

FAIRVIEW SCHOOL DISTRICT

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

**DRAFT FOR MANAGEMENT'S DISCUSSION**

**FAIRVIEW**  
**SCHOOL DISTRICT**  
ERIE COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS  
WITH REPORT OF  
CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED**  
**JUNE 30, 2020**

**FAIRVIEW SCHOOL DISTRICT**  
**ERIE COUNTY, PENNSYLVANIA**  
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**FAIRVIEW SCHOOL DISTRICT**  
**ERIE COUNTY, PENNSYLVANIA**  
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**To the Management and Board of Education  
Fairview School District**

**Independent Auditor's Report**

**Report on Financial Statements**

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Fairview School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fairview School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fairview School District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Fairview School District as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii-xx, and the other required supplementary information on pages 55-62, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fairview School District's basic financial statements. The accompanying supplementary information (pages 50-54) is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary 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. Such 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 my opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Mark C. Turnley, CPA

October 19, 2020  
New Brighton, Pennsylvania

**FAIRVIEW SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

**EXHIBIT A**

|                                                                           | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>           |
|---------------------------------------------------------------------------|------------------------------------|-------------------------------------|------------------------|
| <b>ASSETS</b>                                                             |                                    |                                     |                        |
| <b>Current Assets:</b>                                                    |                                    |                                     |                        |
| Cash and Cash Equivalents                                                 | \$ 8,451,111                       | \$ 72,204                           | \$ 8,523,315           |
| Investments                                                               | 7,608,093                          | -                                   | 7,608,093              |
| Interest Receivable                                                       | 43,632                             | -                                   | 43,632                 |
| Taxes Receivable, net                                                     | 970,754                            | -                                   | 970,754                |
| Internal Balances                                                         | (61,123)                           | 61,123                              | -                      |
| Due from Fiduciary Fund                                                   | 4,024                              | -                                   | 4,024                  |
| Due From Other Governments                                                | 926,584                            | 78,446                              | 1,005,030              |
| Other Receivables                                                         | 132,890                            | 2,705                               | 135,595                |
| Prepaid Expenses                                                          | 1,849,322                          | -                                   | 1,849,322              |
| Inventories                                                               | -                                  | 34,054                              | 34,054                 |
| <b>Total Current Assets</b>                                               | <b>\$ 19,925,287</b>               | <b>\$ 248,532</b>                   | <b>\$ 20,173,819</b>   |
| <b>Noncurrent Assets:</b>                                                 |                                    |                                     |                        |
| Land                                                                      | \$ 309,609                         | \$ -                                | \$ 309,609             |
| Site Improvements (net)                                                   | 2,505,337                          | -                                   | 2,505,337              |
| Building and Building Improvements (net)                                  | 12,169,750                         | -                                   | 12,169,750             |
| Machinery, Furniture and Equipment (net)                                  | 1,392,934                          | 129,231                             | 1,522,165              |
| <b>Total Noncurrent Assets</b>                                            | <b>\$ 16,377,630</b>               | <b>\$ 129,231</b>                   | <b>\$ 16,506,861</b>   |
| <b>TOTAL ASSETS</b>                                                       | <b>\$ 36,302,917</b>               | <b>\$ 377,763</b>                   | <b>\$ 36,680,680</b>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                                    |                                    |                                     |                        |
| Deferred Outflows Related to Pension                                      | \$ 4,998,450                       | \$ 102,009                          | \$ 5,100,459           |
| Deferred Outflows Related to OPEB                                         | 296,030                            | 4,001                               | 300,031                |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                               | <b>\$ 5,294,480</b>                | <b>\$ 106,010</b>                   | <b>\$ 5,400,490</b>    |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                    | <b>\$ 41,597,397</b>               | <b>\$ 483,773</b>                   | <b>\$ 42,081,170</b>   |
| <b>LIABILITIES</b>                                                        |                                    |                                     |                        |
| <b>Current Liabilities:</b>                                               |                                    |                                     |                        |
| Accounts Payable                                                          | \$ 225,435                         | \$ 2,784                            | \$ 228,219             |
| Accrued Salaries and Benefits                                             | 1,116,370                          | 7,431                               | 1,123,801              |
| Payroll Deductions and Withholdings                                       | 36,921                             | -                                   | 36,921                 |
| Bonds Payable - Current Portion                                           | 1,735,000                          | -                                   | 1,735,000              |
| Notes Payable - Current Portion                                           | 81,929                             | -                                   | 81,929                 |
| Capital Lease Payable - Current Portion                                   | 160,973                            | -                                   | 160,973                |
| Accrued Interest                                                          | 157,673                            | -                                   | 157,673                |
| Unearned Revenue                                                          | 71,327                             | 34,746                              | 106,073                |
| <b>Total Current Liabilities</b>                                          | <b>\$ 3,585,628</b>                | <b>\$ 44,961</b>                    | <b>\$ 3,630,589</b>    |
| <b>Noncurrent Liabilities:</b>                                            |                                    |                                     |                        |
| Bonds Payable - Long Term Portion (Net)                                   | \$ 12,653,944                      | \$ -                                | \$ 12,653,944          |
| Capital Lease Payable - Long Term Portion                                 | 164,030                            | -                                   | 164,030                |
| Net Pension Liability                                                     | 36,998,920                         | 755,080                             | 37,754,000             |
| Net OPEB Liability                                                        | 3,398,629                          | 34,320                              | 3,432,949              |
| Compensated Absences                                                      | 747,974                            | -                                   | 747,974                |
| <b>Total Noncurrent Liabilities</b>                                       | <b>\$ 53,963,497</b>               | <b>\$ 789,400</b>                   | <b>\$ 54,752,897</b>   |
| <b>TOTAL LIABILITIES</b>                                                  | <b>\$ 57,549,125</b>               | <b>\$ 834,361</b>                   | <b>\$ 58,383,486</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                                    |                                     |                        |
| Deferred Inflows Related to Pension                                       | \$ 1,570,940                       | \$ 32,060                           | \$ 1,603,000           |
| Deferred Inflows Related to OPEB                                          | 872,906                            | 1,340                               | 874,246                |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                | <b>\$ 2,443,846</b>                | <b>\$ 33,400</b>                    | <b>\$ 2,477,246</b>    |
| <b>NET POSITION</b>                                                       |                                    |                                     |                        |
| Net Investment in Capital Assets                                          | \$ 1,581,754                       | \$ 129,231                          | \$ 1,710,985           |
| Unrestricted (Deficit)                                                    | (19,977,328)                       | (513,219)                           | (20,490,547)           |
| <b>TOTAL NET POSITION (Deficit)</b>                                       | <b>\$ (18,395,574)</b>             | <b>\$ (383,988)</b>                 | <b>\$ (18,779,562)</b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> | <b>\$ 41,597,397</b>               | <b>\$ 483,773</b>                   | <b>\$ 42,081,170</b>   |

The accompanying notes are an integral part of these financial statements

**FAIRVIEW SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

| 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                  |
| <b>Governmental Activities:</b>                             |                      |                      |                                    |                                  |                                                   |                          |                        |
| Instruction                                                 | \$ 15,057,222        | \$ 35,909            | \$ 3,145,487                       | \$ -                             | \$ (11,875,826)                                   |                          | \$ (11,875,826)        |
| Instructional Student Support                               | 1,763,570            | -                    | 197,751                            | -                                | (1,565,819)                                       |                          | (1,565,819)            |
| Administrative and Financial Support Services               | 3,261,532            | -                    | 325,016                            | -                                | (2,936,516)                                       |                          | (2,936,516)            |
| Operation and Maintenance of Plant Services                 | 3,153,168            | 12,266               | 179,373                            | 37,234                           | (2,924,295)                                       |                          | (2,924,295)            |
| Pupil Transportation                                        | 1,286,530            | -                    | 576,786                            | -                                | (709,744)                                         |                          | (709,744)              |
| Student Activities                                          | 925,403              | 22,960               | -                                  | -                                | (902,443)                                         |                          | (902,443)              |
| Interest on Long-Term Debt                                  | 637,560              | -                    | -                                  | 251,519                          | (386,041)                                         |                          | (386,041)              |
| <b>Total Governmental Activities</b>                        | <b>\$ 26,084,985</b> | <b>\$ 71,135</b>     | <b>\$ 4,424,413</b>                | <b>\$ 288,753</b>                | <b>\$ (21,300,684)</b>                            |                          | <b>\$ (21,300,684)</b> |
| <b>Business-Type activities:</b>                            |                      |                      |                                    |                                  |                                                   |                          |                        |
| Food Service                                                | \$ 742,796           | \$ 313,985           | \$ 384,263                         | \$ -                             | \$ -                                              | \$ (44,548)              | \$ (44,548)            |
| <b>Total Business-Type Activities</b>                       | <b>\$ 742,796</b>    | <b>\$ 313,985</b>    | <b>\$ 384,263</b>                  | <b>\$ -</b>                      | <b>\$ -</b>                                       | <b>\$ (44,548)</b>       | <b>\$ (44,548)</b>     |
| <b>Total Primary Government</b>                             | <b>\$ 26,827,781</b> | <b>\$ 385,120</b>    | <b>\$ 4,808,676</b>                | <b>\$ 288,753</b>                | <b>\$ (21,300,684)</b>                            | <b>\$ (44,548)</b>       | <b>\$ (21,345,232)</b> |
| <b>General Revenues:</b>                                    |                      |                      |                                    |                                  |                                                   |                          |                        |
| Taxes:                                                      |                      |                      |                                    |                                  |                                                   |                          |                        |
| Property Taxes, Levied for General Purposes (net)           |                      |                      |                                    |                                  | \$ 17,175,769                                     | \$ -                     | \$ 17,175,769          |
| Taxes Levied for Specific Purposes                          |                      |                      |                                    |                                  | 2,186,418                                         | -                        | 2,186,418              |
| State Property Tax Relief                                   |                      |                      |                                    |                                  | 264,689                                           | -                        | 264,689                |
| Basic Subsidy                                               |                      |                      |                                    |                                  | 3,297,928                                         | -                        | 3,297,928              |
| Investment Earnings                                         |                      |                      |                                    |                                  | 432,355                                           | 1,223                    | 433,578                |
| Miscellaneous Revenue                                       |                      |                      |                                    |                                  | 104,526                                           | -                        | 104,526                |
| Transfer to Fiduciary Fund                                  |                      |                      |                                    |                                  | (100,000)                                         | -                        | (100,000)              |
| Gain (Loss) on Disposition of Fixed Assets                  |                      |                      |                                    |                                  | 6,124                                             | 900                      | 7,024                  |
| Transfers between Governmental and Business-Type Activities |                      |                      |                                    |                                  | (5)                                               | 5                        | -                      |
| <b>Total General Revenues</b>                               |                      |                      |                                    |                                  | <b>\$ 23,367,804</b>                              | <b>\$ 2,128</b>          | <b>\$ 23,369,932</b>   |
| <b>Change in Net Position</b>                               |                      |                      |                                    |                                  | <b>\$ 2,067,120</b>                               | <b>\$ (42,420)</b>       | <b>\$ 2,024,700</b>    |
| Net Position — July 1, 2019 (Deficit)                       |                      |                      |                                    |                                  | (20,462,694)                                      | (341,568)                | (20,804,262)           |
| <b>Net Position — June 30, 2020 (Deficit)</b>               |                      |                      |                                    |                                  | <b>\$ (18,395,574)</b>                            | <b>\$ (383,988)</b>      | <b>\$ (18,779,562)</b> |

The accompanying notes are an integral part of these financial statements

**FAIRVIEW SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

**EXHIBIT C**

|                                                                                | <b>GENERAL<br/>FUND</b> | <b>CAPITAL<br/>PROJECT<br/>FUND</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--------------------------------------------------------------------------------|-------------------------|-------------------------------------|-----------------------------------------|
| <b>ASSETS:</b>                                                                 |                         |                                     |                                         |
| Cash and Cash Equivalents                                                      | \$ 3,608,751            | \$ 4,842,360                        | \$ 8,451,111                            |
| Investments                                                                    | 3,040,274               | 4,567,819                           | 7,608,093                               |
| Interest Receivable                                                            | 43,632                  | -                                   | 43,632                                  |
| Taxes Receivable, net                                                          | 970,754                 | -                                   | 970,754                                 |
| Due From Other Funds                                                           | 278,632                 | -                                   | 278,632                                 |
| Due From Other Governments                                                     | 926,584                 | -                                   | 926,584                                 |
| Other Receivables                                                              | 11,902                  | 120,988                             | 132,890                                 |
| Prepaid Expenses                                                               | 1,849,322               | -                                   | 1,849,322                               |
| <b>TOTAL ASSETS</b>                                                            | <b>\$ 10,729,851</b>    | <b>\$ 9,531,167</b>                 | <b>\$ 20,261,018</b>                    |
| <br>                                                                           |                         |                                     |                                         |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>           |                         |                                     |                                         |
| <b>LIABILITIES:</b>                                                            |                         |                                     |                                         |
| Accounts Payable                                                               | \$ 225,435              | \$ -                                | \$ 225,435                              |
| Due To Other Funds                                                             | 335,732                 | -                                   | 335,732                                 |
| Accrued Salaries and Benefits                                                  | 1,116,370               | -                                   | 1,116,370                               |
| Payroll Deductions and Withholdings                                            | 36,921                  | -                                   | 36,921                                  |
| Unearned Revenue                                                               | 71,327                  | -                                   | 71,327                                  |
| <b>TOTAL LIABILITIES</b>                                                       | <b>\$ 1,785,785</b>     | <b>\$ -</b>                         | <b>\$ 1,785,785</b>                     |
| <br>                                                                           |                         |                                     |                                         |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                          |                         |                                     |                                         |
| Delinquent Real Estate Taxes                                                   | \$ 354,046              | \$ -                                | \$ 354,046                              |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                     | <b>\$ 354,046</b>       | <b>\$ -</b>                         | <b>\$ 354,046</b>                       |
| <br>                                                                           |                         |                                     |                                         |
| <b>FUND BALANCES:</b>                                                          |                         |                                     |                                         |
| Nonspendable                                                                   | \$ 1,849,322            | \$ -                                | \$ 1,849,322                            |
| Restricted                                                                     | -                       | 9,531,167                           | 9,531,167                               |
| Committed                                                                      | 1,494,000               | -                                   | 1,494,000                               |
| Unassigned                                                                     | 5,246,698               | -                                   | 5,246,698                               |
| <b>TOTAL FUND BALANCES</b>                                                     | <b>\$ 8,590,020</b>     | <b>\$ 9,531,167</b>                 | <b>\$ 18,121,187</b>                    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> | <b>\$ 10,729,851</b>    | <b>\$ 9,531,167</b>                 | <b>\$ 20,261,018</b>                    |

The accompanying notes are an integral part of these financial statements

**FAIRVIEW SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

|                                                                                                                                                                                                                                    |               |                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------------------------|
| <b>Total Fund Balances - Governmental Funds</b>                                                                                                                                                                                    |               | <b>\$ 18,121,187</b>   |
| 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 \$56,138,771, and the accumulated depreciation is \$39,761,141. |               | 16,377,630             |
| Property taxes receivable in the statement of net position, which will not be available soon enough to pay for the current period's expenditures, are deferred and not recognized as revenue in governmental funds.                |               | 354,047                |
| Deferred outflows and inflows of resources related to pensions and OPEB benefits are applicable to future periods and, therefore, are not reported in the funds.                                                                   |               |                        |
| Deferred outflows of resources related to pensions                                                                                                                                                                                 |               | 4,998,450              |
| Deferred inflows of resources related to pensions                                                                                                                                                                                  |               | (1,570,940)            |
| Deferred outflows of resources related to OPEB                                                                                                                                                                                     |               | 296,030                |
| Deferred inflows of resources related to OPEB                                                                                                                                                                                      |               | (872,906)              |
| Long term liabilities, including notes payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:             |               |                        |
| Bonds payable                                                                                                                                                                                                                      | \$ 14,388,944 |                        |
| Notes payable                                                                                                                                                                                                                      | 81,929        |                        |
| Capital leases payable                                                                                                                                                                                                             | 325,003       |                        |
| Accrued interest on the bonds                                                                                                                                                                                                      | 157,673       |                        |
| Net OPEB liability                                                                                                                                                                                                                 | 3,398,629     |                        |
| Net Pension liability                                                                                                                                                                                                              | 36,998,920    |                        |
| Compensated absences                                                                                                                                                                                                               | 747,974       |                        |
|                                                                                                                                                                                                                                    |               | (56,099,072)           |
| <b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (DEFICIT)</b>                                                                                                                                                                      |               | <b>\$ (18,395,574)</b> |

