669,076	669,076	656,059	13,017
Employee Benefits	493,793	493,793	473,885	19,908
Purchased Prof. and Tech. Services	3,000	3,000	3,855	(855)
Purchased Property Services	18,000	25,500	27,772	(2,272)
Other Purchased Services	1,314,650	1,266,050	990,071	275,979
Supplies	135,700	175,900	179,224	(3,324)
Property	57,150	57,150	-	57,150
Other Objects	<u>1,000</u>	<u>1,900</u>	<u>1,198</u>	<u>702</u>
Total Student Transportation Services	<u>2,692,369</u>	<u>2,692,369</u>	<u>2,332,064</u>	<u>360,305</u>
Central				
Personal Services				
Salaries	259,464	259,464	180,175	79,289
Employee Benefits	184,837	184,837	133,493	51,344
Purchased Prof. and Tech. Services	160,000	189,200	180,902	8,298
Purchased Property Services	-	214,350	83,508	130,842
Other Purchased Services	2,500	71,000	68,123	2,877
Supplies	193,990	181,140	209,199	(28,059)
Property	216,700	134,300	241,215	(106,915)
Other Objects	<u>3,500</u>	<u>3,500</u>	<u>160</u>	<u>3,340</u>
Total Central	<u>1,020,991</u>	<u>1,237,791</u>	<u>1,096,775</u>	<u>141,016</u>
Other				
Other Purchased Services	<u>35,000</u>	<u>35,000</u>	<u>27,833</u>	<u>7,167</u>
Total Support Services	<u>12,265,212</u>	<u>12,479,584</u>	<u>11,938,505</u>	<u>541,079</u>
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	398,122	398,122	369,982	28,140
Employee Benefits	171,928	171,928	154,882	17,046

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Purchased Prof. and Tech. Services	35,000	35,000	31,555	3,445
Purchased Property Services	500	12,800	11,564	1,236
Other Purchased Services	54,000	40,231	74,421	(34,190)
Supplies	67,500	64,550	49,417	15,133
Property	10,000	10,085	10,085	-
Other Objects	14,950	26,165	14,813	11,352
Total Student Activities	752,000	758,881	716,719	42,162
Community Services				
Supplies	-	-	695	(695)
Total Noninstructional Services	752,000	758,881	717,414	41,467
Facilities Acquisition, Construction and Improvement Services				
Property	105,550	38,700	-	38,700
Debt Service				
Interest	1,356,821	1,356,821	1,344,246	12,575
Refunds of Prior Year's Receipts	-	-	279	(279)
Redemption of Principal	2,544,645	2,544,645	2,678,264	(133,619)
Total Debt Service	3,901,466	3,901,466	4,022,789	(121,323)
Total Expenditures	40,202,807	40,202,807	39,155,296	1,047,511
Other Financing Uses				
Fund Transfers				
Capital Projects Fund	50,000	50,000	-	50,000
Total Expenditures and Other Financing Uses	40,252,807	40,252,807	39,155,296	1,097,511
Net Change in Fund Balance	(2,318,692)	(2,318,692)	165,156	2,483,848
Fund Balance - July 1, 2021	3,516,296	3,516,296	5,105,690	1,589,394
Fund Balance - June 30, 2022	\$ 1,197,604	\$ 1,197,604	\$ 5,270,846	\$ 4,073,242

Deer Lakes School District
Note to the Required Supplementary Information
Budget Comparison
June 30, 2022

Note 1 – Budgetary Information

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

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

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

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Total OPEB Liability							
Service cost	\$ 660,725	\$ 354,602	\$ 308,490	\$ 479,295	\$ 479,246	\$ 373,376	\$ -
Interest	269,564	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	118,141	939,072	271,589	(124,209)	(319,798)	842,755	-
Benefit payments	<u>(471,768)</u>	<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	576,662	2,239,323	566,895	(431,858)	(152,670)	1,955,054	-
Total OPEB Liability - Beginning	<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>	<u>-</u>
Total OPEB Liability - Ending	<u>\$ 12,774,135</u>	<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	\$ 14,474,267	\$ 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	88.25%	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:

2022	2.16%
2021	2.21%

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 Eight Years**

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution	\$ 5,717,526	\$ 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>5,717,526</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$16,767,882	\$16,188,893	\$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	34.10%	33.60%	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, 2021 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2022.

