NESHAMINY SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022

NESHAMINY SCHOOL DISTRICT
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Independent Auditor's Report

To the Board of School Directors
Neshaminy School District
Langhorne, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Neshaminy School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Neshaminy School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Neshaminy School District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Neshaminy School District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2023 on our consideration of Neshaminy School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Neshaminy School District's internal control over financial reporting and compliance.

Zelenkofske Axelrod LLC

ZELENKOFSKE AXELROD LLC
Jamison, Pennsylvania

March 7, 2023

The discussion and analysis of the Neshaminy School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole, by providing additional information that is not provided in the government-wide financial statements. Please read it in conjunction with the basic financial statements and single audit report.

FINANCIAL HIGHLIGHTS

- The School District's governmental activities liabilities and deferred inflows exceeded assets and deferred outflows by $162.3 million at the close of the most recent fiscal year. Business-Type activities liabilities and deferred inflows exceeded assets and deferred outflows by $2.2 million.

- Overall governmental activities revenues were $191.6 million, $18.1 million in excess of expenses. Business-Type Activities revenues of $6.4 million exceeded expenses by $1.0 million.

- Student enrollment has continued moderate increases over the last few years.

OVERVIEW OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement Number 34 and present government-wide financial statements, fund financial statements, and notes to the basic financial statements, using both the accrual and modified accrual basis of accounting, respectively.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* reports assets, deferred outflows, liabilities and deferred inflows for the entire School District (governmental activities and business-type activities). Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *Statement of Activities* reports the School District's expenses, revenues, depreciation and other changes in net position during the year. This report focuses on the net cost of individual functions with reconciliation between the beginning net position and the ending net position.

Fund Financial Statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

- **Governmental Funds**. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, Governmental Fund financial statements focus on how cash and other financial assets can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Such information may be useful in evaluating the government's short-term financing requirements. Because this information does not encompass the additional long-term focus of the School District-wide statements, additional information to explain the relationship (or differences) between them can be found in the reconciliation statements.

  The *Balance Sheet - Governmental Funds* reports assets, deferred outflows, liabilities, deferred inflows and fund balance of the General Fund and Capital Projects Fund.

  The *Reconciliation of Total Governmental Funds Balances to Net Position of Governmental Activities* explains the differences in Governmental Funds balances reported on the *Balance Sheet - Governmental Funds* and the total net position reported on the *Statement of Net Position.*

  The *Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds* reports the revenues, expenditures and changes in fund balance for the General Fund and Capital Projects Fund.

  The *Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities* provides a reconciliation of the changes in fund balances reported on the *Statement of Revenues, Expenditures and Changes in Fund Balances* to the changes in net position as reported on the *Statement of Activities*.

- ***Proprietary Funds***. *Proprietary Funds* are used to account for activities that are similar to those often found in the private sector. The District maintains one Proprietary Fund Type, which is an Enterprise Fund, for food service. The *Enterprise Fund* is used to account for the School District's operations that are financed and operated in a manner similar to private business enterprises. The cost of providing goods or services to the students on a continuing basis is financed or recovered primarily through user charges or cost reimbursement plans. The Food Service Fund accounts for the revenues, food purchases and other costs and expenses of providing meals to students during the school year. This fund is reported as a major fund.

  The *Statement of Net Position - Proprietary Fund* reports assets, liabilities and net position for the Food Service Fund.

  The *Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund* reports the revenues, expenses and changes in net position for the Food Service Fund.

  The *Statement of Cash Flows - Proprietary Fund* reports the inflows and outflows of cash during the fiscal year for the Food Service Fund.

- ***Fiduciary Funds***. *Fiduciary Funds* are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary Funds are not reflected in the government-wide financial statements because the District cannot use these funds to finance its operations. The School District uses an *Activity Fund* to account for resources held for student activities in the middle schools and high school and a *Trust Fund* to account for the receipts and disbursement of monies contributed to the School District for scholarships and memorials.

  The *Statement of Fiduciary Net Position - Fiduciary Funds* reports assets and liabilities for the School District's student activity accounts and scholarship accounts.

  The *Statement of Changes in Fiduciary Net Position - Fiduciary Funds* reports changes in net position for the School District's scholarship accounts.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of June 30, 2022, the School District had total assets and deferred outflows of $333.7 million with 4% of these assets being in cash and cash equivalents (or $13.6 million), 29% (or $97 million) being in investments and 48% (or $160.3 million) being in the net value of land, buildings, furniture and equipment and construction in progress. The remaining 19% is attributed to the other assets and deferred outflows of resources related to Pension, OPEB and Debt Refundings. Changes in the capital assets include additions of $18.1 million.