The accompanying notes are an integral part of these financial statements

**FAIRVIEW SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|                                                              | <u>GENERAL FUND</u>   | <u>CAPITAL<br/>PROJECT<br/>FUND</u> | <u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u> |
|--------------------------------------------------------------|-----------------------|-------------------------------------|-----------------------------------------|
| <b>REVENUES</b>                                              |                       |                                     |                                         |
| Local Sources                                                | \$ 19,931,406         | \$ 278,810                          | \$ 20,210,216                           |
| State Sources                                                | 7,734,444             | -                                   | 7,734,444                               |
| Federal Sources                                              | 297,937               | -                                   | 297,937                                 |
| <b>Total Revenue</b>                                         | <b>\$ 27,963,787</b>  | <b>\$ 278,810</b>                   | <b>\$ 28,242,597</b>                    |
| <b>EXPENDITURES</b>                                          |                       |                                     |                                         |
| Instruction                                                  | \$ 13,813,726         | \$ -                                | \$ 13,813,726                           |
| Support Services                                             | 8,151,009             | -                                   | 8,151,009                               |
| Noninstructional Services                                    | 853,517               | -                                   | 853,517                                 |
| Capital Outlay                                               | -                     | 1,122,913                           | 1,122,913                               |
| Debt Service                                                 | 2,227,127             | 167,147                             | 2,394,274                               |
| <b>Total Expenditures</b>                                    | <b>\$ 25,045,379</b>  | <b>\$ 1,290,060</b>                 | <b>\$ 26,335,439</b>                    |
| <b>Excess ( Deficiency) of Revenue<br/>over Expenditures</b> | <b>\$ 2,918,408</b>   | <b>\$ (1,011,250)</b>               | <b>\$ 1,907,158</b>                     |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                       |                                     |                                         |
| Operating Transfers In                                       | \$ -                  | \$ 1,292,468                        | \$ 1,292,468                            |
| Operating Transfers Out                                      | (1,392,473)           | -                                   | (1,392,473)                             |
| Sale of Assets                                               | 5,423                 | -                                   | 5,423                                   |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>\$ (1,387,050)</b> | <b>\$ 1,292,468</b>                 | <b>\$ (94,582)</b>                      |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>\$ 1,531,358</b>   | <b>\$ 281,218</b>                   | <b>\$ 1,812,576</b>                     |
| FUND BALANCE - JULY 1, 2019                                  | 7,058,662             | 9,249,949                           | 16,308,611                              |
| <b>FUND BALANCE - JUNE 30, 2020</b>                          | <b>\$ 8,590,020</b>   | <b>\$ 9,531,167</b>                 | <b>\$ 18,121,187</b>                    |

The accompanying notes are an integral part of these financial statements

**FAIRVIEW SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 1,812,576**

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 expense (\$1,559,951) exceeded capital outlays (\$494,902). (1,065,049)

Repayment of bond, note, and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,998,701

Because certain property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Delinquent real estate taxes beyond the "available" period increased by this amount during the 2019-2020 fiscal year. 4,091

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. (241,985)

Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. (191,102)

In the statement of activities, certain operating expenses - compensated absences and health benefits (OPEB) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). This year, compensated absences earned exceeded the amount paid; health benefits paid exceeded the amount earned. (250,112)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 2,067,120**

**FAIRVIEW SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS - GENERAL FUND**

**NDED JUNE 30, 2020**

|                                                               | Budgeted Amounts      |                       | Actual                | Variance with                          |
|---------------------------------------------------------------|-----------------------|-----------------------|-----------------------|----------------------------------------|
|                                                               | Original              | Final                 | (Budgetary Basis)     | Final Budget<br>Positive<br>(Negative) |
| <b><u>REVENUES</u></b>                                        |                       |                       |                       |                                        |
| Local Sources                                                 | \$ 19,521,576         | \$ 19,517,749         | \$ 19,931,406         | \$ 413,657                             |
| State Sources                                                 | 7,735,924             | 7,821,981             | 7,734,444             | (87,537)                               |
| Federal Sources                                               | 257,000               | 317,456               | 297,937               | (19,519)                               |
| <b>Total Revenues</b>                                         | <b>\$ 27,514,500</b>  | <b>\$ 27,657,186</b>  | <b>\$ 27,963,787</b>  | <b>\$ 306,601</b>                      |
| <b><u>EXPENDITURES</u></b>                                    |                       |                       |                       |                                        |
| Regular Programs                                              | \$ 11,198,242         | \$ 10,765,082         | \$ 10,787,525         | \$ (22,443)                            |
| Special Programs                                              | 2,848,785             | 2,747,446             | 2,787,429             | (39,983)                               |
| Vocational Education Programs                                 | 169,736               | 173,236               | 173,236               | -                                      |
| Other Instructional Programs                                  | 13,126                | 40,639                | 47,617                | (6,978)                                |
| Non-Public School Programs                                    | 2,500                 | 5,972                 | 5,972                 | -                                      |
| Adult Education Programs                                      | 3,000                 | -                     | -                     | -                                      |
| Higher Education Programs                                     | 20,000                | -                     | 11,947                | (11,947)                               |
| Pupil Personnel Services                                      | 558,455               | 513,162               | 511,538               | 1,624                                  |
| Instructional Staff Services                                  | 1,009,092             | 864,149               | 868,160               | (4,011)                                |
| Administration Services                                       | 2,013,875             | 1,909,426             | 1,906,249             | 3,177                                  |
| Pupil Health Services                                         | 280,210               | 244,000               | 243,129               | 871                                    |
| Business Services                                             | 612,054               | 614,208               | 612,847               | 1,361                                  |
| Operation & Maintenance of Plant Services                     | 2,539,843             | 2,336,133             | 2,330,748             | 5,385                                  |
| Student Transportation Services                               | 1,287,952             | 1,268,493             | 1,286,530             | (18,037)                               |
| Central Services                                              | 375,358               | 345,676               | 344,793               | 883                                    |
| Other Support Services                                        | 48,100                | 47,014                | 47,015                | (1)                                    |
| Student Activities                                            | 970,792               | 856,382               | 853,517               | 2,865                                  |
| Debt Service                                                  | 2,227,127             | 2,227,127             | 2,227,127             | -                                      |
| <b>Total Expenditures</b>                                     | <b>\$ 26,178,247</b>  | <b>\$ 24,958,145</b>  | <b>\$ 25,045,379</b>  | <b>\$ (87,234)</b>                     |
| <b>Excess ( Deficiency) of Revenues<br/>over Expenditures</b> | <b>\$ 1,336,253</b>   | <b>\$ 2,699,041</b>   | <b>\$ 2,918,408</b>   | <b>\$ 219,367</b>                      |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>                  |                       |                       |                       |                                        |
| Operating Transfers Out                                       | \$ (1,306,411)        | \$ (1,392,473)        | \$ (1,392,473)        | \$ -                                   |
| Sale of Assets                                                | 1,500                 | 1,500                 | 5,423                 | 3,923                                  |
| Budgetary Reserve                                             | (81,342)              | -                     | -                     | -                                      |
| <b>Total Other Financing Sources (Uses)</b>                   | <b>\$ (1,386,253)</b> | <b>\$ (1,390,973)</b> | <b>\$ (1,387,050)</b> | <b>\$ 3,923</b>                        |
| <b>NET CHANGE IN FUND BALANCES</b>                            | <b>\$ (50,000)</b>    | <b>\$ 1,308,068</b>   | <b>\$ 1,531,358</b>   | <b>\$ 223,290</b>                      |
| FUND BALANCE - JULY 1, 2019                                   | 3,577,000             | 2,760,022             | 7,058,662             | 4,298,640                              |
| <b>FUND BALANCE - JUNE 30, 2020</b>                           | <b>\$ 3,527,000</b>   | <b>\$ 4,068,090</b>   | <b>\$ 8,590,020</b>   | <b>\$ 4,521,930</b>                    |

The accompanying notes are an integral part of these financial statements

**FAIRVIEW SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2020**

|                                                                           | <b>FOOD<br/>SERVICES</b>   |
|---------------------------------------------------------------------------|----------------------------|
| <b>ASSETS</b>                                                             |                            |
| <b>Current Assets:</b>                                                    |                            |
| Cash and Cash Equivalents                                                 | \$ 72,204                  |
| Due From Other Funds                                                      | 63,250                     |
| Due From Other Governments                                                | 78,446                     |
| Other Receivables                                                         | 2,705                      |
| Inventories                                                               | 34,054                     |
| <b>TOTAL CURRENT ASSETS</b>                                               | <b><u>\$ 250,659</u></b>   |
| <b>Noncurrent Assets:</b>                                                 |                            |
| Machinery, Furniture and Equipment (net)                                  | \$ 129,231                 |
| <b>TOTAL NONCURRENT ASSETS</b>                                            | <b><u>\$ 129,231</u></b>   |
| <b>TOTAL ASSETS</b>                                                       | <b><u>\$ 379,890</u></b>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                                    |                            |
| Deferred Outflows Related to Pension                                      | \$ 102,009                 |
| Deferred Outflows Related to OPEB                                         | 4,001                      |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                               | <b><u>\$ 106,010</u></b>   |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                    | <b><u>\$ 485,900</u></b>   |
| <b>LIABILITIES</b>                                                        |                            |
| <b>Current Liabilities:</b>                                               |                            |
| Accounts Payable                                                          | \$ 2,784                   |
| Accrued Salaries & Benefits                                               | 7,431                      |
| Due to other Funds                                                        | 2,127                      |
| Unearned Revenue                                                          | 34,746                     |
| <b>TOTAL CURRENT LIABILITIES</b>                                          | <b><u>\$ 47,088</u></b>    |
| <b>Noncurrent Liabilities:</b>                                            |                            |
| Net Pension Liability                                                     | \$ 755,080                 |
| Net OPEB Liability                                                        | 34,320                     |
| <b>TOTAL NONCURRENT LIABILITIES</b>                                       | <b><u>\$ 789,400</u></b>   |
| <b>TOTAL LIABILITIES</b>                                                  | <b><u>\$ 836,488</u></b>   |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                     |                            |
| Deferred Inflows Related to Pension                                       | \$ 32,060                  |
| Deferred Inflows Related to OPEB                                          | 1,340                      |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                | <b><u>\$ 33,400</u></b>    |
| <b>NET POSITION</b>                                                       |                            |
| Net Investment in Capital Assets                                          | \$ 129,231                 |
| Unrestricted (Deficit)                                                    | (513,219)                  |
| <b>TOTAL NET POSITION (Deficit)</b>                                       | <b><u>\$ (383,988)</u></b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> | <b><u>\$ 485,900</u></b>   |

The accompanying notes are an integral part of these financial statements

**FAIRVIEW SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|                                                | <b><u>FOOD SERVICES</u></b> |
|------------------------------------------------|-----------------------------|
| <b><u>OPERATING REVENUES</u></b>               |                             |
| Food Services Revenue                          | \$ 313,985                  |
| <b>Total Operating Revenues</b>                | <b>\$ 313,985</b>           |
| <b><u>OPERATING EXPENSES</u></b>               |                             |
| Salaries                                       | \$ 267,692                  |
| Employee Benefits                              | 132,563                     |
| Purchased Professional/Technical Services      | 4,332                       |
| Purchased Property Services                    | 3,212                       |
| Supplies                                       | 306,580                     |
| Depreciation                                   | 28,417                      |
| <b>Total Operating Expenses</b>                | <b>\$ 742,796</b>           |
| <br>                                           |                             |
| <b>OPERATING INCOME/(LOSS)</b>                 | <b>\$ (428,811)</b>         |
| <br>                                           |                             |
| <b><u>NONOPERATING REVENUES (EXPENSES)</u></b> |                             |
| Earnings on Investments                        | \$ 1,223                    |
| State Sources                                  | 70,932                      |
| Federal Sources                                | 313,331                     |
| Sale of Fixed Assets                           | 900                         |
| Transfer from General Fund                     | 5                           |
| <b>Total Nonoperating Revenues (Expenses)</b>  | <b>\$ 386,391</b>           |
| <br>                                           |                             |
| <b>CHANGE IN NET POSITION</b>                  | <b>\$ (42,420)</b>          |
| <br>                                           |                             |
| NET POSITION - JULY 1, 2019 (Deficit)          | (341,568)                   |
| <br>                                           |                             |
| NET POSITION - JUNE 30, 2020 (Deficit)         | <b>\$ (383,988)</b>         |

The accompanying notes are an integral part of these financial statements

**FAIRVIEW SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|                                                                                                                     | <b><u>FOOD<br/>SERVICES</u></b> |
|---------------------------------------------------------------------------------------------------------------------|---------------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                                                                  |                                 |
| Cash Received from Users                                                                                            | \$ 328,385                      |
| Cash Payments to Employees for Services                                                                             | (385,743)                       |
| Cash Payments to Suppliers for Goods and Services                                                                   | (251,959)                       |
| <b>Net Cash (Used for) Operating Activities</b>                                                                     | <b><u>\$ (309,317)</u></b>      |
| <b><u>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</u></b>                                                          |                                 |
| Proceeds from Sales of Fixed Asset                                                                                  | \$ 1,053                        |
| Acquisition of Equipment                                                                                            | (44,514)                        |
| <b>Net Cash (Used for) Capital Financing Activities</b>                                                             | <b><u>\$ (43,461)</u></b>       |
| <b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>                                                      |                                 |
| State Sources                                                                                                       | \$ 67,669                       |
| Federal Sources                                                                                                     | 181,094                         |
| Transfer from General Fund                                                                                          | 5                               |
| <b>Net Cash Provided by Non-Capital Financing Activities</b>                                                        | <b><u>\$ 248,768</u></b>        |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                                                                  |                                 |
| Earnings on Investments                                                                                             | \$ 1,223                        |
| <b>Net Cash Provided by Investing Activities</b>                                                                    | <b><u>\$ 1,223</u></b>          |
| <b>NET INCREASE &lt;DECREASE&gt; IN CASH AND CASH EQUIVALENTS</b>                                                   | <b>\$ (102,787)</b>             |
| CASH AND CASH EQUIVALENTS - JULY 1, 2019                                                                            | 174,991                         |
| <b>CASH AND CASH EQUIVALENTS - JUNE 30, 2020</b>                                                                    | <b><u>\$ 72,204</u></b>         |
| <b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH<br/>PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u></b> |                                 |
| Operating Income (Loss)                                                                                             | \$ (428,811)                    |
| <b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)<br/>TO NET CASH (USED FOR) OPERATING ACTIVITIES:</b>            |                                 |
| Depreciation                                                                                                        | 28,417                          |
| Other Adjustments - Donated Commodities                                                                             | 57,056                          |
| (Increase) Decrease in Due From Other Funds                                                                         | (6,085)                         |
| (Increase) Decrease in Accounts Receivable                                                                          | (588)                           |
| (Increase) Decrease in Inventories                                                                                  | 12,188                          |
| (Increase) Decrease in Deferred Outflows of Resources                                                               | (3,398)                         |
| Increase (Decrease) in Accounts Payable                                                                             | 1,227                           |
| Increase (Decrease) in Accrued Salaries and Benefits                                                                | 7,431                           |
| Increase (Decrease) in POS Prepayments                                                                              | 14,988                          |
| Increase (Decrease) in Due to Other Funds                                                                           | 1,158                           |
| Increase (Decrease) in Net Pension/OPEB Liabilities                                                                 | 980                             |
| Increase (Decrease) in Deferred Inflows of Resources                                                                | 6,120                           |
| <b>Total Adjustments</b>                                                                                            | <b><u>\$ 119,494</u></b>        |
| <b>Net Cash (Used for) Operating Activities</b>                                                                     | <b><u>\$ (309,317)</u></b>      |
| <b>NONCASH NONCAPITAL FINANCING ACTIVITIES:</b>                                                                     |                                 |
| During the year, the District received \$57,056 of food commodities from the U.S. Department of Agriculture.        |                                 |