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

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
School District's Proportion of the Net Pension Liability (Asset)	0.1144%	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)	\$46,969	\$57,068	\$54,549	\$55,014	\$55,760	\$55,405	\$46,977	\$44,845	\$46,421
School District's Covered Payroll	\$16,189	\$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	290.13%	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	63.67%	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 Five Years**

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually Required Contribution	\$ 135,088	\$ 133,674	\$ 136,493	\$ 134,343	\$ 127,882
Contributions in Relation to the Contractually Required Contribution	<u>135,088</u>	<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>	<u>\$ -</u>
School District's Covered Payroll	\$ 16,767,882	\$ 16,188,893	\$ 16,307,016	\$ 16,077,105	\$ 15,432,152
Contributions as a Percentage of Covered Payroll	0.81%	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, 2021 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2022.

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

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
School District's Proportion of the Net OPEB Liability (Asset)	0.1142%	0.1162%	0.1166%	0.1146%	0.1129%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 2,707	\$ 2,511	\$ 2,480	\$ 2,389	\$ 2,300
School District's Covered Payroll	\$ 16,189	\$ 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	16.72%	15.40%	15.43%	15.48%	15.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.30%	5.69%	5.56%	5.56%	5.73%

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

SINGLE AUDIT SECTION

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Members of the Board
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, 2022 were prepared to fulfill the requirements of the Government Auditing Standards and the Uniform Grant Guidance. A summary of the reports is as follows:

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

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
March 10, 2023

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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, 2022, 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 March 10, 2023.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
March 10, 2023

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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

Opinion on Each Major Federal Program

We have audited Deer Lakes School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Deer Lakes School District's major federal programs for the year ended June 30, 2022. 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. 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Deer Lakes School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Deer Lakes School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Deer Lakes School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Deer Lakes School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
March 10, 2023

Deer Lakes School District
Schedule of Findings and Questioned Costs
June 30, 2022

EXHIBIT C

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report was unmodified.

Internal control over financial reporting:

- | | | | | |
|---|-------|-----|----------|---------------|
| • Material weakness(es) identified? | _____ | yes | <u>✓</u> | no |
| • Significant deficiency(ies) identified? | _____ | yes | <u>✓</u> | none reported |

Noncompliance material to financial
statements noted?

_____	yes	<u>✓</u>	no
-------	-----	----------	----

Federal Awards

Internal control over major programs:

- | | | | | |
|---|-------|-----|----------|---------------|
| • Material weakness(es) identified? | _____ | yes | <u>✓</u> | no |
| • Significant deficiency(ies) identified? | _____ | yes | <u>✓</u> | none reported |

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

Any audit findings disclosed that are required to
be reported in accordance with 2 CFR Section
200.516(a)?

_____	yes	<u>✓</u>	no
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Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.425

Education Stabilization Fund

10.555; 10.553

Child Nutrition Cluster

Dollar threshold used to distinguish
between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

<u>✓</u>	yes	_____	no
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**Deer Lakes School District
Schedule of Findings and Questioned Costs
June 30, 2022**

EXHIBIT C

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were noted.

Section IV – Status of Prior Year's Findings

No prior year's findings.