As of June 30, 2022, the School District had total liabilities and deferred inflows of $498.2 million with 87.0% (or $431.6 million) being in long-term liabilities, including bonds payable, leases payable, compensated absences payable, pension liabilities and OPEB liabilities. 4.1% (or $20.4 million) being in accounts payable, accrued salaries and benefits, and other current liabilities. The remaining amount is deferred revenue of $.6 million. The principal paid for debt service on bonds and leases during the year was $6.7 million.

The resulting ($164.5) million in net position includes unrestricted net position of ($199.8) million and $35.3 million in net investment in capital assets.

Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Assets						
Current Assets	$ 122,894,543	$ 80,820,312	$ 2,789,698	$ 1,268,690	$ 125,684,241	$ 82,089,002
Capital Assets	159,923,729	153,250,634	364,338	260,046	160,288,067	153,510,680
Total Assets	282,818,272	234,070,946	3,154,036	1,528,736	285,972,308	235,599,682
Deferred Outflows of Resources	46,746,219	48,865,073	952,145	786,000	47,698,364	49,651,073
Liabilities						
Long-Term Liabilities	419,439,143	425,715,218	5,225,768	5,149,000	424,664,911	430,864,218
Other Liabilities	27,773,992	25,635,044	162,383	120,196	27,936,375	25,755,240
Total Liabilities	447,213,135	451,350,262	5,388,151	5,269,196	452,601,286	456,619,458
Deferred Inflows of Resources	44,700,560	12,049,663	896,379	204,000	45,596,939	12,253,663
Net Position						
Net Investment in Capital Assets	34,984,881	30,154,661	364,338	260,046	35,349,219	30,414,707
Restricted	-	-	-	-	-	-
Unrestricted	(197,334,085)	(210,618,567)	(2,542,687)	(3,418,506)	(199,876,772)	(214,037,073)
Total Net Position	$ (162,349,204)	$ (180,463,906)	$ (2,178,349)	$ (3,158,460)	$ (164,527,553)	$ (183,622,366)

As seen in the changes in net position chart below, the School District's total revenues increased by $7.1 million which included a governmental activities increase of $4 million and a business-type activities increase of $3.1 million. The School District's total expenses decreased by $15.3 million which consisted of a governmental activities decrease of $17.8 million and a business-type activities increase of $2.5 million. This resulted in a increase in total net position of $21.4 million which included an increase in governmental activities of $20.4 million and an increase in business-type activities of $1 million.

The largest increases in revenues were Taxes ($2.2 million), Grants and Contribution ($2.2 million) and Charges for Services ($2.1 million).

The largest decrease in expenses was regular instruction, which decreased in excess of $16.4 million.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues						
Charges for Services	$ 2,340,506	$ 477,983	$ 253,366	$ 29,130	$ 2,593,872	$ 507,113
Operating Grants and Contributions	51,224,148	51,958,572	6,117,409	3,192,557	57,341,557	55,151,129
Capital Grants and Contributions	1,252,462	-	-	-	1,252,462	-
Property Taxes and Other Taxes Levied for General Purposes	136,422,570	134,248,828	-	-	136,422,570	134,248,828
Gain on Sale of Capital Assets	175,000	-	-	-	175,000	-
Investment Earnings	182,119	59,825	365	92	182,484	59,917
Miscellaneous	-	865,275	-	-	-	865,275
Total Revenues	191,596,805	187,610,483	6,371,140	3,221,779	197,967,945	190,832,262
Expenses						
Instruction	113,394,112	127,793,231	-	-	113,394,112	127,793,231
Support Services	52,824,091	55,113,322	-	-	52,824,091	55,113,322
Facilities Acquisition, Construction and Improvement Services	-	-	-	-	-	-
Operation of Non-Instructional Services	3,239,577	2,233,571	-	-	3,239,577	2,233,571
Interest on Long-Term Debt	4,024,323	3,862,258	-	-	4,024,323	3,862,258
Food Service	-	-	5,291,717	2,872,640	5,291,717	2,872,640
Core Swimming	-		29,860		29,860	
Community Aquatics	-	-	69,452	3,143	69,452	3,143
Total Expenses	173,482,103	189,002,382	5,391,029	2,875,783	178,873,132	191,878,165
Change in Net Position	18,114,702	(1,391,899)	980,111	345,996	19 094,813	(1,045,903)
Net Position at Beginning of Year	(180,463,906)	(179,072,007)	(3,158,460)	(3,504,456)	(183,622,366)	(182,576,463)
Net Position at Beginning of Year	(180,463,906)	(179,072,007)	(3,158,460)	(3,504,456)	(183,622,366)	(182,576,463)
Net Position at End of Year	$ (162,349,204)	$ (180,463,906)	$ (2,178,349)	$ (3,158,460)	$ (164,527,553)	$ (183,622,366)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental Funds report the differences between their assets, deferred outflows, liabilities and deferred inflows as fund balance, which is reported as five components: Nonspendable, Restricted, Committed, Assigned and Unassigned. Nonspendable Fund Balance cannot be spent either because it is not in a spendable form or because it is legally or contractually required to be maintained intact. Restricted Fund Balance is amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors. Committed Fund Balance is amounts that can be used only for specific purposes determined by a formal action by the Board of School Directors. This includes the budget reserve account. Assigned Fund Balance is amounts that are intended to be used for a specific purpose, as expressed by the Board of School Directors or by an official or body to which the Board of School Directors delegates the Authority. Unassigned Fund Balance is all amounts not included in other spendable classifications.