The accompanying notes are an integral part of these financial statements

**FAIRVIEW SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2020**

|                                           | <b><u>DISTRICT<br/>RETIREMENT<br/>BENEFIT<br/>ACCOUNT</u></b> | <b><u>ACTIVITY<br/>FUNDS</u></b> | <b><u>FOUNDATION</u></b> |
|-------------------------------------------|---------------------------------------------------------------|----------------------------------|--------------------------|
| <b>ASSETS</b>                             |                                                               |                                  |                          |
| Cash and Cash Equivalents                 | \$ 731,508                                                    | \$ 47,347                        | \$ 152,032               |
| Due From Other Funds                      | 272,482                                                       | -                                | -                        |
| Undivided Interest in Foundation Assets   | -                                                             | -                                | 347,542                  |
| <b>TOTAL ASSETS</b>                       | <b><u>\$ 1,003,990</u></b>                                    | <b><u>\$ 47,347</u></b>          | <b><u>\$ 499,574</u></b> |
| <b>LIABILITIES AND NET POSITION</b>       |                                                               |                                  |                          |
| <b>LIABILITIES:</b>                       |                                                               |                                  |                          |
| Due To Student Groups                     | \$ -                                                          | \$ 47,347                        | \$ -                     |
| Due To Other Funds                        | 276,505                                                       | -                                | -                        |
| <b>TOTAL LIABILITIES</b>                  | <b><u>\$ 276,505</u></b>                                      | <b><u>\$ 47,347</u></b>          | <b><u>\$ -</u></b>       |
| <b>NET POSITION:</b>                      |                                                               |                                  |                          |
| Reserved for Health Claims                | \$ 727,485                                                    | \$ -                             | \$ -                     |
| Held in Trust                             | -                                                             | -                                | 499,574                  |
| <b>TOTAL NET POSITION</b>                 | <b><u>\$ 727,485</u></b>                                      | <b><u>\$ -</u></b>               | <b><u>\$ 499,574</u></b> |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b><u>\$ 1,003,990</u></b>                                    | <b><u>\$ 47,347</u></b>          | <b><u>\$ 499,574</u></b> |

The accompanying notes are an integral part of these financial statements

**FAIRVIEW SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2020**

|                                     | <b>DISTRICT<br/>RETIREMENT<br/>BENEFIT<br/>ACCOUNT</b> | <b>FOUNDATION</b> |
|-------------------------------------|--------------------------------------------------------|-------------------|
| <b>ADDITIONS</b>                    |                                                        |                   |
| Member Contributions                | \$ 103,957                                             | \$ -              |
| Other Contributions                 | -                                                      | 107,528           |
| Transfer From General Fund          | 100,000                                                | -                 |
| Fundraising Income                  | -                                                      | 23,705            |
| Other Income                        | 6,478                                                  | -                 |
| Net Investment Income               | 13,524                                                 | 3,824             |
| <b>TOTAL ADDITIONS</b>              | <b>\$ 223,959</b>                                      | <b>\$ 135,057</b> |
| <b>DEDUCTIONS</b>                   |                                                        |                   |
| Long-Term Care                      | \$ 8,468                                               | \$ -              |
| Medical Claims                      | 153,076                                                | -                 |
| Medicare Supplemental               | 48,146                                                 | -                 |
| Dental Claims                       | 20,577                                                 | -                 |
| Claims Processing Fees              | 2,132                                                  | -                 |
| Contributions - FSD                 | -                                                      | 27,750            |
| Scholarships                        | -                                                      | 22,271            |
| General and Administrative          | -                                                      | 38,181            |
| Program Expenses                    | -                                                      | 33,118            |
| Fundraising Expenses                | -                                                      | 12,758            |
| <b>TOTAL DEDUCTIONS</b>             | <b>\$ 232,399</b>                                      | <b>\$ 134,078</b> |
| <b>CHANGE IN NET POSITION</b>       | <b>\$ (8,440)</b>                                      | <b>\$ 979</b>     |
| NET POSITION - JULY 1, 2019         | 735,925                                                | 498,595           |
| <b>NET POSITION - JUNE 30, 2020</b> | <b>\$ 727,485</b>                                      | <b>\$ 499,574</b> |

The accompanying notes are an integral part of these financial statements

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Fairview School District was established under the authority of an act of the state legislature that designated a school board as the governing body. This district serves the Township of Fairview. The School District operates under a locally-elected nine-member Board form of government and provides educational services as mandated by the Commonwealth of Pennsylvania and selected federal agencies. The Board of Education has complete authority over the operations and administration of the school district's activities.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Fairview School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. Generally accepted accounting principles defines component units as legally separate entities that are included in the School District's reporting entity because of the significance of their operating or financial relationships with the School District. Based on the application of this criteria, the Fairview School Foundation is included as part of the reporting entity as a blended component unit. The Foundation is a separate 501C (3) organization whose only purpose is to support the activities of the School District. The Foundation does not issue its own financial statements.

The School District is associated with two jointly governed organizations (Note 13) and one public entity risk pool (Note 14). These organizations are:

- Jointly Governed Organizations:
  - Erie County Technical School
  - Northwest Tri-County Intermediate Unit
- Public Entity Risk Pool:
  - Northwestern Region Employee Benefit Trust

The financial statements of the Fairview School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The most significant of the School District's accounting policies are as follows:

**FINANCIAL STATEMENT PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** – The statement of net position (Exhibit A) and the statement of activities (Exhibit B) display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. That is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations (Exhibit D and F) with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FINANCIAL STATEMENT PRESENTATION (Continued)**

The government-wide statement of activities (Exhibit B) presents a comparison between direct expenses and program revenues for the District's business-type activities (food service operations) and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants, subsidies and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which the business-type activity or governmental functions are self-financing or draw from the general revenues of the School District.

**FUND FINANCIAL STATEMENTS** – Fund financial statements report detailed information about the School District. Under generally accepted accounting standards, the focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Major funds represent the District's most important funds and are determined based on percentages of assets, liabilities, revenues, and expenditures/expenses. For the Fairview School District, the General Fund is always considered a major fund. Each major fund is presented in a separate column. Non-major funds, if any, would be segregated and presented in a single column. Fiduciary funds are reported by fund type.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Revenue resulting from non-exchange transactions, in which the School District receives value without directly giving equal value in return, includes property taxes, grants and contributions. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be 'available' before it can be recognized.

The management of the Fairview School District has determined that the revenues most susceptible to accrual (measurable and available) at June 30, 2020 under the modified accrual basis are **1)** delinquent property taxes held with the Erie County Tax Claim Bureau, **2)** deed transfer taxes for the month of June, **3)** federal and state subsidies earned in the fiscal year 2019-2020, and **4)** other miscellaneous revenues earned in fiscal year 2019-2020 but received subsequent to June 30, 2020. On the governmental fund financial statements, delinquent real estate taxes receivable that will not be collected within the 'available' period have been reported as 'deferred inflows of resources'.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at June 30, 2020 are those for which the Board of Education's intention was to expense these items as budgeted for the 2019-2020 official budget, and for which the District has incurred an obligation, but has not paid as of June 30, 2020.

Allocations of cost such as depreciation, are not recognized in governmental funds but are included as part of expenses in the government-wide statement of activities.

**FUND ACCOUNTING**

The School District uses funds to report on its financial position and the results of its operations during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Fund categories are defined as follows:

**Governmental Funds** – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The District did not have non-major governmental funds at June 30, 2020.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING (Continued)**

The following are the School District's major funds:

**MAJOR GOVERNMENTAL FUNDS:**

**GENERAL FUND** - The general fund is used to account for all financial resources not required to be accounted for in some other fund. The general fund balance is available for any purpose provided it is expended according to the Commonwealth of Pennsylvania Public School Code.

**CAPITAL PROJECTS FUND** - The capital projects fund accounts for financial resources used for the acquisition of capital assets, capital improvements, and debt service payments. Revenue sources include mainly transfers from the General Fund, as well as debt proceeds, contributions, proceeds from the sale of equipment, and other miscellaneous income.

**Proprietary Funds** - used to account for activities similar to those found in the private sector, where the determination of net income is necessary and useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies within the school district (internal service funds). The School District's major and sole enterprise fund is its Food Service Fund that accounts for the financial transactions related to the food service operations of the District.

**Fiduciary Funds** – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature and do not involve measuring income or any other results from operations. The School District reports three fiduciary funds as follows:

- **The Fairview School Foundation** - a separate 501C (3) not-for-profit organization whose activities and resources support the District.
- **The District Retiree Benefit Account** - used to account for retiree and District contributions to retiree health insurance.
- **Agency Funds** - account for various student organization activity accounts administered by the District on behalf of the student organizations.

**BUDGETS**

In June of 2019 the Fairview School District adopted its June 30, 2020 annual budget for the General Fund totaling \$27,566,000, in accordance with the provisions of the Pennsylvania School Code. The budget is prepared utilizing the modified accrual basis of accounting in accordance with generally accepted accounting principles. The original and final budgetary amounts are reflected in these financial statements (Exhibit G). All annual appropriations of the General Fund lapse at year-end.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BUDGETS (Continued)**

The School District uses the following procedures in establishing this budgetary data:

- a. Prior to May of the preceding fiscal year, the school district prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the revenues and other sources of funds used to finance these expenditures.
- b. At least 20 days prior to the date set for budget adoption, the budget is made available for public inspection.
- c. A meeting of the Board of Education is then held for the purpose of adopting the proposed budget. The meeting may only be held after 10 days of public notification.
- d. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board of Education.
- e. The budget must be filed with the Commonwealth of Pennsylvania, Department of Education by July 15 of the fiscal year or within 30 days of adoption.
- f. Budgetary transfers are permitted after the first 90 days of the school district's fiscal year.

**CASH AND CASH EQUIVALENTS**

For the purpose of these basic financial statements, cash and cash equivalents include amounts in demand deposit accounts, and any other highly liquid, short-term investments, with original maturity terms of less than three months.

**INVESTMENTS**

Under Section 440.1 of the Pennsylvania Public School Code of 1949, as amended, and PA Act 10 of 2016, Fairview School District is permitted to invest funds consistent with sound business practices in the following types of investments:

- I. Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- II. Deposits in savings accounts, time deposits and share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral, as provided by law, is pledged by the depository.
- III. U.S. government obligations, short-term commercial paper issued by a public corporation, and banker's acceptances.

Investments of the Fairview School District include deposits pooled for investment purposes with the Pennsylvania School District Liquid Asset Fund (PSDLAF) and certificates of deposit with maturities in excess of three months. Investments are reported at fair value.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the governmental funds balance sheet. For the purposes of the government-wide statement of net position, governmental interfund receivables and payables have been eliminated. Amounts due between governmental activities and business-type activities, if any, are presented as off-setting internal balances on the statement of net position.

**INVENTORIES**

Inventories on the government-wide statement of net position (Exhibit A) and the proprietary fund statement of net position (Exhibit H) are recorded at fair value on a first-in first-out basis. This inventory consists of purchased food and supplies and donated commodities from the U.S. Department of Agriculture as part of the food service program. The School District does not inventory the cost of such items as books and supplies, but rather records these items as an expenditure in the governmental funds and an expense in the government-wide statement of activities at the time of purchase.

**CAPITAL ASSETS AND DEPRECIATION**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental-activities column of the government-wide statement of net position. Capital assets used by the proprietary fund are reported in both the business-type activity column of the government-wide statement of net position and on the proprietary fund statement of net position.

All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The School District maintains a capitalization threshold of \$1,500. The cost of infrastructure is included as part of site improvements in the government-wide statement of net position. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities.

All reported capital assets, except land and construction in progress, are depreciated using the straight-line method over the following useful lives:

| <b><u>CATEGORY</u></b>             | <b><u>USEFUL<br/>LIFE</u></b> |
|------------------------------------|-------------------------------|
| Site Improvements                  | 15 years                      |
| Buildings                          | 30 years                      |
| Machinery, Furniture and Equipment | 5 to 10 years                 |
| Vehicles                           | 5 years                       |

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements (Exhibit E). The results of capitalizing fixed assets net of depreciation on the government-wide statement of net position and statement of activities, as opposed to recording these same assets as an expenditure in the fund financial statements (Exhibit E), is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**LONG-TERM DEBT FINANCING COSTS**

Bond and note issue costs are recorded as expenditures in the governmental fund financial statements in the year paid. The School District did not incur bond or note issuance costs during the 2019-2020 fiscal year.

**COMPENSATED ABSENCES**

The School District reports compensated absences in accordance with the provisions of applicable GASB Statements. Sick leave and vacation benefits are accrued as a liability at the time individuals become eligible in accordance with the terms of the District's various collective bargaining and administrative employee contract agreements. Sick leave and vacation benefits are paid as follows upon retirement:

- **Teachers** – Members of the Fairview Education Association are entitled to compensation for unlimited unused sick days at the rate of \$70 per day.
- **Support Staff** - Members of the Fairview Educational Support Professional Association are entitled to compensation for unused sick days at the rate of \$40 per day up to a maximum of 250 days for employees who retire after 12 years of service. Members who retire after 25 years of service in the District will receive \$55 per day up to a maximum of 250 days.
- **Administrators** – District Administrators are entitled to compensation for unused sick days at the rate of \$75 per day up to a maximum of \$20,000. In addition, Administrators are entitled to compensation for unused vacation days.

The entire compensated absences liability of \$747,974 is shown as a non-current liability in the government-wide statement of net position. For governmental fund financial statements, compensated absences are recorded as expenditures when paid, rather than accrued when earned as the likelihood of payment in the immediate fiscal year with available expendable resources is not assured.

**PENSIONS**

For the 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's 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. Investment assets are reported at fair value. More information on pension activity is included in Note 11.

**OTHER POSTEMPLOYMENT BENEFITS**

For the 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's 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. Investment assets are reported at fair value. More information on other postemployment benefits activity is included in Note 12.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. For the business-type activities, these obligations and all similar obligations are reported again on the proprietary fund statement of net position (Exhibit H).

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of compensated absences and retiree health benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been paid with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. The District's General Fund is typically used to liquidate long-term liability obligations.

The results of recognizing these long-term obligations as liabilities on the government-wide statement of net position and statement of activities, as opposed to recording these same obligations as an expenditure in the fund financial statements (Exhibit E) only when paid, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**UNEARNED REVENUE**

Unearned Revenue arises when the District receives resources before it has legal claim to them. This occurs when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent balance periods, when both revenue recognition criteria are met, or when the School District has a legal claim to the resources, the unearned revenue liability is removed and revenue is recognized.

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets and liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows and/or inflows of resources. These separate financial statement elements represent a decrease and/or increase in net position that applies to a future period and will not be recognized as an outflow and/or inflow of resources (expense/expenditure or income/revenue) in the current period.