Deer Lakes School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

EXHIBIT D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/21	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/22
U.S. Department of Education Passed through the Pennsylvania Department of Education										
Title I Improving Basic Programs	I	84.010	013-210115	07/20/20-09/30/21	\$ 189,850	\$ 38,519	\$ 38,519	\$ -	\$ -	\$ -
Title I Improving Basic Programs	I	84.010	013-220115	08/10/21-09/30/22	271,193	223,088	-	241,157	241,157	18,069
						261,607	38,519	241,157	241,157	18,069
Title IIA Teachers in the Workplace	I	84.367	220-200115	11/21/19-09/30/21	25,000	11,364	11,364	-	-	-
Title II Improving Teacher Quality	I	84.367	020-210115	07/20/20-09/30/21	40,857	8,355	8,355	-	-	-
Title II Improving Teacher Quality	I	84.367	020-220115	08/10/21-09/30/22	49,467	47,466	-	49,467	49,467	2,001
						67,185	19,719	49,467	49,467	2,001
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-210115	07/20/20-09/30/21	14,167	10,389	10,389	-	-	-
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-220115	08/10/21-09/30/22	14,277	4,077	-	14,277	14,277	10,200
						14,466	10,389	14,277	14,277	10,200
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	I	84.425D	200-200115	03/13/20-09/30/21	153,430	8,075	8,075	-	-	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II)	I	84.425D	200-210115	03/13/20-09/30/23	701,057	440,199	153,054	329,342	329,342	42,197
COVID-19 Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	I	84.425U	223-210115	03/13/20-09/30/24	1,418,034	103,130	1,584	682,805	682,805	581,259
COVID-19 Elementary and Secondary School Emergency Relief Fund (ARP ESSER 7%)	I	84.425U	225-210115	03/13/20-09/30/24	110,213	6,012	-	27,421	27,421	21,409
COVID-19 Elementary and Secondary School Emergency Relief Fund (ARP ESSER HCY)	I	84.425W	181-212116	07/01/21-09/30/24	7,204	554	-	7,204	7,204	6,650
						557,970	162,713	1,046,772	1,046,772	651,515
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	53,360	918	918	-	-	-
						558,888	163,631	1,046,772	1,046,772	651,515
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	1,103	(2,184)	3,287	3,287	-

Deer Lakes School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

EXHIBIT D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/21	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/22
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	-	-	-
IDEA B	I	84.027	062-220003	07/01/21-09/30/22	535,752	-	-	535,752	535,752	535,752
IDEA B Section 619	I	84.173	131-210003	07/01/21-06/30/22	1,869	1,869	-	1,869	1,869	-
Subtotal Special Education Cluster						425,069	419,913	540,908	540,908	535,752
Subtotal U.S. Department of Education						1,327,215	652,171	1,892,581	1,892,581	1,217,537
U.S. Department of Health and Human Services										
Passed through the Pennsylvania										
Department of Public Welfare										
Medical Assistance Reimb. for Adm. Title 19	I	93.778	N/A	07/01/21-06/30/22	N/A	16,149	9,899	12,099	12,099	5,849
U.S. Department of Agriculture										
Passed through the Pennsylvania										
Department of Education										
P-EBT Administrative Costs Grant	I	10.649	N/A	07/01/21-06/30/22	N/A	614	-	614	614	-
National School Lunch Program	I	10.555	N/A	07/01/21-06/30/22	N/A	925,636	102,552	1,052,235	1,052,235	229,151
National School Breakfast Program	I	10.553	N/A	07/01/21-06/30/22	N/A	251,721	35,046	276,669	276,669	59,994
Passed through the Pennsylvania										
Department of Agriculture										
National School Lunch Program (Donated										
Commodities Non Cash Assistance)	I	10.555	N/A	07/01/21-06/30/22	N/A	73,680	(18,850)	55,864	55,864	(36,666)
Total Child Nutrition Cluster						1,251,037	118,748	1,384,768	1,384,768	252,479
Total U.S. Department of Agriculture						1,251,651	118,748	1,385,382	1,385,382	252,479
Total Federal Financial Assistance						\$2,595,015	\$ 780,818	\$3,290,062	\$3,290,062	\$1,475,865

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, 2022**

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, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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	\$2,595,015
Less: Commodities Received	(73,680)
Less: Pass Through IU's	(423,966)
Less: Title 19	(16,149)
Less: Pass through PCCD	(918)
Add: Medical Assistance - Access	49,989
Add: State Funding on Confirmation	<u>37,386</u>
 Per Subsidy Confirmation	 <u><u>\$2,167,677</u></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, 2022**

EXHIBIT E

1 Copy – Bureau of Audits

1 Copy – Bureau of the Census