Fund balance in the *Balance Sheet - Governmental Funds* is the difference between revenue and expenditures at the end of the year, combined with the fund balance from the beginning of the year. Fund balance in the Governmental Funds are summarized below.

	June 30, 2022	2021	Difference
Fund Balance:			
Nonspendable	$ 363,807	$ 403,888	$ (40,081)
Restricted	46,367,368	-	46,367,368
Committed	15,000,000	15,000,000	-
Assigned	21,509,751	20,961,015	548,736
Unassigned	13,850,430	14,384,517	(534,087)
Total Fund Balance	$97,091,356	$ 50,749,420	$ 46,341,936

For the year ended June 30, 2022, the fund balance in the General Fund increased $1 million from the prior year's balance. The increase in fund balance is primarily attributable to a restriction in spending on discretionary items.

The fund balance in the Capital Projects Fund increased by $36.4 million. This increase is a result of the 2022 Bond Issuance. The Capital Projects Fund balance is restricted for use with the capital projects only.

Proprietary Funds

Food Service Fund - This fund accounts for the revenues, food purchases and other costs and expenses of providing meals to students during the school year. This fund is reported as a major fund.

Community Aquatics and CORE - These funds account for all revenues and costs and expenses of the community aquatics and CORE programs.

Fund net position in the *Statement of Net Position - Proprietary Fund* is the difference between assets and liabilities at the end of the year. Total net position is summarized below.

	June 30, 2022	2021	Difference
Fund Net Position			
Total assets and deferred outflows	$ 5,005,525	$ 2,686,347	$ 2,319,178
Total Liabilitied and deferred inflows	6,983,874	5,844,807	1,139,067
Net Investment in Capital Assets	364,338	260,046	104,292
Unrestricted	(2,542,687)	(3,418,506)	875,819
Total Net Position	$ (2,178,349)	$ (3,158,460)	$ 980,111

As of June 30, 2022, the Enterprise Funds had ($2,178,349) in net position.

The proprietary fund revenues in 2021-2022 were $3.15 million or 97.8% more than the previous year. The major decreases were lunch sales and special functions. The expenses in 2021-2022 were $2.5 million or 87.5% more than the previous year.

Fiduciary Funds

The Fiduciary Funds consist of the Private-Purpose Trust Funds. The Trust Fund accounts are the receipts and disbursement of monies contributed to the District for scholarships and memorials. The balance of the Private-Purpose Trust Funds as of June 30, 2022 was $86,985 which was $168 less than the previous year due to a scholarships provided versus contributions received.

General Fund Budgetary Highlights

Variances between the original 2021-2022 budget and the final year-end budget were due to transfers done throughout the year and federal, state and local grants. The grant budgets are increased as grants are awarded. These are not expected to have a significant effect on future services or liquidity.

The final revenue budget was $0.7 Million higher than the original budget. The positive variance of actual revenues with the final budget of $2 Million is primarily the result of an over underestimation of $2M of local revenues (overestimation of $1.3 in current taxes, under estimation of $2.4M in realty transfer taxes, and under estimation of $1.4 in delinquent taxes), under estimation of $1.5M in state revenues, and over estimation of $1.5M in federal revenues.

The district actual final expenditures was slightly below budget. The positive variance of actual expenditures with the final budget of $1.4 Million is primarily the result of the following factors: Savings in Equipment purchases of $.6M; overestimation of Salaries and Benefits, $3.2M, underestimation of district contracts (3.5)M, overestimation of Supplies costs .8M,

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School District's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary Fund capital assets are also reported in their fund financial statements.

For the year ended June 30, 2022, the School District had $156,954,214 in capital assets, less depreciation. The additions and retirements, less depreciation, were an increase of $3,393,534. More detailed information about capital assets can be found in Note F to the financial statements.