**NET POSITION**

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy District obligations. Net position is classified as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**NET POSITION (Continued)**

- Unrestricted – Consists of net position that does not meet the definition of ‘restricted’ or ‘net investment in capital assets’.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the School District’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**FUND EQUITY**

In the Balance Sheet – Governmental Funds (Exhibit C), fund balances are reported in specific categories to make the nature and extent of the constraints placed on- any entity’s fund balance more transparent in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable fund balance** – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. The non-spendable fund balance of \$1,849,322 represents prepaid expenditures applicable to fiscal periods ending after June 30, 2020.
- **Restricted fund balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. Restricted fund balance of \$9,531,167 represents the balance of Capital Project Fund monies at June 30, 2020.
- **Committed fund balance** – amounts constrained to specific purposes by the School District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest-level action to remove or change the constraint. The Board of Education has committed \$1,494,000 of the District’s overall General fund balance for future PSERS rate increases.
- **Assigned fund balance** – amounts the School District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- **Unassigned fund balance** – amounts that are available for any purpose

Act 48 of 2003 prohibits school districts from increasing real property taxes unless the school district has adopted a budget for such school year that includes an estimated ending unassigned fund balance which is not more than a specified percentage of the district’s total budgeted expenditures. For the Fairview School District, estimated ending unassigned fund balance must not exceed 8% of total budgeted expenditures. The District’s unassigned General Fund balance at June 30, 2020 was approximately 20% of its 2020-2021 budgeted expenditures.

The School District establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. The Board of Education has authority to assign fund balance.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND EQUITY (Continued)**

When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend the committed resources first, followed by assigned amounts and then unassigned amounts.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**OPERATING / NONOPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Fairview School District, these revenues are food service charges for lunch and breakfast service. Operating expenses are the necessary costs incurred to provide the aforementioned food service. Non-operating revenues of the District's food service proprietary fund are **1)** investment earnings and **2)** state and federal subsidies, including donated commodities, received from the U.S. Department of Agriculture. The District did not have non-operating expenses during the fiscal year.

**ADOPTED GASB PRONOUNCEMENTS**

The requirements of the following GASB Statements were adopted for the School District's 2019-2020 financial statements. Except where noted, the adoption of these pronouncements did not have a significant impact on the School District's financial statements.

GASB Statement No. 83, '*Certain Asset Retirement Obligations*'. The primary objective of this Statement is to provide financial statement users with information about 'asset retirement obligations (ARO) that were not addressed in GASB Standards by establishing uniform accounting and financial reporting requirements for these obligations.

**PENDING GASB PRONOUNCEMENTS**

GASB issued Statement No. 84, '*Fiduciary Activities*'. The primary objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The provisions of this Statement are effective for the School District's June 30, 2021 financial statements.

GASB issued Statement No. 87, '*Leases*'. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. The provisions of this Statement are effective for the School District's June 30, 2022 financial statements.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PENDING GASB PRONOUNCEMENTS (Continued)**

GASB issued Statement No. 89, *'Accounting for Interest Cost Incurred before the end of a Construction Period'*. The primary objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and, (b) to simplify accounting for certain interest costs. The provisions of this Statement are effective for the School District's June 30, 2022 financial statements.

GASB issued Statement No. 90, *'Majority Equity Interests (an amendment of GASB Statements No. 14 and No. 61)'*. The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The provisions of this Statement are effective for the School District's June 30, 2021 financial statements.

GASB issued Statement No. 91, *'Conduit Debt Obligations'*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions of this Statement are effective for the School District's June 30, 2023 financial statements.

GASB Statement No. 92, *'Omnibus 2020'*. The primary objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of GASB Statement Nos. 73, 74, 84, and 87. In addition the Statement addresses various topics and includes specific provisions concerning the following:

- Measurement of liabilities (and assets, if any) related to asset retirement obligations (ARO) in a government acquisition
- Reporting by entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The provisions of this statement are effective for the School District's June 30, 2022 financial statements.

GASB Statement No. 93, *'Replacement of Interbank Offered Rates'*. The primary objectives of this Statement are to address the accounting and financial reporting implications that result from the replacement of an interbank offering rate (IBOR). The provisions of this Statement are effective for the School District's June 30, 2022 financial statements.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PENDING GASB PRONOUNCEMENTS (Continued)**

GASB Statement No. 94, 'Public-Private and Public-Public Partnerships and Availability Payment Arrangements'. The primary objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs), and provide guidance for accounting and financial reporting for availability payment arrangements (APAs). The provisions of this Statement are effective for the School District's June 30, 2023 financial statements.

The implementation dates of the aforementioned pending GASB Statements have been updated to include the delayed implementation dates as set forth in recently issued (May 2020) GASB Statement No. 95. The effects of implementing these Statements on the School District's financial statements have not yet been determined.

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS:**

The following represents the bank balance and carrying value for the Fairview School District's cash and cash equivalents at June 30, 2020:

|                                     | <b><u>Bank Balance</u></b>         | <b><u>Carrying Value</u></b>       |
|-------------------------------------|------------------------------------|------------------------------------|
| General Fund                        | \$ 3,682,348                       | \$ 3,608,751                       |
| Capital Project Fund                | 4,842,360                          | 4,842,360                          |
| Enterprise Fund                     | 83,275                             | 72,204                             |
| Fiduciary Funds                     | 780,730                            | 778,855                            |
| Foundation                          | 156,434                            | 152,032                            |
| <b>Subtotals</b>                    | <b><u>\$ 9,545,147</u></b>         | <b><u>\$ 9,454,202</u></b>         |
| General Fund - Certificates         |                                    |                                    |
| of Deposit shown as investments     | \$ 3,000,000                       | \$ 3,000,000                       |
| Capital Project Fund - Certificates |                                    |                                    |
| of Deposit shown as investments     | 4,567,819                          | 4,567,819                          |
| <b>Totals</b>                       | <b><u><u>\$ 17,112,966</u></u></b> | <b><u><u>\$ 17,022,021</u></u></b> |

The difference between the bank balance and carrying value represents year-end reconciling items such as deposits in transit and outstanding checks, and petty cash. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposits accounts, and certificates of deposit. Capital Project Fund investments as reflected on the governmental funds balance sheet includes accrued interest of \$20,561.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**CASH DEPOSITS: (Continued)**

**Custodial Credit Risk:**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to invest funds consistent with sound business practices evaluating each investment opportunity in terms of risk, yield, liquidity, and legal restrictions as allowable by law or regulations. As of June 30, 2020, \$9,138,713 of the District's overall bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the District's name. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**INVESTMENTS:**

The fair value of the District's investments as of June 30, 2020 is as follows:

|        |           |
|--------|-----------|
| PSDLAF | \$ 40,274 |
|--------|-----------|

The purpose of the Pennsylvania School District Liquid Asset Fund (PSDLAF) is to enable their available funds for investments authorized under the Intergovernmental Cooperation Act of 1972. The fund operates in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. The fund uses amortized cost to report net position to compute share prices. These funds maintain net asset values of \$1 per share. Accordingly, the fair value of the position in these funds is the same as the value of these shares. The District's investment with PSDLAF has no stated maturity.

**Custodial Credit Risk:**

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District's investment in PSDLAF is not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

**Interest Rate Risk:**

The District's formal investment policy primary objectives include mitigation of interest rate risk by limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk:**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's formal investment policy primary objectives include mitigation of credit risk, in addition to the requirements of the Pennsylvania School Code that limits its investment choices based on credit ratings by nationally recognized rating organizations. As of June 30, 2020, PSDLAF was rated AAAM by the Standard and Poors nationally recognized statistical rating organization.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**INVESTMENTS: (Continued)**

**Fair Value Measurements:**

The Fairview School District's investments are reported at fair value within the fair value hierarchy established by generally accepted accounting principles. Generally accepted accounting standards provides a framework for measuring fair value which establishes a three-level fair value hierarchy that prioritizes the inputs to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes
- Level 2 – Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data
- Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments held in external investment pools such as PSDLAF and certificates of deposit are not subject to the provisions of fair value measurements as they are recorded at amortized cost.

**NOTE 3 - PROPERTY TAXES**

The Fairview School District levies property taxes July 1st of each fiscal year. The tax millage assessment for the 2019-2020 fiscal year was 18.20 mills, which represents \$18.20 of revenue for every \$1,000 of assessed property value. Taxpayers are entitled to a 2% discount if taxes are paid prior to August 31st. Collections beginning November 1st are assessed a 10% penalty. Unpaid taxes are submitted to the Erie County Tax Claim Bureau for collection.

Taxes receivable as shown in the government-wide statement of net position includes delinquent property taxes of \$354,046. For purposes of the governmental fund financial statements, the above property taxes receivable, although measurable, do not meet the available criteria to finance current fiscal year operations. Accordingly, this amount is equally off-set as a credit to deferred inflows of resources in the fund financial statements.

The effect of recognizing property tax revenue when taxes are levied, as opposed to when they are received using the 'measurable and available' criteria under the modified accrual basis of accounting, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 - PROPERTY TAXES (Continued)**

Taxes receivable are comprised of the following at June 30, 2020:

|                                     |                   |
|-------------------------------------|-------------------|
| Delinquent Property Taxes (Net)     | \$ 354,046        |
| Delinquent Property Taxes (60 Days) | 120,564           |
| EIT Taxes                           | 464,880           |
| Real Estate Transfer Taxes          | 31,264            |
|                                     | <u>\$ 970,754</u> |

**NOTE 4 – TAX ABATEMENTS**

The School District enters into property tax abatement agreements with local businesses under the two programs – the PILOT program and LERTA (Local Economic Revitalization Tax Assistance) program. Under the LERTA Act, localities may grant property tax abatements of up to 50% of a business' property tax bill for the purposes of improving the property located within their jurisdictions.

For the fiscal year ended June 30, 2020, the District abated property taxes totaling \$16,447 under the LERTA program, including the following tax abatement agreements that each exceed 10% of the total amount abated:

- Property tax abatement for Hanes Erie additions to building and parking lot in the district. The abatement amounted to \$6,133.
- Property tax abatement for Bartlett Sign's new building in the district. The abatement amounted to \$10,314.

For the fiscal year ended June 30, 2020, the District abated property taxes totaling \$233,793 under the PILOT program, including the following tax abatement agreements that each exceed 10% of the total amount abated:

- Presbyterian Homes abatement of taxes in the amount of \$189,615.
- Fairview Family Homes abatement of taxes in amount of \$31,709.

**NOTE 5 – DUE FROM OTHER GOVERNMENTS**

The amount of 'due from other governments', as reflected on the government-wide statement of net position and the governmental funds balance sheet, is comprised of the following:

|                               |                   |
|-------------------------------|-------------------|
| Commonwealth of Pennsylvania: |                   |
| State Subsidies               | \$ 648,524        |
| Federal Pass-Through Grants   | 278,060           |
|                               | <u>\$ 926,584</u> |

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 6 – OTHER RECEIVABLES**

The amount of 'other receivables', as reflected on the government wide statement of net position, the governmental funds balance sheet, and the proprietary fund statement of net position is comprised of the following at June 30, 2020:

|                                 | <b><u>GOVERNMENTAL<br/>FUNDS</u></b> | <b><u>GOVERNMENT<br/>WIDE<br/>ACTIVITIES</u></b> | <b><u>BUSINESS<br/>TYPE<br/>ACTIVITIES</u></b> |
|---------------------------------|--------------------------------------|--------------------------------------------------|------------------------------------------------|
| Rebates                         | \$ 4,538                             | \$ 4,538                                         | \$ 189                                         |
| Sale of equipment and vehicles  | 5,423                                | 5,423                                            | -                                              |
| Food service lunches and snacks | -                                    | -                                                | 2,516                                          |
| E-Rate grant                    | 120,988                              | 120,988                                          | -                                              |
| Reimbursement of tuition        | 692                                  | 692                                              | -                                              |
| Miscellaneous                   | 1,249                                | 1,249                                            | -                                              |
|                                 | <b><u>\$ 132,890</u></b>             | <b><u>\$ 132,890</u></b>                         | <b><u>\$ 2,705</u></b>                         |

**NOTE 7 – UNEARNED REVENUES**

Unearned revenues as reflected on the government wide statement of net position, the governmental funds balance sheet, and the proprietary fund statement of net position is comprised of the following at June 30, 2020:

|                                                                                 | <b><u>GOVERNMENTAL<br/>FUNDS</u></b> | <b><u>GOVERNMENT<br/>WIDE<br/>ACTIVITIES</u></b> | <b><u>BUSINESS<br/>TYPE<br/>ACTIVITIES</u></b> |
|---------------------------------------------------------------------------------|--------------------------------------|--------------------------------------------------|------------------------------------------------|
| IPADS                                                                           | \$ 10,777                            | \$ 10,777                                        | \$ -                                           |
| District Robotics donations/student fees                                        | 53,372                               | 53,372                                           | -                                              |
| STEM Grant                                                                      | 2,263                                | 2,263                                            | -                                              |
| District fundraiser/afterschool activities/<br>book fines and yearbook receipts | 4,915                                | 4,915                                            | -                                              |
| Prepaid student lunch balances                                                  | -                                    | -                                                | 34,746                                         |
|                                                                                 | <b><u>\$ 71,327</u></b>              | <b><u>\$ 71,327</u></b>                          | <b><u>\$ 34,746</u></b>                        |

**NOTE 8 – INTER-FUND OBLIGATIONS AND TRANSFERS**

Inter-fund receivables and payables as reflected on the governmental funds balance sheet, proprietary fund statement of net position, and fiduciary fund statement of net position are comprised of the following:

|                | <b><u>RECEIVABLE</u></b> | <b><u>PAYABLE</u></b>    |
|----------------|--------------------------|--------------------------|
| General Fund   | \$ 278,632               | \$ 335,732               |
| Cafeteria Fund | 63,250                   | 2,127                    |
| DRBA Fund      | 272,482                  | 276,505                  |
|                | <b><u>\$ 614,364</u></b> | <b><u>\$ 614,364</u></b> |

The interfund receivables and payables are expected to be paid back within one year.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 8 – INTER-FUND OBLIGATIONS AND TRANSFERS (Continued)**

During the fiscal year 2019-2020, the General Fund transferred \$1,292,468 to the Capital Project Fund for planned capital acquisitions and improvements. In addition, the General Fund transferred \$100,000 and \$5 respectively to the District Retirement Benefit Account and Food Service Fund for retiree benefits and reimbursement of 2019-2020 costs.

**NOTE 9 - CAPITAL ASSETS**

A summary of the governmental and business-type fixed asset activity for the 2019-2020 fiscal year was as follows:

|                                       | <u>Balance</u><br><u>7/1/2019</u> | <u>Additions</u>             | <u>Deductions</u>      | <u>Balance</u><br><u>6/30/2020</u> |
|---------------------------------------|-----------------------------------|------------------------------|------------------------|------------------------------------|
| <b>Governmental Activities</b>        |                                   |                              |                        |                                    |
| Land                                  | \$ 309,609                        | \$ -                         | \$ -                   | \$ 309,609                         |
| Site Improvements                     | 6,355,330                         | 67,926                       | -                      | 6,423,256                          |
| Building and Improvements             | 38,641,457                        | -                            | -                      | 38,641,457                         |
| Machinery and Equipment               | 10,453,528                        | 426,976                      | (116,055)              | 10,764,449                         |
|                                       | <u>\$ 55,759,924</u>              | <u>\$ 494,902</u>            | <u>\$ (116,055)</u>    | <u>\$ 56,138,771</u>               |
| <b>Less: Accumulated depreciation</b> |                                   |                              |                        |                                    |
| Site Improvements                     | \$ (3,657,791)                    | \$ (260,128)                 | \$ -                   | \$ (3,917,919)                     |
| Building and Improvements             | (25,629,389)                      | (842,318)                    | -                      | (26,471,707)                       |
| Machinery and Equipment               | (9,030,065)                       | (457,505)                    | 116,055                | (9,371,515)                        |
|                                       | <u>\$ (38,317,245)</u>            | <u>\$ (1,559,951)</u>        | <u>\$ 116,055</u>      | <u>\$ (39,761,141)</u>             |
| <b>Governmental Activities</b>        |                                   |                              |                        |                                    |
| <b>Capital Assets, Net</b>            | <u><b>\$ 17,442,679</b></u>       | <u><b>\$ (1,065,049)</b></u> | <u><b>\$ -</b></u>     | <u><b>\$ 16,377,630</b></u>        |
| <b>Business-Type Activities</b>       |                                   |                              |                        |                                    |
| Machinery and Equipment               | \$ 1,091,054                      | \$ 44,514                    | \$ (21,191)            | \$ 1,114,377                       |
| Less: Accumulated Depreciation        | (977,767)                         | (28,417)                     | 21,038                 | (985,146)                          |
| <b>Business-Type Activities</b>       |                                   |                              |                        |                                    |
| <b>Capital Assets, Net</b>            | <u><b>\$ 113,287</b></u>          | <u><b>\$ 16,097</b></u>      | <u><b>\$ (153)</b></u> | <u><b>\$ 129,231</b></u>           |

Depreciation expense was charged to governmental functions as follows:

|                                               |                     |
|-----------------------------------------------|---------------------|
| Instruction                                   | \$ 1,032,853        |
| Instructional Student Support                 | 118,355             |
| Administrative and Financial Support Services | 221,910             |
| Operation and Maintenance of Plant Services   | 122,470             |
| Student Activities                            | 64,363              |
|                                               | <u>\$ 1,559,951</u> |

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 - LONG-TERM LIABILITIES**

**DIRECT BORROWINGS – LEASE PURCHASE AGREEMENTS**

On June 11, 2018, the Fairview School District entered into a lease purchase agreement with Apple, Inc. in the amount of \$617,316 for the purchase of iPads for educational use. The terms of the lease call for an initial payment of \$158,713.06 at lease inception with three (3) additional payments of \$158,713.06 made on an annual basis through maturity on July 15, 2021.

On August 29, 2018, the Fairview School District entered into a lease purchase agreement with Apple, Inc. in the amount of \$32,895 for the purchase of iPads for educational use. The terms of the lease call for an initial payment of \$8,434.23 at lease inception with three (3) additional payments of \$8,434.23 made on an annual basis through maturity on July 15, 2021.

A summary of the Fairview School District's lease purchase agreements outstanding at June 30, 2020 is as follows:

| <b><u>YEAR END</u></b><br><b><u>JUNE 30,</u></b> | <b><u>IPAD</u></b><br><b><u>PRINCIPAL</u></b> | <b><u>IPAD</u></b><br><b><u>PRINCIPAL</u></b> | <b><u>INTEREST</u></b> | <b><u>TOTAL</u></b>      |
|--------------------------------------------------|-----------------------------------------------|-----------------------------------------------|------------------------|--------------------------|
| 2021                                             | \$ 152,850                                    | \$ 8,123                                      | \$ 6,174               | \$ 167,147               |
| 2022                                             | 155,753                                       | 8,277                                         | 3,117                  | 167,147                  |
|                                                  | <b><u>\$ 308,603</u></b>                      | <b><u>\$ 16,400</u></b>                       | <b><u>\$ 9,291</u></b> | <b><u>\$ 334,294</u></b> |

**DEFAULT PROVISIONS ON LEASE PURCHASE AGREEMENTS**

Upon the occurrence of an event of default, lessor may do any or all of the following: 1.) Provide written notice to the District of the event of default; 2.) declare due and payable any and all amounts due currently and through the end of the lease; and 3.) retake possession of the equipment or require the Lessee to return the equipment at their costs and continue to collect on the amounts due on the lease. The lessor may take whatever action is necessary under the law or in equity to enforce its rights under the lease or as a secured party to the equipment.

**DIRECT BORROWINGS - GENERAL OBLIGATION NOTE - SERIES OF 2011**

In March of 2011, the Fairview School District issued General Obligation Note, Series of 2011 in the amount of \$975,000 to fund the cost of improvements to District heating systems. The note bears interest at the rate of 3.4% with monthly principal and interest payments of \$9,619 due through the March 14, 2021 maturity date. The final principal payments totaling \$81,929 are due during the 2020-2021 fiscal year.

**DEFAULT PROVISIONS ON GENERAL OBLIGATION NOTE**

Upon the occurrence of an event of default, the entire principal and balance shall accelerate and become immediately due and payable without notice or demand, and the borrower will pay the holder's reasonable costs and expenses incurred in collection of the amounts due. The borrower shall also have any remedies as provided by the laws and resolutions of the Commonwealth of Pennsylvania.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

**BONDS PAYABLE – CAPITAL APPRECIATION BONDS, SERIES A OF 2001**

In August of 2001, the Fairview School District issued Capital Appreciation Bonds, Series A of 2001 in the amount of \$2,881,842 with a maturity value of \$8,150,000 to **1)** renovate the District middle school and, **2)** pay the costs of issuing the Bonds. The bonds were issued in denominations of \$5,000 at interest rates ranging between 5.4% and 5.51%. Principal payments are due on February 1 each year through the maturity date of February 1, 2023. The Capital Appreciation Bonds are not subject to redemption prior to their stated maturity.

A summary of the remaining debt service obligations on the Series of 2001 bond issue is as follows:

| <b>Year End<br/>June 30,</b>     | <b>Principal</b>    | <b>Interest</b>     | <b>Total</b>        |
|----------------------------------|---------------------|---------------------|---------------------|
| 2021                             | \$ 547,437          | \$ 1,017,563        | \$ 1,565,000        |
| 2022                             | 516,622             | 1,048,378           | 1,565,000           |
| 2023                             | 487,341             | 1,077,659           | 1,565,000           |
|                                  | <b>\$ 1,551,400</b> | <b>\$ 3,143,600</b> | <b>\$ 4,695,000</b> |
| Accumulated Accreted<br>Interest | 2,492,544           |                     |                     |
| Outstanding Principal            | <b>\$ 4,043,944</b> |                     |                     |

Interest on the bonds is being accreted based on the table of compound accreted values as stated in the Official Statement of Issue for the Series of 2001 bond issue. For the 2019-2020 year, \$243,350 of accreted interest was charged to 'Interest on Long-Term Debt' in the Statement of Activities.

**DEFAULT PROVISIONS ON CAPITAL APPRECIATION BONDS**

The Bonds are payable from tax and other general revenues of the School District. The School District has covenanted that it will provide in its budget in each fiscal year, and will appropriate from its general revenues in each such fiscal year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from funds in the sinking fund established in the Resolution or from any other of its revenues or funds the principal of and interest on every Bond, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power subject to the limitations of bankruptcy, insolvency, and other laws or equitable principles affecting creditor rights generally

In the event of a default in the payment of the interest or principal and such default continues for 30 days, or if the School District fails to comply with any provisions of the Bonds or Resolutions, the holders of 25% in aggregate principal of the Bonds outstanding may appoint a trustee to represent the Bondholders. The trustee may take action on behalf of the bondholders under the provisions of the Pennsylvania Public School Code. The Code provides that in any event of default, the state may withhold from any state appropriation due the school an amount equal to the sum of the principal amounts defaulted on the loan. The enforcement of the Code may be limited by bankruptcy, insolvency, or other laws or equitable principles affected the enforcement of credit rights.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

**BONDS PAYABLE - GENERAL OBLIGATION BONDS - SERIES A AND B OF 2016**

In May of 2016, the Fairview School District issued General Obligation Bonds, Series A of 2016 in the amount of \$8,425,000 and Series B of 2016 in the amount of \$2,290,000 to **1)** refund the General Obligations Bonds Series 2006 and 2011 and, **2)** pay the costs of issuing the Bonds. The bonds were issued in denominations of \$5,000 with interest payable on February 1 and August 1 each year through maturity. Interest rates range between .80% and 4.0% for the Series A bonds and .77% and 2.50% for the Series B bonds, with the bonds maturing on February 1, 2029. The bonds provide for early redemption options for the School District for those bonds maturing on or after February 1, 2025 as detailed in the official statement of issue.

**DEFAULT PROVISIONS ON GENERAL OBLIGATION BONDS**

The Bonds are payable from tax and other general revenues of the School District. The School District has covenanted that it will provide in its budget in each fiscal year, and will appropriate from its general revenues in each such fiscal year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from funds in the sinking fund established in the Resolution or from any other of its revenues or funds the principal of and interest on every Bond, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power subject to the limitations of bankruptcy, insolvency, and other laws or equitable principles affecting creditor rights generally

In the event of a default in the payment of the interest or principal and such default continues for 30 days, or if the School District fails to comply with any provisions of the Bonds or Resolutions, the holders of 25% in aggregate principal of the Bonds outstanding may appoint a trustee to represent the Bondholders. The trustee may take action on behalf of the bondholders under the provisions of the Pennsylvania Public School Code. The Code provides that in any event of default, the state may withhold from any state appropriation due the school an amount equal to the sum of the principal amounts defaulted on the loan. The enforcement of the Code may be limited by bankruptcy, insolvency, or other laws or equitable principles affected the enforcement of credit rights.

A summary of the Fairview School District's general obligation notes and bonds outstanding at June 30, 2020 is as follows:

| <b><u>Year End</u></b> | <b><u>2011</u></b>      | <b><u>2016</u></b>         | <b><u>2016</u></b>         | <b><u>Total</u></b>        |                             |
|------------------------|-------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|
| <b><u>June 30,</u></b> | <b><u>Principal</u></b> | <b><u>Principal</u></b>    | <b><u>Principal</u></b>    | <b><u>Interest</u></b>     | <b><u>Total</u></b>         |
| 2021                   | \$ 81,929               | \$ 5,000                   | \$ 165,000                 | \$ 379,543                 | \$ 631,472                  |
| 2022                   | -                       | 5,000                      | 25,000                     | 375,018                    | 405,018                     |
| 2023                   | -                       | 5,000                      | 25,000                     | 374,418                    | 404,418                     |
| 2024                   | -                       | 1,265,000                  | 280,000                    | 373,818                    | 1,918,818                   |
| 2025                   | -                       | 1,310,000                  | 285,000                    | 317,618                    | 1,912,618                   |
| 2026-2029              | -                       | 5,775,000                  | 1,200,000                  | 661,762                    | 7,636,762                   |
|                        | <b><u>\$ 81,929</u></b> | <b><u>\$ 8,365,000</u></b> | <b><u>\$ 1,980,000</u></b> | <b><u>\$ 2,482,177</u></b> | <b><u>\$ 12,909,106</u></b> |

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

The following represents the changes in the District's long-term liabilities during the 2019-2020 fiscal year:

|                                 | <u>Balance</u><br><u>7/1/2019</u> | <u>Additions</u>  | <u>Reductions</u>   | <u>Balance</u><br><u>6/30/2020</u> | <u>Due Within</u><br><u>One Year</u> |
|---------------------------------|-----------------------------------|-------------------|---------------------|------------------------------------|--------------------------------------|
| <b>Direct Borrowings:</b>       |                                   |                   |                     |                                    |                                      |
| General Obligation Notes        | \$ 192,569                        | \$ -              | \$ 110,640          | \$ 81,929                          | \$ 81,929                            |
| Capital Lease Obligations       | 483,064                           | -                 | 158,061             | 325,003                            | 160,973                              |
| General Obligation Bonds        | 10,510,000                        | -                 | 165,000             | 10,345,000                         | 170,000                              |
| Capital Appreciation Bonds      | 5,365,593                         | 243,351           | 1,565,000           | 4,043,944                          | 1,565,000                            |
| Compensated Absences            | 576,642                           | 171,332           | -                   | 747,974                            | -                                    |
| Net Pension Liability (Note 11) | 37,780,000                        | -                 | 26,000              | 37,754,000                         | -                                    |
| Net OPEB Liability (Note 12)    | 4,167,424                         | 1,500             | 735,975             | 3,432,949                          | -                                    |
|                                 | <u>\$ 59,075,292</u>              | <u>\$ 416,183</u> | <u>\$ 2,760,676</u> | <u>\$ 56,730,799</u>               | <u>\$ 1,977,902</u>                  |

**NOTE 11 – PENSION PLAN**

The Fairview School District participates in the Public School Employees' Retirement System (PSERS). PSERS is a component unit of the Commonwealth of Pennsylvania. A brief description of the plan, and summary of the plan's provisions, are as follows:

**Plan Description**

PSERS is a governmental cost-sharing multiple-employer defined-benefit 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.state.pa.us](http://www.psers.state.pa.us).

**Benefits Provided**

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with a 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 three years of service or attain a total combination of age and service that is equal to or greater than ninety-two with a minimum of thirty-five 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.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 11 – PENSION PLAN (Continued)**

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.

**Contribution Rates**

**Member Contributions** - Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.5% (Membership Class T-D) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute 6.25% (Membership Class T-C) or at 7.5% (Membership Class T-D) of the members qualifying compensation. Members who joined the System after June 30, 2001 and before June 1, 2011, contribute at 7.5% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002. Members who joined the System after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a 'shared risk' provision in Act 120 of 2010 that in future years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.30%.

**Employer Contributions** – Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2020, the rate of employer's contribution was 33.45% 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 employer were \$3,744,459 for the year ended June 30, 2020.

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

At June 30, 2020, the School District reported a liability of \$37,754,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. The School District's proportion of the net pension 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, 2019 (the measurement date), the School District's proportion was .0807% which was an increase of .002% from its proportion measured as of June 30, 2018.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 11 – PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2020, the School District recognized pension expense of \$3,846,163. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                 | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|-----------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Difference between expected and actual experience               | \$ 208,000                                       | \$ 1,251,000                                    |
| Changes in assumptions                                          | 361,000                                          | -                                               |
| Net difference between projected and actual investment earnings | -                                                | 108,000                                         |
| Changes in proportions                                          | 787,000                                          | 244,000                                         |
| Contributions subsequent to the measurement date                | 3,744,459                                        | -                                               |
|                                                                 | <b><u>\$ 5,100,459</u></b>                       | <b><u>\$ 1,603,000</u></b>                      |

The \$3,744,459 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 for the measurement year ended June 30, 2020.

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

| <b>Measurement<br/>Date<br/>Year ended<br/>June 30,</b> | <b>Reporting<br/>Date<br/>Year ended<br/>June 30,</b> | <b>Amount</b> |
|---------------------------------------------------------|-------------------------------------------------------|---------------|
| 2020                                                    | 2021                                                  | \$ 374,000    |
| 2021                                                    | 2022                                                  | (544,000)     |
| 2022                                                    | 2023                                                  | (143,000)     |
| 2023                                                    | 2024                                                  | 66,000        |

**Actuarial Assumptions**

The total pension liability as of June 30, 2019 was determined by rolling forward the System's total pension liability as of the June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

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

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 11 – PENSION PLAN (Continued)**

**Actuarial Assumptions (Continued)**

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

**Investment Asset Allocation**

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

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

| <u>Asset Class</u>      | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|-------------------------|------------------------------|-------------------------------------------------------|
| Global public equity    | 20.0%                        | 5.60%                                                 |
| Fixed Income            | 36.0%                        | 1.90%                                                 |
| Commodities             | 8.0%                         | 2.70%                                                 |
| Absolute return         | 10.0%                        | 3.40%                                                 |
| Risk parity             | 10.0%                        | 4.10%                                                 |
| Infrastructure/MLP's    | 8.0%                         | 5.50%                                                 |
| Real estate             | 10.0%                        | 4.10%                                                 |
| Alternative investments | 15.0%                        | 7.40%                                                 |
| Cash                    | 3.0%                         | 0.30%                                                 |
| Financing (LIBOR)       | -20.0%                       | 0.70%                                                 |
|                         | <u>100%</u>                  |                                                       |

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2019.