Capital Assets
(Net of Accumulated Depreciation)

	2022			
	Governmental Activities	Business-Type Activities	Totals	2021 Totals
Land and Improvements	$ 4,207,505	$ -	$ 4,207,505	$ 4,207,505
Construction in Progress	3,665,383	-	3,665,383	3,140,253
Buildings and Building Improvements	268,126,824	-	268,126,824	254,000,362
Furniture and Equipment	47,937,884	1,595,862	49,533,746	49,241,966
Leased Equipment	3,333,853			
Accumulated Depreciation	(167,347,720)	(1,231,524)	(168,579,244)	(157,029,406)
	$ 159,923,729	$ 364,338	$ 156,954,214	$ 153,560,680

Debt Administration

In the government-wide and Proprietary Fund financial statements, outstanding debt is reported as liabilities.

For the year ended June 30, 2022, the School District had $165,640,000 in general obligation bonds, of which $5,990,000 is due within one year. Additional information on the School District's bonds payable can be found in Note H to the basic financial statements.

Bonds Payable

	Governmental Activities 2022	Governmental Activities 2021	Total Change 2022-2021
Series A of 2015	$ 28,745,000	$ 28,750,000	$ (5,000)
Series B of 2015	375,000	555,000	(180,000)
Series C of 2015	18,780,000	21,300,000	(2,520,000)
Series of 2016	-	-	-
Series of 2018	3,685,000	5,395,000	(1,710,000)
Series of 2020	56,915,000	57,940,000	(1,025,000)
Series A of 2021	9,140,000	9,450,000	(310,000)
Series B of 2021	8,500,000	8,590,000	(90,000)
Series of 2022	39,500,000	-	39,500,000
Total Bonds Payable	$ 165,640,000	$ 131,980,000	$ 33,660,000

MAJOR FINANCIAL ISSUES

Most of the major financial issues addressed by the School District during the past year were a continuation of annual or ongoing events that began in the prior year. Among these events are state funding and the pension program.

State Funding

The Governor's 2021-22 budget for the Commonwealth of Pennsylvania had a modest increase for the basic education funding.

The state also had a slight increase to the special education funding.

The state's share of instruction expenditures has dropped from 54.2% in 1971-72 to 24% in 2020-2021.

- 1971-72 54.2%
- 1987-88 43.2%
- 1991-92 40.3%
- 2021-22 24.9%

Comprehensive Plan

The School District has developed a Comprehensive Plan, which was formerly known as the Strategic Plan. The Comprehensive Plan was mandated by the State as a requirement of every district to have a system in place to monitor our Academic Standards and Assessment. This is a visionary roadmap for the district and the planning includes the community stakeholders.

The District's Strategic Goals aim to further advance Neshaminy as a learning organization to better support students, parents and the Neshaminy Community.

Four Targeted Goal Areas

1. **Modern, Safe School/Campus Environments**

   Many Neshaminy Schools were built in the 1950/1960's. Over a decade ago, Neshaminy developed a long-range Facilities Plan which incrementally reduced the existing 15-school system to the present 10-school system. The plan included the renovated Neshaminy High School and the New Tawanka Elementary School. In the process, the remaining schools received renovations bringing most schools up to twenty-first century standards in terms of Ventilation, Technology Infrastructure, Heating & Cooling and Insulation.
   This Strategic Goal aims to continue this process both inside and outside, evaluating our older facilities then determining whether to renovate or build new. Moreover, the goal is to add teams of people to ensure the human elements function optimally to complement the "Modern Safe" physical plants.

2. **Guaranteed, Viable Curriculum & Instruction**

   Student Academic Success is a function of "What is taught?," "How is it taught?," and "How is it measured?" Student Social/Emotional Success is a function of the same; a twenty-first century education goes well beyond Reading, Writing and Arithmetic. Guaranteeing that all students have access to a high-quality curriculum and instruction beyond academic content is at the center of equity. Quality Instruction is both an Art and a Science. The continuous renewal of content and research-based instruction is necessary in the rapidly changing World which Neshaminy will lead in the very near future.
   This Strategic Goal aims to evaluate curriculum and assessment, K-12, and establish common language for instruction as the foundation of Goal 4: Sustainable Culture of Professional Learning & Leadership.

3. **Student-centered, Parent-focused, Community-informed**

   School Systems are service organizations in our constantly changing World of human needs. Their clients are the students, parents and the larger community. Decision-making and programs should be viewed through that lens. As such, beginning with the end in mind, post-high school College and Career Pathways should be the theme K-12. Moreover, the pathway to success is rarely straight and direct. Neshaminy Families deserve systemic supports, interventions, options and timely communication. Again, ensuring all students and families have access to such systems is at the center of equity.
   This Strategic Goal aims to focus a common purpose of the organization in supporting students, parents and the Neshaminy community.