**Discount Rate**

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

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 11 – PENSION PLAN (Continued)**

**Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate**

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

|                                                                       | 1%<br>Decrease<br>6.25% | Current<br>Discount<br>Rate<br>7.25% | 1%<br>Increase<br>8.25% |
|-----------------------------------------------------------------------|-------------------------|--------------------------------------|-------------------------|
| School District's proportionate share of<br>the net pension liability | \$ 47,026,000           | \$ 37,754,000                        | \$ 29,902,000           |

**Pension plan fiduciary net position**

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

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM**

**General Information about the Health Insurance Premium Assistance Program**

PSERS 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.

**Premium Assistance Eligibility Criteria**

Retirees of the System (PSERS) 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

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Plan Description**

Fairview School District employees participate in the PSERS – Health Insurance Premium Assistance program, which is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. 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.state.pa.us](http://www.psers.state.pa.us).

**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 coverage through either their school employer or PSER's Health Options Program. As of June 30, 2019, there were no assumed future benefit increases to participating eligible retirees.

**Contributions**

The District's contractually required contribution for the fiscal year ended June 30, 2020 was 0.84% 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. During the 2019-2020 fiscal year, the Fairview School District contributed \$94,031 to the premium assistance program.

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2020, the District reported a liability of \$1,716,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. The 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, 2019 (the measurement date), the district's proportion was 0.0807%, which is an increase of .002% from its proportion measured as of June 30, 2018.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

For the year ended June 30, 2020, Fairview School District recognized OPEB expense of \$84,486. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                             | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |  |
|-------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|--|
| Difference between projected and actual investment earnings | \$ 3,000                                         | \$ -                                            |  |
| Changes in proportion                                       | 36,000                                           | 16,000                                          |  |
| Difference between expected and actual experience           | 10,000                                           | -                                               |  |
| Changes in assumptions                                      | 57,000                                           | 51,000                                          |  |
| Contributions subsequent to the measurement date            | 94,031                                           | -                                               |  |
|                                                             | <b><u>\$ 200,031</u></b>                         | <b><u>\$ 67,000</u></b>                         |  |

The \$94,031 reported as deferred outflows of resources related to OPEB resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement year ended June 30, 2020.

Other amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b><u>Measurement<br/>Date<br/>Year ended<br/>June 30,</u></b> | <b><u>Reporting<br/>Date<br/>Year ended<br/>June 30,</u></b> | <b><u>Amortization<br/>Amount</u></b> |
|----------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------|
| 2020                                                           | 2021                                                         | \$ 3,000                              |
| 2021                                                           | 2022                                                         | 3,000                                 |
| 2022                                                           | 2023                                                         | 2,000                                 |
| 2023                                                           | 2024                                                         | 2,000                                 |
| 2024                                                           | 2025                                                         | 17,000                                |
| Thereafter                                                     | Thereafter                                                   | 12,000                                |

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Actuarial assumptions**

The Total OPEB liability as of June 30, 2019, was determined by rolling forward the System’s Total OPEB Liability as of June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

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

**Investment Asset Allocation**

Investments consist primarily of short-term assets designed to protect the principal of 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.

| <u>Asset Class</u>     | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|------------------------|------------------------------|-------------------------------------------------------|
| Cash                   | 13.2%                        | 0.02%                                                 |
| US Core Fixed Income   | 83.1%                        | 1.00%                                                 |
| Non-US Developed Fixed | 3.7%                         | 0.00%                                                 |
|                        | <u>100%</u>                  |                                                       |

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2019.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Discount Rate**

The discount rate used to measure the Total OPEB Liability was 2.79%. 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 2.79% which represents the S&P 20-year Municipal Bond Rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability.

**Sensitivity of the Net OPEB liability to changes in the Discount Rate**

The following presents the net OPEB liability, calculated using the discount rate of 2.79%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.79%) or 1-percentage-point higher (3.79%) than the current rate:

|                    | <b>1%<br/>Decrease</b> | <b>Current Discount<br/>Rate</b> | <b>1%<br/>Increase</b> |
|--------------------|------------------------|----------------------------------|------------------------|
|                    | <b>1.79%</b>           | <b>2.79%</b>                     | <b>3.79%</b>           |
| Net OPEB Liability | \$ 1,955,000           | \$ 1,716,000                     | \$ 1,518,000           |

**Sensitivity of the Net OPEB liability to changes 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, 2019, 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, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year and 780 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 net OPEB liability of the District as of the June 30 2019 measurement date, calculated using current Healthcare cost trends as well as what the District net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rate:

|                    | <b>1%<br/>Decrease</b> | <b>Current<br/>Trend<br/>Rates</b> | <b>1%<br/>Increase</b> |
|--------------------|------------------------|------------------------------------|------------------------|
| Net OPEB Liability | \$ 1,716,000           | \$ 1,716,000                       | \$ 1,717,000           |

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**OPEB plan fiduciary net position**

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at [www.psers.pa](http://www.psers.pa).

**DISTRICT – POST-RETIREMENT HEALTHCARE BENEFIT PLAN**

**Plan Description**

The Fairview School District provides for post-employment health care benefits (medical, dental, long-term care, and prescription drug) through a single-employer defined benefit plan to all eligible employees per the terms of the District's collective bargaining and employment agreements. Eligibility requirements for District personnel are as follows:

**Administrators (Retired 2001-2006)** - Members with 10 years of service with the District and 25 years of PSERS service receive full paid benefits for medical, prescription drug and dental coverage. Those with 25 years of service with the District and 30 years of PSERS service are eligible to receive half-paid spouse medical coverage. If the member has not reached 30 years of PSERS service, the spouse may elect coverage by paying the full premiums for medical, prescription drug and dental coverage. PSERS premium assistance supplement must be reimbursed to the District for anyone receiving a district-paid medical benefit. If the member does not meet the requirements for the District subsidy but requirements are met for the ACT 110/43 benefit, the member and spouse may continue coverage by paying the full COBRA premium.

**Administrators (Retired 2007-2011)** - If a member retired with at least 10 years of service with the District and at least 25 years of PSERS service, member will receive an annual District subsidy in the amount of \$3,000 for medical, prescription drug and dental coverage for a maximum of 8 years or upon attainment of age 65, whichever is sooner. Spouses may elect coverage by paying the COBRA premium for medical, prescription drug and dental. If the member does not meet the requirements for the District subsidy but requirements are met for the ACT 110/43 benefit, the member and spouse may continue coverage by paying the full COBRA premium.

**Administrators (Retired prior to 6/30/2013)** - Member will receive an annual District subsidy in the amount of \$3,000 for medical, prescription drug and dental coverage up to age 65. Spouses may elect coverage by paying the full premiums for medical, prescription drug and dental.

**Administrators (Retired after 7/1/2013 and prior to 6/30/2014)** - Member will receive an annual District subsidy in the amount of \$2,000 for medical, prescription drug and dental coverage up to age 65. Spouses may elect coverage by paying the full premiums for medical, prescription drug and dental.

**Administrators (Retiring after 7/1/2014 and prior to 6/30/2017)** - Eligibility: At least 7 years of service with the District and 20 years of PSERS service. Member will receive an annual District subsidy in the amount of \$1,000 for medical, prescription drug and dental coverage up to age 65. Spouses may elect coverage by paying the full premiums for medical, prescription drug and dental.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT – POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**Plan Description (Continued)**

**Administrators (Retiring after 7/1/2017)** - Eligibility: At least 7 years of service with the District and 20 years of PSERS service. Member and spouses will receive benefits for medical, prescription drug and dental by paying the full premiums. If the member does not meet the requirements for the District subsidy but requirements are met for ACT 110/43 benefit, the member and spouse may continue coverage by paying the full COBRA premium.

**Teachers (Retired 1990-1994)** - Member will receive a full paid Medicare supplement insurance for life. Member will also receive a \$5,000 whole life insurance policy. Member will also receive nursing home insurance of up to \$2,000/month.

**Teachers (Retired 2001-2006)** - Members with 25 years of service with the District and 25 years of PSERS service receive full paid benefits for medical, prescription drug and dental coverage. In addition to 25 years of service with the District, those with 30 years of PSERS service are eligible to receive half-paid spouse medical coverage. If the member has not reached 30 years of PSERS service, the spouse may elect coverage by paying the full premiums for medical, prescription drug and dental coverage. PSERS premium assistance supplement must be reimbursed to the District for anyone receiving a district-paid medical benefit. If the member does not meet the requirements for the District subsidy but requirements are met for ACT 110/43 benefit, the member and spouse may continue coverage by paying the full COBRA premium.

**Teachers (Retired 2007-2011)** - If a member retired with at least 25 years of service with the District and at least 25 years of PSERS service, member will receive an annual District subsidy in the amount of \$3,000 for medical, prescription drug and dental coverage for a maximum of 8 years or upon attainment of age 65, whichever is sooner. Spouses may elect coverage by paying the COBRA premium for medical, prescription drug and dental. If the member does not meet the requirements for the District subsidy but requirements are met for Act 110/43 benefit, the member and spouse may continue coverage by paying the full COBRA premium.

**Teachers (Retired prior to 6/30/2012)** - Member will receive an annual District subsidy in the amount of \$3,000 for medical, prescription drug and dental coverage for a maximum of 8 years or upon attainment of age 65, whichever is sooner. Spouses may elect coverage by paying the full premiums for medical, prescription drug and dental.

**Teachers (Retired after 7/1/2012 and prior to 6/30/2013)** - Member will receive an annual District subsidy in the amount of \$2,000 for medical, prescription drug and dental coverage for a maximum of 8 years or upon attainment of age 65, whichever is sooner. Spouses may elect coverage by paying the full premiums for medical, prescription drug and dental.

**Teachers (Retired after 7/1/2013 and prior to 6/30/2014)** - Member will receive an annual District subsidy in the amount of \$1,000 for medical, prescription drug and dental coverage for a maximum of 8 years or upon attainment of age 65, whichever is sooner. Spouses may elect coverage by paying the full premiums for medical, prescription drug and dental.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT – POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**Plan Description (Continued)**

**Teachers (retiring after 7/1/2014)** - Eligibility: Must complete 25 years of service with the District and 25 years of PSERS service. Member and spouses will receive benefits for medical, prescription drug and dental by paying the full premiums. If the member does not meet the requirements for the District subsidy but requirements are met for ACT 110/43 benefit, the member and spouse may continue coverage by paying the full COBRA premium.

**Support Staff and Confidential Personnel** - Eligibility: Must complete 30 years with PSERS or upon superannuation retirement (age 60 with 30 years of service, age 62 with 1 year of service, or 35 years of service regardless of age) Member and spouses will receive benefits for medical, prescription drug and dental by paying the full premiums.

The plan is unfunded and does not issue a publicly available financial report. These benefits are accounted for in accordance with GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.

**Funding Policy**

The contribution requirements of plan members and the School District are negotiated between the District and the union representatives and may be amended by the Fairview Board of Education. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid to fund the health care benefits provided to current retirees. During the 2018-2019 fiscal year, the Fairview School District transferred \$100,000 to the District Retirement Benefit Account for retiree health insurance coverage.

**Participant Data and Total OPEB Liability**

The District's total OPEB liability of \$1,716,949 at June 30, 2020 was measured as of July 1, 2019, and was determined by an actuarial valuation performed as of the same date. As the District's OPEB Plan is unfunded, the total OPEB liability is equal to the net OPEB liability. The July 1, 2019 valuation reflected the following participant data and corresponding total OPEB liability:

|                                               | <b><u>PARTICIPANT<br/>DATA</u></b> |
|-----------------------------------------------|------------------------------------|
| Active employees                              | 223                                |
| Inactive employees not yet receiving benefits | -                                  |
| Inactive employees receiving benefits         | 28                                 |
| Total                                         | <u>251</u>                         |

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT – POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**Changes in the Total OPEB Liability**

|                                                    |           |                         |
|----------------------------------------------------|-----------|-------------------------|
| <b>Balance at June 30, 2019</b>                    | <b>\$</b> | <b>2,526,424</b>        |
| <b>Changes for the year:</b>                       |           |                         |
| Service cost                                       |           | 77,999                  |
| Interest                                           |           | 103,135                 |
| Changes of benefit terms                           |           | -                       |
| Differences between expected and actual experience |           | (583,772)               |
| Changes of assumptions or other inputs             |           | (319,292)               |
| Benefit payments                                   |           | (87,545)                |
| Net Changes                                        |           | <u>(809,475)</u>        |
| <b>Balance at June 30, 2020</b>                    | <b>\$</b> | <b><u>1,716,949</u></b> |

**Actuarial Assumptions**

- Discount Rate – 3.36% based on the Bond Buyers 20-Bond General Obligation Index.
- Salary Increases – 3.0%
- Healthcare Trend – the health care cost trend is 7.0%. Rates decrease by 0.5% to 5.0% in 2022 and later
- Disability – None assumed.
- Plan Participation of Future Retirees: 75% of Teachers and Administrators, 50% of Support Staff and 100% of deferred retirees. Deferred retirees are assumed to elect coverage at age 61.
- Percent of Future Retirees Who Are Married: 50%
- Age Difference in Spouses: Males are assumed to be 2 years older than females
- Mortality Rates – Assumed using RP-2014 Mortality Fully Generational using the Projection Scale MP-2015.

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, Fairview School District recognized OPEB expense of \$87,497. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                     | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|-----------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Difference between expected and actual experience   | \$ -                                             | \$ 522,213                                      |
| Changes in assumptions                              | -                                                | 285,033                                         |
| Benefit payments subsequent to the measurement date | 100,000                                          | -                                               |
|                                                     | <b><u>\$ 100,000</u></b>                         | <b><u>\$ 807,246</u></b>                        |

The \$100,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement year ended June 30, 2020.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT – POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

Other amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Measurement<br>Date<br>Year ended<br><u>June 30,</u> | Reporting<br>Date<br>Year ended<br><u>June 30,</u> | Amortization<br>Amount |
|------------------------------------------------------|----------------------------------------------------|------------------------|
| 2020                                                 | 2021                                               | \$ (97,041)            |
| 2021                                                 | 2022                                               | (97,041)               |
| 2022                                                 | 2023                                               | (97,041)               |
| 2023                                                 | 2024                                               | (97,041)               |
| 2024                                                 | 2025                                               | (97,041)               |
| Thereafter                                           | Thereafter                                         | (322,041)              |

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following is the Total OPEB Liability to the District, as well as the Total OPEB Liability using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate as of June 30, 2019 (latest available):

|                      | 1%<br>Decrease<br><u>2.36%</u> | Discount<br>Rate<br><u>3.36%</u> | 1%<br>Increase<br><u>4.36%</u> |
|----------------------|--------------------------------|----------------------------------|--------------------------------|
| Total OPEB Liability | <u>\$ 1,856,202</u>            | <u>\$ 1,716,949</u>              | <u>\$ 1,588,562</u>            |

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

The following is the Total OPEB Liability to the District, as well as the Total OPEB Liability using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates as of June 30, 2018 (latest available):

|                      | 1%<br>Decrease<br><u>6.00%</u> | Discount<br>Rate<br><u>7.00%</u> | 1%<br>Increase<br><u>8.00%</u> |
|----------------------|--------------------------------|----------------------------------|--------------------------------|
| Total OPEB Liability | <u>\$ 1,547,308</u>            | <u>\$ 1,716,949</u>              | <u>\$ 1,917,283</u>            |

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 13 – JOINTLY GOVERNED ORGANIZATIONS**

**ERIE COUNTY TECHNICAL SCHOOL**

The Fairview School District, in conjunction with ten other School Districts, funds the operating and capital budget of the Erie County Technical School. The Technical School is designed to provide a program of vocational and technical education to secondary pupils, out-of-school youth, and adults who are residents of the participating districts. Each district's share of tuition is based on its proportionate share of enrollment and market value of real estate. The School District paid \$169,736 to the Technical School during the 2019-2020 fiscal year. Each District appoints one member to serve on the Technical School's Joint Operating Committee. Financial information can be obtained by contacting the Erie County Technical School's administrative offices.

**NORTHWEST TRI-COUNTY INTERMEDIATE UNIT**

The Fairview School District participates with 16 other School Districts located in Erie County in the Northwest Tri-County Intermediate Unit. The Intermediate Unit was established in 1971 by Act 102 of the Commonwealth of Pennsylvania to function as a regional educational service agency for member school districts, as well as nonpublic schools and other institutions, located within Erie County. The Intermediate Unit provides services relative to curriculum development, continuing education, educational planning, instructional materials, pupil personnel, state and federal agency liaison and managerial oversight. The School District contributed \$46,969 to the Intermediate Unit for operations and \$256,491 for transportation recovery through subsidy withholdings, for the year ended June 30, 2020. Financial information can be obtained by contacting the Intermediate Unit's administrative offices.

**NOTE 14 - RISK MANAGEMENT**

**GENERAL INSURANCE**

The Fairview 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.

**HEALTH INSURANCE**

The Fairview School District is a member of the Northwestern Region Employee Benefit Trust Health Insurance Consortium. The Consortium is a public entity risk pool designed to administer health and medical insurance risks on a pooled risk basis. The Consortium bills participating school districts using a modified/shared basis. Actual premiums remitted by the Consortium to Blue Cross/Blue Shield are determined by the Trust's third-party administrator – Benefit Administrators, Inc. who monitors claims on behalf of the member Districts. For the fiscal years ending June 30, 2020 and 2019, the Fairview School District incurred insurance claims and stop-loss insurance expense of \$2,236,815 and \$1,890,542 respectively. A stop-loss insurance contract executed with an insurance carrier covers individual claims in excess of \$500,000.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 14 - RISK MANAGEMENT (Continued)**

The Fairview School District's claims prepaid of \$1,803,707 as of June 30, 2020 and \$1,942,110 as of June 30, 2019 are comprised of the following:

|                                    | <u>2020</u>                      | <u>2019</u>                      |
|------------------------------------|----------------------------------|----------------------------------|
| Claims prepaid, beginning of year  | \$1,942,110                      | \$1,876,242                      |
| Current year premiums              | 2,098,412                        | 1,956,410                        |
| Claim payments and administration  | <u>(2,236,815)</u>               | <u>(1,890,542)</u>               |
| <b>Claims prepaid, end of year</b> | <b><u><u>\$1,803,707</u></u></b> | <b><u><u>\$1,942,110</u></u></b> |

Future liability that may arise as a result of self-insurance is not readily determinable and cannot be reasonably estimated. Thus, the financial statements do not reflect a contingent liability for any unassisted claims.

**NOTE 15 – CONTINGENCIES**

**STATE AND FEDERAL SUBSIDIES**

The Fairview School District's state and federally funded programs are subject to program compliance audits by various governmental agencies. The audit scopes of these program compliance audits are different than the scope of financial audits performed by an outside, independent certified public accounting firm. The District is potentially liable for any expenditure disallowed by the results of these program compliance audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**LEGAL MATTERS**

The Fairview School District, in the normal course of operations, is party to various legal matters normally associated with school district such as real estate tax assessment appeals, personnel wage and benefits, student education and athletics, construction projects, and other miscellaneous legal matters. The District is not aware of any current claims, litigation or assessments against the District that would adversely impact the financial position of the District as of the date of this report.

**NOTE 16 – SUBSEQUENT EVENTS**

Early in 2020, a new strain of the coronavirus (COVID-19) spread through China as well as other countries including the United States. The impact of the virus varies from region to region and from day to day, and any significant additional spreading of the virus could adversely affect the School District's business. The outbreak of the COVID-19 virus is likely to have a further negative impact in 2020-2021 on the global and local economy and, in the future, might impact the School District's financial results in 2020-2021 and beyond. Given the dynamic nature of this outbreak, however, the extent to which the COVID-19 virus impacts the School District's results will depend on future developments, which remain highly uncertain and cannot be predicted at this time.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 16 – SUBSEQUENT EVENTS (Continued)**

Management has determined that there are no additional events subsequent to June 30, 2020 through the October 19, 2020 date of the 'Independent Auditor's Report' date, which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.

**SUPPLEMENTARY  
INFORMATION**

**FAIRVIEW SCHOOL DISTRICT**  
**SCHEDULE OF GENERAL FUND REVENUES - FINAL BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|                                               | FINAL<br>BUDGET      | ACTUAL               | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE<br>(NEGATIVE) |
|-----------------------------------------------|----------------------|----------------------|---------------------------------------------------------|
| <b>LOCAL SOURCES</b>                          |                      |                      |                                                         |
| Real Estate Taxes                             | \$ 16,535,871        | \$ 16,558,808        | \$ 22,937                                               |
| Interim Real Estate Taxes                     | 60,000               | 88,166               | 28,166                                                  |
| Public Utility Tax                            | 19,000               | 16,590               | (2,410)                                                 |
| LST Act 511                                   | 23,000               | 24,901               | 1,901                                                   |
| Wage Taxes                                    | 1,750,000            | 1,888,104            | 138,104                                                 |
| Real Estate Transfer Tax                      | 200,000.00           | 256,823              | 56,823                                                  |
| Delinquent Taxes                              | 420,000              | 524,704              | 104,704                                                 |
| Earning on Investments                        | 185,000              | 189,837              | 4,837                                                   |
| Revenues from Student Activities - Admissions | 20,000               | 15,368               | (4,632)                                                 |
| Fees Students                                 | 20,000               | 17,346               | (2,654)                                                 |
| Federal revenue from other PA                 | -                    | 2,303                | 2,303                                                   |
| IDEA                                          | 206,173              | 206,173              | -                                                       |
| Rentals                                       | 15,000               | 10,596               | (4,404)                                                 |
| Contributions and Donations                   | 27,750               | 27,750               | -                                                       |
| Regular Day School Tuition                    | 27,900               | 35,909               | 8,009                                                   |
| Summer School Tuition                         | 2,000                | -                    | (2,000)                                                 |
| Refund of Prior Year's Expenses               | -                    | 62,604               | 62,604                                                  |
| Other Revenue                                 | 6,055                | 5,424                | (631)                                                   |
| <b>TOTAL REVENUES FROM LOCAL SOURCES</b>      | <b>\$ 19,517,749</b> | <b>\$ 19,931,406</b> | <b>\$ 413,657</b>                                       |
| <b>STATE SOURCES</b>                          |                      |                      |                                                         |
| Basic Subsidy                                 | \$ 3,300,604         | \$ 3,297,928         | \$ (2,676)                                              |
| Tuition for Children (Section 1305/1306)      | 25,000               | 20,540               | (4,460)                                                 |
| Special Education                             | 961,331              | 964,313              | 2,982                                                   |
| Transportation                                | 452,000              | 432,468              | (19,532)                                                |
| Nonpublic/Charter Transportation              | 47,000               | 50,050               | 3,050                                                   |
| Rental Payments                               | 239,652              | 251,519              | 11,867                                                  |
| Health Services                               | 30,000               | 24,405               | (5,595)                                                 |
| State Property Tax                            | 264,669              | 264,689              | 20                                                      |
| Ready to Learn Grant                          | 143,386              | 143,386              | -                                                       |
| Other State Revenues                          | -                    | 388                  | 388                                                     |
| Social Security                               | 430,823              | 380,050              | (50,773)                                                |
| Retirement                                    | 1,927,516            | 1,904,708            | (22,808)                                                |
| <b>TOTAL REVENUES FROM STATE SOURCES</b>      | <b>\$ 7,821,981</b>  | <b>\$ 7,734,444</b>  | <b>\$ (87,537)</b>                                      |
| <b>FEDERAL SOURCES</b>                        |                      |                      |                                                         |
| Title I                                       | \$ 141,391           | \$ 139,844           | \$ (1,547)                                              |
| Title II, Improving Teacher Quality           | 64,354               | 53,434               | (10,920)                                                |
| Title IV                                      | 10,570               | 3,518                | (7,052)                                                 |
| School-Based Access Medicaid Reimbursement    | 100,026              | 100,026              | -                                                       |
| Medical Assistance - Admin                    | 1,115                | 1,115                | -                                                       |
| <b>TOTAL REVENUES FROM FEDERAL SOURCES</b>    | <b>\$ 317,456</b>    | <b>\$ 297,937</b>    | <b>\$ (19,519)</b>                                      |
| <b>OTHER FINANCING SOURCES</b>                |                      |                      |                                                         |
| Sale of Assets                                | \$ 1,500             | \$ 5,423             | \$ 3,923                                                |
| <b>TOTAL OTHER FINANCING SOURCES</b>          | <b>\$ 1,500</b>      | <b>\$ 5,423</b>      | <b>\$ 3,923</b>                                         |
| <b>TOTAL REVENUES</b>                         | <b>\$ 27,658,686</b> | <b>\$ 27,969,210</b> | <b>\$ 310,524</b>                                       |

The accompanying notes are an integral part of these financial statements

**FAIRVIEW SCHOOL DISTRICT**  
**SCHEDULE OF GENERAL FUND EXPENDITURES - FINAL BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

| <b><u>INSTRUCTION</u></b>                          | <b><u>FINAL<br/>BUDGET</u></b> | <b><u>ACTUAL</u></b> | <b><u>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE<br/>(NEGATIVE)</u></b> |
|----------------------------------------------------|--------------------------------|----------------------|--------------------------------------------------------------------------|
| <b>Regular Programs</b>                            |                                |                      |                                                                          |
| Personnel Services - Salaries                      | \$ 6,070,784                   | \$ 6,070,092         | \$ 692                                                                   |
| Personnel Services - Employee Benefits             | 3,737,007                      | 3,708,013            | 28,994                                                                   |
| Purchased Professional/Tech Services               | 326,281                        | 326,281              | -                                                                        |
| Purchased Property Services                        | 4,566                          | 4,566                | -                                                                        |
| Other Purchased Services                           | 212,089                        | 262,456              | (50,367)                                                                 |
| Supplies                                           | 349,088                        | 350,850              | (1,762)                                                                  |
| Property                                           | 64,365                         | 64,365               | -                                                                        |
| Other Objects                                      | 902                            | 902                  | -                                                                        |
| <b>Total Regular Programs</b>                      | <b>\$ 10,765,082</b>           | <b>\$ 10,787,525</b> | <b>\$ (22,443)</b>                                                       |
| <b>Special Programs:</b>                           |                                |                      |                                                                          |
| Personnel Services - Salaries                      | \$ 1,304,653                   | \$ 1,304,653         | \$ -                                                                     |
| Personnel Services - Employee Benefits             | 812,482                        | 805,211              | 7,271                                                                    |
| Purchased Professional/Tech Services               | 233,005                        | 269,091              | (36,086)                                                                 |
| Purchased Property Services                        | 596                            | 596                  | -                                                                        |
| Other Purchased Services                           | 365,249                        | 376,417              | (11,168)                                                                 |
| Supplies                                           | 29,856                         | 29,856               | -                                                                        |
| Property                                           | 1,197                          | 1,197                | -                                                                        |
| Other Objects                                      | 408                            | 408                  | -                                                                        |
| <b>Total Special Programs</b>                      | <b>\$ 2,747,446</b>            | <b>\$ 2,787,429</b>  | <b>\$ (39,983)</b>                                                       |
| <b>Vocational Education Programs</b>               |                                |                      |                                                                          |
| Other Purchased Services                           | \$ 173,236                     | \$ 173,236           | \$ -                                                                     |
| <b>Total Vocational Education Programs</b>         | <b>\$ 173,236</b>              | <b>\$ 173,236</b>    | <b>\$ -</b>                                                              |
| <b>Other Instructional Programs</b>                |                                |                      |                                                                          |
| Personal Services - Salaries                       | \$ 17,930                      | \$ 17,930            | \$ -                                                                     |
| Personal Services - Employee Benefits              | 7,524                          | 7,524                | -                                                                        |
| Purchased Professional/Tech Services               | 7,891                          | 13,426               | (5,535)                                                                  |
| Other Purchased Services                           | 7,294                          | 8,737                | (1,443)                                                                  |
| <b>Total Other Instructional Programs</b>          | <b>\$ 40,639</b>               | <b>\$ 47,617</b>     | <b>\$ (6,978)</b>                                                        |
| <b>Non Public-School Programs</b>                  |                                |                      |                                                                          |
| Purchased Professional/Technical Services Services | \$ 5,972                       | \$ 5,972             | \$ -                                                                     |
| <b>Total Non-Public School Programs</b>            | <b>\$ 5,972</b>                | <b>\$ 5,972</b>      | <b>\$ -</b>                                                              |
| <b>Higher Education Programs</b>                   |                                |                      |                                                                          |
| Purchased Professional Services                    | \$ -                           | \$ 11,947            | \$ (11,947)                                                              |
| <b>Total Higher Education Programs</b>             | <b>\$ -</b>                    | <b>\$ 11,947</b>     | <b>\$ (11,947)</b>                                                       |
| <b>TOTAL INSTRUCTION</b>                           | <b>\$ 13,732,375</b>           | <b>\$ 13,813,726</b> | <b>\$ (81,351)</b>                                                       |

The accompanying notes are an integral part of these financial statements

**FAIRVIEW SCHOOL DISTRICT  
SCHEDULE OF GENERAL FUND EXPENDITURES - FINAL BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

|                                           | <b>FINAL<br/>BUDGET</b> | <b>ACTUAL</b>       | <b>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE<br/>(NEGATIVE)</b> |
|-------------------------------------------|-------------------------|---------------------|-------------------------------------------------------------------|
| <b>SUPPORT SERVICES</b>                   |                         |                     |                                                                   |
| <b>Pupil Personnel Services</b>           |                         |                     |                                                                   |
| Personal Services - Salaries              | \$ 306,762              | \$ 306,762          | \$ -                                                              |
| Personal Services - Employee Benefits     | 194,996                 | 193,372             | 1,624                                                             |
| Other Purchased Services                  | 460                     | 460                 | -                                                                 |
| Supplies                                  | 10,561                  | 10,561              | -                                                                 |
| Other Objects                             | 383                     | 383                 | -                                                                 |
| <b>Total Pupil Personnel Services</b>     | <b>\$ 513,162</b>       | <b>\$ 511,538</b>   | <b>\$ 1,624</b>                                                   |
| <b>Instructional Staff Services</b>       |                         |                     |                                                                   |
| Personal Services - Salaries              | \$ 402,988              | \$ 402,988          | \$ -                                                              |
| Personal Services - Employee Benefits     | 392,969                 | 396,980             | (4,011)                                                           |
| Purchased Professional/Technical Services | 8,499                   | 8,499               | -                                                                 |
| Other Purchased Services                  | 8,329                   | 8,329               | -                                                                 |
| Supplies                                  | 50,968                  | 50,968              | -                                                                 |
| Other Objects                             | 396                     | 396                 | -                                                                 |
| <b>Total Instructional Staff Services</b> | <b>\$ 864,149</b>       | <b>\$ 868,160</b>   | <b>\$ (4,011)</b>                                                 |
| <b>Administration Services</b>            |                         |                     |                                                                   |
| Personnel Services - Salaries             | \$ 1,080,411            | \$ 1,080,411        | \$ -                                                              |
| Personnel Services - Employee Benefits    | 620,507                 | 616,509             | 3,998                                                             |
| Purchased Professional/Tech Services      | 109,957                 | 110,778             | (821)                                                             |
| Purchased Property Services               | 815                     | 815                 | -                                                                 |
| Other Purchased Services                  | 19,589                  | 19,589              | -                                                                 |
| Supplies                                  | 58,689                  | 58,689              | -                                                                 |
| Other Objects                             | 19,458                  | 19,458              | -                                                                 |
| <b>Total Administration Services</b>      | <b>\$ 1,909,426</b>     | <b>\$ 1,906,249</b> | <b>\$ 3,177</b>                                                   |
| <b>Pupil Health Services</b>              |                         |                     |                                                                   |
| Personal Services - Salaries              | \$ 137,373              | \$ 137,373          | \$ -                                                              |
| Personal Services - Employee Benefits     | 99,789                  | 98,918              | 871                                                               |
| Purchased Property Services               | 137                     | 137                 | -                                                                 |
| Supplies                                  | 6,701                   | 6,701               | -                                                                 |
| <b>Total Pupil Health Services</b>        | <b>\$ 244,000</b>       | <b>\$ 243,129</b>   | <b>\$ 871</b>                                                     |