4. Sustainable Culture of Professional Learning & Leadership

An organization that learns is an organization that succeeds. Learning Organizations utilizing job-embedded, apprenticeship and expert training/coaching models to continuously improve their staff's ability to meet the needs of those they serve. Veteran pilots learn new skills in the cockpit; doctors in the operating & emergency rooms; carpenters on the jobsite, as educators should learn in the classrooms guided by the expert support of their colleagues. Such learning to improve should involve all staff aligning their job responsibilities to the Mission and Strategic Goals of this plan.

Secondly, an organization is only as good as its people. Given the complexity of the job-market and forecasted shortage of the education worker in the coming years, meaningful systems will need to be in place to promote staff recruitment, staff retention and staff transition.

Labor Relations

The professional staff of the Neshaminy School District is represented by the Neshaminy Federation of Teachers, an affiliation of the Pennsylvania Federation of Teachers. This group has the responsibility of bargaining for these employees. The School District and Neshaminy Federation of Teachers settled the contract in November 2019, retroactive to July 2019, and this will be in effect through June 30, 2024.

The support staff of the Neshaminy School District is represented by the Neshaminy Educational Support Personnel Association, an affiliation of the Pennsylvania State Educational Support Personnel Association. The School District and the Neshaminy Education Support Personnel Association settled the contract in January 2023, retroactive to July 1, 2022, and this contract will be in effect through June 30, 2027.

CONTACTING THE SCHOOL DISTRICT FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of Neshaminy School District's finances for all those with interest in the District's finances. Questions concerning any of the information in this report should be addressed to the Donald B. Irwin, Jr., Business Administrator, Neshaminy School District, 2001 Old Lincoln Highway, Langhorne, PA 19047-3295.

NESHAMINY SCHOOL DISTRICT
GOVERNMENT WIDE STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Totals
Assets			
Current Assets			
Cash and Cash Equivalents	$ 13,238,837	$ 363,029	$ 13,601,866
Investments	97,018,152	-	97,018,152
Taxes Receivable, Net	2,642,859	-	2,642,859
Internal Balances	(1,403,106)	1,403,106	-
Due from Other Governments	7,192,056	973,781	8,165,837
Other Receivables	1,548,336	-	1,548,336
Inventories	341,806	49,782	391,588
Prepaid Expenses	22,001	-	22,001
Lease Receivable			
Portion Due or Receivable Within One Year	602,373	-	602,373
Portion Due or Receivable After One Year	1,691,229	-	1,691,229
Capital Assets			
Land	4,207,505	-	4,207,505
Construction in Progress	3,665,383	-	3,665,383
Building and Building Improvements	268,126,824	-	268,126,824
Furniture and Equipment	47,937,884	1,595,862	49,533,746
Leased Equipment	3,333,853	-	3,333,853
Accumulated Depreciation	(167,347,720)	(1,231,524)	(168,579,244)
Total Assets	282,818,272	3,154,036	285,972,308
Deferred Outflows of Resources			
Deferred Amount on Refunding	3,499,260	-	3,499,260
Deferred Outflows of Resources, Pension Activity	39,469,069	871,403	40,340,472
Deferred Outflows of Resources, OPEB Activity	3,777,890	80,742	3,858,632
Total Deferred Outflows of Resources	46,746,219	952,145	47,698,364
Liabilities			
Accounts Payable	4,696,102	149,706	4,845,808
Accrued Salaries and Benefits	14,698,745	-	14,698,745
Other Current Liabilities	860,973	-	860,973
Unearned Revenue	610,905	12,677	623,582
Long-Term Liabilities			
Portion Due or Payable Within One Year			
Bonds Payable	5,985,000	-	5,985,000
Notes Payable	5,000	-	5,000
Capital Leases	917,267	-	917,267
Portion Due or Payable After One Year			
Bonds Payable	139,199,952	-	139,199,952
Notes Payable	28,113,043	-	28,113,043
Capital Leases	585,214	-	585,214
Compensated Absences	4,314,150	-	4,314,150
Net Pension Liability	228,790,921	4,836,079	233,627,000
Net OPEB Obligation	18,435,863	389,689	18,825,552
Total Liabilities	447,213,135	5,388,151	452,601,286
Deferred Inflows of Resources			
Deferred Inflows of Resources, Lessor Activity	2,293,602	-	2,293,602
Deferred Inflows of Resources, Pension Activity	40,839,748	863,252	41,703,000
Deferred Inflows of Resources, OPEB Activity	1,567,210	33,127	1,600,337
Total Deferred Inflows of Resources	44,700,560	896,379	45,596,939
Net Position			
Net Investment in Capital Assets	34,984,881	364,338	35,349,219
Unrestricted	(197,334,085)	(2,542,687)	(199,876,772)
Total Net Position	$ (162,349,204)	$ (2,178,349)	$ (164,527,553)

The accompanying notes are an integral part of these financial statements.