The accompanying notes are an integral part of these financial statements

**FAIRVIEW SCHOOL DISTRICT**  
**SCHEDULE OF GENERAL FUND EXPENDITURES - FINAL BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|                                                              | FINAL<br>BUDGET     | ACTUAL              | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE<br>(NEGATIVE) |
|--------------------------------------------------------------|---------------------|---------------------|---------------------------------------------------------|
| <b>SUPPORT SERVICES (Continued)</b>                          |                     |                     |                                                         |
| <b>Business Services</b>                                     |                     |                     |                                                         |
| Personnel Services - Salaries                                | \$ 332,454          | \$ 332,454          | \$ -                                                    |
| Personnel Services - Employee Benefits                       | 205,194             | 203,833             | 1,361                                                   |
| Purchased Professional/Tech Services                         | 5,209               | 5,209               | -                                                       |
| Other Purchased Services                                     | 2,576               | 2,576               | -                                                       |
| Supplies                                                     | 66,885              | 66,885              | -                                                       |
| Other Objects                                                | 1,890               | 1,890               | -                                                       |
| <b>Total Business Services</b>                               | <b>\$ 614,208</b>   | <b>\$ 612,847</b>   | <b>\$ 1,361</b>                                         |
| <b>Operation &amp; Maintenance of Plant Services</b>         |                     |                     |                                                         |
| Personnel Services - Salaries                                | \$ 876,582          | \$ 876,582          | \$ -                                                    |
| Personnel Services - Employee Benefits                       | 576,000             | 570,615             | 5,385                                                   |
| Purchased Professional/Technical Services                    | 30,243              | 30,243              | -                                                       |
| Purchased Property Services                                  | 219,519             | 219,519             | -                                                       |
| Other Purchased Services                                     | 123,879             | 123,879             | -                                                       |
| Supplies                                                     | 509,639             | 509,639             | -                                                       |
| Other Objects                                                | 271                 | 271                 | -                                                       |
| <b>Total Operation and Maintenance of<br/>Plant Services</b> | <b>\$ 2,336,133</b> | <b>\$ 2,330,748</b> | <b>\$ 5,385</b>                                         |
| <b>Student Transportation Services</b>                       |                     |                     |                                                         |
| Personal Services - Salaries                                 | \$ 3,306            | \$ 3,306            | \$ -                                                    |
| Other Purchased Services                                     | 1,257,647           | 1,275,684           | (18,037)                                                |
| Supplies                                                     | 7,540               | 7,540               | -                                                       |
| <b>Total Student Transportation Services</b>                 | <b>\$ 1,268,493</b> | <b>\$ 1,286,530</b> | <b>\$ (18,037)</b>                                      |
| <b>Central Services</b>                                      |                     |                     |                                                         |
| Personnel Services - Salaries                                | \$ 175,459          | \$ 175,459          | \$ -                                                    |
| Personnel Services - Employee Benefits                       | 155,159             | 154,277             | 882                                                     |
| Purchased Professional/Technical Services                    | 9,282               | 9,282               | -                                                       |
| Other Purchased Services                                     | 1,508               | 1,508               | -                                                       |
| Supplies                                                     | 4,268               | 4,267               | 1                                                       |
| <b>Total Central Services</b>                                | <b>\$ 345,676</b>   | <b>\$ 344,793</b>   | <b>\$ 883</b>                                           |
| <b>Other Support Services</b>                                |                     |                     |                                                         |
| Other Purchased Services                                     | \$ 47,014           | \$ 47,015           | \$ (1)                                                  |
| <b>Total Other Support Services</b>                          | <b>\$ 47,014</b>    | <b>\$ 47,015</b>    | <b>\$ (1)</b>                                           |
| <b>TOTAL SUPPORT SERVICES</b>                                | <b>\$ 8,142,261</b> | <b>\$ 8,151,009</b> | <b>\$ (8,748)</b>                                       |

The accompanying notes are an integral part of these financial statements

**FAIRVIEW SCHOOL DISTRICT**  
**SCHEDULE OF GENERAL FUND EXPENDITURES - FINAL BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|                                                       | <b>FINAL<br/>BUDGET</b> | <b>ACTUAL</b>        | <b>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE<br/>(NEGATIVE)</b> |
|-------------------------------------------------------|-------------------------|----------------------|-------------------------------------------------------------------|
| <b><u>OPERATION OF NON-INSTRUCTIONAL SERVICES</u></b> |                         |                      |                                                                   |
| <b>Student Activities</b>                             |                         |                      |                                                                   |
| Personal Services - Salaries                          | \$ 461,227              | \$ 460,699           | \$ 528                                                            |
| Personal Services - Employee Benefits                 | 213,468                 | 212,364              | 1,104                                                             |
| Purchased Professional/Technical Services             | 36,730                  | 36,730               | -                                                                 |
| Purchased Property Services                           | 5,231                   | 5,231                | -                                                                 |
| Other Purchased Services                              | 61,074                  | 59,841               | 1,233                                                             |
| Supplies                                              | 77,502                  | 77,502               | -                                                                 |
| Other Objects                                         | 1,150                   | 1,150                | -                                                                 |
| <b>Total Student Activities</b>                       | <b>\$ 856,382</b>       | <b>\$ 853,517</b>    | <b>\$ 2,865</b>                                                   |
| <b>TOTAL OPERATION OF NON-INSTRUCTIONAL SERVICES</b>  | <b>\$ 856,382</b>       | <b>\$ 853,517</b>    | <b>\$ 2,865</b>                                                   |
| <b><u>OTHER FINANCING USES</u></b>                    |                         |                      |                                                                   |
| <b>Debt Service</b>                                   |                         |                      |                                                                   |
| Interest                                              | \$ 386,487              | \$ 386,487           | \$ -                                                              |
| Principal                                             | 1,840,640               | 1,840,640            | -                                                                 |
| <b>Total Debt Service</b>                             | <b>\$ 2,227,127</b>     | <b>\$ 2,227,127</b>  | <b>\$ -</b>                                                       |
| <b>Fund Transfers</b>                                 |                         |                      |                                                                   |
| Interfund Transfers - Cap Project Fund                | \$ 1,392,473            | \$ 1,292,468         | \$ 100,005                                                        |
| Interfund Transfer - Cafeteria Fund                   | -                       | 5                    | (5)                                                               |
| Interfund Transfers - Trust and Agency                | -                       | 100,000              | (100,000)                                                         |
| <b>Total Fund Transfers</b>                           | <b>\$ 1,392,473</b>     | <b>\$ 1,392,473</b>  | <b>\$ -</b>                                                       |
| <b>TOTAL EXPENDITURES</b>                             | <b>\$ 26,350,618</b>    | <b>\$ 26,437,852</b> | <b>\$ (87,234)</b>                                                |

The accompanying notes are an integral part of these financial statements

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**FAIRVIEW SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**DEFINED BENEFIT PENSION PLAN**  
**JUNE 30,**

| <b>As of the measurement date of June 30,</b>                                                                  | <b><u>2019</u></b> | <b><u>2018</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> | <b><u>2015</u></b> | <b><u>2014</u></b> | <b><u>2013</u></b> |
|----------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| District's proportion of the net pension liability                                                             | 0.0807%            | 0.0787%            | 0.0792%            | 0.0790%            | 0.0790%            | 0.0829%            | 0.0797%            |
| District's proportionate share of the net pension liability                                                    | \$ 37,754,000      | \$ 37,780,000      | \$ 39,116,000      | \$ 39,596,000      | \$ 34,219,000      | \$ 32,812,000      | \$ 32,627,000      |
| District's covered-employee payroll                                                                            | \$ 11,127,888      | \$ 10,594,826      | \$ 10,549,145      | \$ 10,346,608      | \$ 10,350,503      | \$ 10,584,323      | \$ 10,231,865      |
| District's proportionate share of the net pension liability<br>as a percentage of its covered-employee payroll | 339.27%            | 356.59%            | 370.80%            | 382.70%            | 330.60%            | 310.01%            | 318.88%            |
| Plan fiduciary net position as a percentage of<br>the total pension liability                                  | 55.66%             | 54.00%             | 51.84%             | 50.14%             | 54.36%             | 57.24%             | 54.49%             |

The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the preceding fiscal year. This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

**FAIRVIEW SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED CONTRIBUTIONS**  
**DEFINED BENEFIT PENSION PLAN**  
**JUNE 30,**

|                                                                     | <u>2020</u>        | <u>2019</u>        | <u>2018</u>        | <u>2017</u>        | <u>2016</u>        | <u>2015</u>        | <u>2014</u>        |
|---------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually Required Contributions                                | \$ 3,744,459       | \$ 3,611,645       | \$ 3,262,527       | \$ 3,966,798       | \$ 2,659,800       | \$ 2,165,254       | \$ 1,792,980       |
| Contribution in relation to the contractually required contribution | <u>(3,744,459)</u> | <u>(3,611,645)</u> | <u>(3,262,527)</u> | <u>(3,966,798)</u> | <u>(2,659,800)</u> | <u>(2,165,254)</u> | <u>(1,792,980)</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>        |
| District's covered payroll                                          | \$ 11,420,731      | \$ 11,127,888      | \$ 10,594,826      | 10,346,608         | 10,365,166         | 10,350,503         | 10,584,323         |
| Contributions as a percentage of covered-employee payroll           | 32.79%             | 32.46%             | 30.79%             | 38.34%             | 25.66%             | 20.92%             | 16.94%             |

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

Note: Beginning in 2019 with the implementation of GASB 75, contributions as reported above reflect the pension portion of the contribution only. The premium assistance (OPEB) portion of the contribution is reflected on a separate RSI schedule. Prior year contributions reflect both the pension and premium assistance amounts combined.

**FAIRVIEW SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**

**PSERS PLAN**  
**JUNE 30,**

| <b>As of the measurement date of June 30,</b>                                                               | <b><u>2019</u></b> | <b><u>2018</u></b> | <b><u>2017</u></b> |
|-------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|
| District's proportion of the net OPEB liability                                                             | 0.0807%            | 0.0787%            | 0.0792%            |
| District's proportionate share of the net OPEB liability                                                    | \$ 1,716,000       | \$ 1,641,000       | \$ 1,614,000       |
| District's covered-employee payroll                                                                         | \$ 11,127,888      | \$ 10,594,826      | \$ 10,549,145      |
| District's proportionate share of the net OPEB liability<br>as a percentage of its covered-employee payroll | 15.42%             | 15.49%             | 15.30%             |
| Plan fiduciary net position as a percentage of<br>the total OPEB liability                                  | 5.56%              | 5.56%              | 5.73%              |

The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the preceding fiscal year. This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

**FAIRVIEW SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED OPEB CONTRIBUTIONS**  
**PSERS PLAN**  
**JUNE 30,**

|                                                                     | <u>2020</u>     | <u>2019</u>     | <u>2018</u>     |
|---------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Contractually Required Contributions                                | \$ 94,031       | \$ 91,953       | \$ 85,244       |
| Contribution in relation to the contractually required contribution | <u>(94,031)</u> | <u>(91,953)</u> | <u>(85,244)</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| District's covered payroll                                          | \$ 11,420,731   | \$ 11,127,888   | \$ 10,594,826   |
| Contributions as a percentage of covered-employee payroll           | 0.82%           | 0.83%           | 0.80%           |

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

Note: Beginning in 2018 with the implementation of GASB 75, contributions as reported above reflect the OPEB portion of the contribution only. The pension portion of the contribution is reflected on a separate RSI schedule. Prior year contributions reflect both the pension and premium assistance amounts combined.

**FAIRVIEW SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**DISTRICT POST-RETIREMENT HEALTHCARE PLAN**  
**JUNE 30,**

|                                                                  | <b>2020</b>         | <b>2019</b>         | <b>2018</b>         |
|------------------------------------------------------------------|---------------------|---------------------|---------------------|
| Service cost                                                     | \$ 77,999           | \$ 113,739          | \$ 106,220          |
| Interest                                                         | 103,135             | 99,003              | 95,181              |
| Changes of benefit terms                                         | -                   | -                   | -                   |
| Differences between expected and actual experience               | (583,772)           | -                   | (1,515)             |
| Changes of assumptions or other inputs                           | (319,292)           | -                   | -                   |
| Benefit payments                                                 | (87,545)            | (145,291)           | (76,531)            |
| <b>Net change in Total OPEB Liability</b>                        | <b>(809,475)</b>    | <b>67,451</b>       | <b>123,355</b>      |
| <b>Total OPEB Liability - beginning of year</b>                  | <b>2,526,424</b>    | <b>2,458,973</b>    | <b>2,335,618</b>    |
| <b>Total OPEB Liability - end of year</b>                        | <b>\$ 1,716,949</b> | <b>\$ 2,526,424</b> | <b>\$ 2,458,973</b> |
| <br>                                                             |                     |                     |                     |
| Covered-employee payroll                                         | \$ 11,420,731       | \$ 11,108,518       | \$ 10,116,502       |
| <br>                                                             |                     |                     |                     |
| Total OPEB liability as a percentage of covered employee payroll | 15.03%              | 22.74%              | 24.31%              |

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2020**

**NOTE 1 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR PSERS PENSION BENEFITS**

**Changes in Benefit Terms**

None

**Changes in Assumptions used in the Measurement of PSERS' Total Pension Liability Beginning June 30, 2019**

None

**Changes in Assumptions used in the Measurement of PSERS' Total Pension Liability Beginning June 30, 2018**

None

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

None

**NOTE 2 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE PSERS POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)**

**Changes in Benefit Terms**

None

**Changes in Assumptions used in the Measurement of PSERS' Total OPEB Liability Beginning June 30, 2019**

The discount rate decreased from 2.98% to 2.79%.

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2020**

**NOTE 2 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE PSERS POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)**  
**(Continued)**

**Changes in Assumptions used in the Measurement of PSERS' Total OPEB Liability**  
**Beginning June 30, 2018**

The discount rate increased from 3.13% to 2.98%.

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

None

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

The following actuarial methods and assumptions were used to determine contribution rates reported in the OPEB required supplementary schedules:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2019.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date
- Asset Valuation Method: Market value
- Participation Rate: 63% of eligible retirees are assumed to elect premium assistance
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

**FAIRVIEW SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2020**

**NOTE 3 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE RETIREE OPEB SCHOOL PLAN**

**Changes in Benefit Terms**

None

**Changes in Assumptions**

The discount rate decreased from 3.96% to 3.36%.

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

The plan does not have a contribution requirement.