NESHAMINY SCHOOL DISTRICT
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Totals
Governmental Activities							
Instruction							
Regular Programs	$ 68,550,397	$ -	$ 32,143,378	$ -	$ (36,407,019)	$ -	$ (36,407,019)
Special Programs	33,381,031	22,791	14,734,132	-	(18,624,108)	-	(18,624,108)
Vocational Programs	8,937,533	-	-	-	(8,937,533)	-	(8,937,533)
Other Instructional Programs	2,525,152	-	1,311,672	-	(1,213,480)	-	(1,213,480)
Support Services							
Pupil Personnel Services	7,527,439	-	-	-	(7,527,439)	-	(7,527,439)
Instructional Staff Services	5,996,922	-	-	-	(5,996,922)	-	(5,996,922)
Administrative Services	8,961,126	-	-	-	(8,961,126)	-	(8,961,126)
Pupil Health Services	1,987,494	-	764,648	-	(1,222,846)	-	(1,222,846)
Business Services	1,629,191	-	-	-	(1,629,191)	-	(1,629,191)
Operation & Maintenance of Plant Services	13,158,012	-	-	-	(13,158,012)	-	(13,158,012)
Student Transportation Services	9,351,284	62,641	1,273,610	-	(8,015,033)	-	(8,015,033)
Central and Other Support Services	4,212,623	-	-	-	(4,212,623)	-	(4,212,623)
Facilities Acquisition, Construction and Improvement Services	-	-	996,709	1,252,462	2,249,171	-	2,249,171
Operation of Non-Instructional Services							
Student Activities and Athletics	3,043,185	1,458,308	-	-	(1,584,877)	-	(1,584,877)
Community Services	196,392	796,766	-	-	600,374	-	600,374
Interest on Long-Term Debt	4,024,323	-	-	-	(4,024,323)	-	(4,024,323)
Total Governmental Activities	173,482,103	2,340,506	51,224,148	1,252,462	(118,664,987)	-	(118,664,987)
Business-Type Activities							
Food Service	5,291,717	174,798	6,102,881	-		985,962	985,962
Core Swimming	29,860	30,452	4,273	-		4,865	4,865
Community Aquatics	69,452	48,116	10,255	-	-	(11,081)	(11,081)
Total School District Activities	$ 173,551,555	$ 2,388,622	$ 51,234,403	$ 1,252,462	(118,664,987)	979,746	(117,685,241)
General Revenues							
Taxes							
Property Taxes, Levied for General Purposes, Net					131,368,987	-	131,368,987
Business Taxes					3,828,856	-	3,828,856
Other Taxes					1,224,727	-	1,224,727
Investment Earnings					182,119	365	182,484
Gain on Sale of Capital Assets					175,000	-	175,000
Total General Revenues					136,779,689	365	136,780,054
Change in Net Position					18,114,702	980,111	19,094,813
Net Position at Beginning of Year					(180,463,906)	(3,158,460)	(183,622,366)
Net Position at End of Year					$ (162,349,204)	$ (2,178,349)	$ (164,527,553)

The accompanying notes are an integral part of these financial statements.

NESHAMINY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	$ 11,312,586	$ 1,926,251	$ 13,238,837
Investments	52,457,586	44,560,566	97,018,152
Taxes Receivable, Net	2,642,859	-	2,642,859
Due from Other Funds	1,852,088	-	1,852,088
Due from Other Governments	7,192,056	-	7,192,056
Other Receivables, Net	1,548,336	-	1,548,336
Inventory	341,806	-	341,806
Prepaid Expenditures	22,001	-	22,001
Total Assets	$ 77,369,318	$ 46,486,817	$ 123,856,135
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts Payable	$ 4,480,337	$ 215,765	$ 4,696,102
Due to Other Funds	2,302,450	952,744	3,255,194
Unearned Revenue	610,905	-	610,905
Accrued Salaries and Benefits	14,698,745	-	14,698,745
Other Current Liabilities	860,973	-	860,973
Total Liabilities	22,953,410	1,168,509	24,121,919
Deferred Inflows of Resources			
Unavailable Revenue, Property Taxes	2,642,860	-	2,642,860
Fund Balances			
Nonspendable, Prepaid Expenditures and Inventory	363,807	-	363,807
Restricted - Capital Project	1,049,060	45,318,308	46,367,368
Committed - NHS Fields	12,000,000	-	12,000,000
Committed - POQ Addition	3,000,000	-	3,000,000
Assigned	21,509,751	-	21,509,751
Unassigned	13,850,430	-	13,850,430
Total Fund Balances	51,773,048	45,318,308	97,091,356
Total Liabilities, Deferred Inflows of Resources & Fund Balances	$ 77,369,318	$ 46,486,817	$ 123,856,135

The accompanying notes are an integral part of these financial statements.

NESHAMINY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total Governmental Funds Balances	$ 97,091,356
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 in the funds. These assets consist of:	
Land	4,207,505
Construction in Progress	3,665,383
Building and Building Improvements	268,126,824
Furniture and Equipment	47,937,884
Leased Equipment	3,333,853
Accumulated Depreciation	(167,347,720)
	159,923,729
Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These consist of:	
Deferred Amount on Refunding	3,499,260
Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.	(1,370,679)
Deferred inflows and outflows of resources related to OPEB activities are not financial resources and therefore not reported in the governmental funds.	2,210,680
Some of the District's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are not recorded as receivables and are deferred in the funds.	2,642,860
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds/Notes Payable	(165,640,000)
Unamortized Premium	(7,662,995)
Capital Leases	(1,502,481)
Compensated Absences	(4,314,150)
Net Pension Liability	(228,790,921)
Other Postemployment Benefits	(18,435,863)
	(426,346,410)
Net Position of Governmental Activities	$ (162,349,204)

The accompanying notes are an integral part of these financial statements.

NESHAMINY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Local Sources	$ 141,549,282	$ 45,908	$ 141,595,190
State Sources	47,614,976	-	47,614,976
Federal Sources	2,812,974	-	2,812,974
Total Revenues	191,977,232	45,908	192,023,140
Expenditures			
Regular Programs	76,916,991	-	76,916,991
Special Programs	33,023,663	-	33,023,663
Vocational Programs	8,700,397	-	8,700,397
Other Instructional Programs	2,440,856	-	2,440,856
Pupil Personnel Services	7,741,885	-	7,741,885
Instructional Staff Services	6,173,949	-	6,173,949
Administrative Services	9,171,921	-	9,171,921
Pupil Health Services	2,034,216	-	2,034,216
Business Services	1,681,624	-	1,681,624
Operation and Maintenance of Plant	13,056,193	-	13,056,193
Facilities Acquisition, Construction and Improvement Services	2,279,953	7,320,654	9,600,607
Student Transportation Services	9,182,308	-	9,182,308
Central and Other Support Services	3,837,311	-	3,837,311
Student Activities and Athletics	3,674,991	-	3,674,991
Community Services	183,878	-	183,878
Refund of Prior Year Revenues	388,188	-	388,188
Debt Service	10,640,280	-	10,640,280
Total Expenditures	191,128,604	7,320,654	198,449,258
Excess (Deficiency) of Revenues Over Expenditures	848,628	(7,274,746)	(6,426,118)
Other Financing Sources (Uses)			
Sale of Capital Assets	175,000	-	175,000
Issuance of Notes	-	39,500,000	39,500,000
Premium		4,178,772	4,178,772
Total Other Financing Sources (Uses)	175,000	43,678,772	43,853,772
Net Change in Fund Balances	1,023,628	36,404,026	37,427,654
Fund Balances at Beginning of Year	50,749,420	8,914,282	59,663,702
Fund Balances at End of Year	$ 51,773,048	$ 45,318,308	$ 97,091,356

The accompanying notes are an integral part of these financial statements.

NESHAMINY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Net Changes in Fund Balances - Total Governmental Funds	$ 37,427,654
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in Governmental Funds as expenditures and sale of capital assets are reported as revenues. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period.	
Capital Outlays	18,137,125
Depreciation	(11,514,030)
	6,623,095
Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Unavailable tax revenues decreased by this amount.	(7,627)
In the statement of activities, certain operating expenses - compensated absences (vacation and sick leave) - are measured by the amounts earned during the year. In the Governmental Funds, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	452,259
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds:	
OPEB Plan Expense	78,217
Pension Plan Expense	9,695,146
	9,773,363
The issuance of long-term debt (e.g., bonds, eases) provides current financial resources to Governmental Funds, while the repayment of the principal long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Issuance of Refunding Bonds	(39,500,000)
Accrued Interest Payable	680,665
Repayment of Bonds/Notes Principal	5,840,000
Amortization of Bond Discounts, Premiums and Refunding Loss	(4,083,480)
Repayment of Lease Obligations	908,773
	(36,154,042)
Change in Net Position of Governmental Activities	$ 18,114,702

The accompanying notes are an integral part of these financial statements.

NESHAMINY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Food Service Fund	Core Swimming Fund	Community Aquatics Fund	Total Enterprise Funds
Assets				
Cash and Cash Equivalents	$ 362,069	$ -	$ 960	$ 363,029
Due from Other Governments	973,781	-	-	973,781
Due from Other Funds	2,161,550	32,195	108,705	2,302,450
Inventories	49,782	-	-	49,782
Total Current Assets	3,547,182	32,195	109,665	3,689,042
Capital Assets, Net	364,338	-	-	364,338
Total Assets	3,911,520	32,195	109,665	4,053,380
Deferred Outflows of Resources				
Deferred Outflows of Resources - Pension Activity	871,403	-	-	871,403
Deferred Outflows of Resources - OPEB Activity	80,742	-	-	80,742
Total Deferred Outflows of Resources	952,145	-	-	952,145
Liabilities				
Accounts Payable	149,706	-	-	149,706
Due to Other Funds	899,344	-	-	899,344
Unearned Revenue	12,677	-	-	12,677
Long-Term Liabilities				
Net Pension Liability	4,836,079	-	-	4,836,079
Other Postemployment Benefits	389,689	-	-	389,689
Total Liabilities	6,287,495	-	-	6,287,495
Deferred Inflows of Resources				
Deferred Inflow of Resources - Pension Activity	863,252	-	-	863,252
Deferred Inflows of Resources - OPEB Activity	33,127	-	-	33,127
Total Deferred Inflows of Resources	896,379	-	-	896,379
Net Position				
Net Investment in Capital Assets	364,338	-	-	364,338
Unrestricted	(2,684,547)	32,195	109,665	(2,542,687)
Total Net Position	$ (2,320,209)	$ 32,195	$ 109,665	$ (2,178,349)

The accompanying notes are an integral part of these financial statements.

NESHAMINY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Food Service Fund	Core Swimming Fund	Community Aquatics Fund	Total Enterprise Funds
Operating Revenues				
Local Revenue	$ 174,798	$ 30,452	$ 48,116	$ 253,366
Operating Expenses				
Personnel	2,847,647	29,055	69,452	2,946,154
Operating	2,101,520	805	-	2,102,325
Purchased Services	306,742	-	-	306,742
Depreciation	35,808	-	-	35,808
Total Operating Expenses	5,291,717	29,860	69,452	5,391,029
Operating Loss	(5,116,919)	592	(21,336)	(5,137,663)
Nonoperating Revenues				
Earnings on Investments	365	-	-	365
State Sources	375,543	4,273	10,255	390,071
Federal Sources	5,727,338	-	-	5,727,338
Total Nonoperating Revenues	6,103,246	4,273	10,255	6,117,774
Change in Net Position	986,327	4,865	(11,081)	980,111
Net Position at Beginning of Year	(3,306,536)	27,330	120,746	(3,158,460)
Net Position at End of Year	$ (2,320,209)	$ 32,195	$ 109,665	$ (2,178,349)

The accompanying notes are an integral part of these financial statements.

NESHAMINY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Food Service Fund	Core Swimming Fund	Community Aquatics Fund	Total Enterprise Funds
Cash Flows From Operating Activities				
Cash Received from Users	$ 174,798	$ 30,452	$ 48,116	$ 253,366
Cash Payments to Employees for Services	(3,904,484)	(33,920)	(57,411)	(3,995,815)
Cash Payments to Suppliers for Goods and Services	(2,327,942)	(805)	-	(2,328,747)
Net Cash Used By Operating Activities	(6,057,628)	(4,273)	(9,295)	(6,071,196)
Cash Flows From Noncapital Financing Activities				
State Sources	375,543	4,273	10,255	390,071
Federal Sources	5,488,682		-	5,488,682
Net Cash Provided by Noncapital Financing Activities	5,864,225	4,273	10,255	5,878,753
Cash Flows From Investing Activities				
Interest Received	365	-	-	365
Purchase of Fixed Assets	(140,100)	-	-	(140,100)
Net Cash Used In Investing Activities	(139,735)	-	-	(139,735)
Net Increase (Decrease) In Cash and Cash Equivalents	(333,138)	-	960	(332,178)
Cash and Cash Equivalents At Beginning Of Year	695,207	-	-	695,207
Cash and Cash Equivalents at End of Year	$ 362,069	$ -	$ 960	$ 363,029
Reconciliation of Operating Loss To Net Cash Used By Operating Activities				
Operating Income (Loss)	$ (5,116,919)	$ 592	$ (21,336)	$ (5,137,663)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities				
Depreciation	35,808	-	-	35,808
Donated Foods	(242,855)	-	-	(242,855)
Pension Expense	461,928	-	-	461,928
OPEB Expense	141,074	-	-	141,074
(Increase) Decrease in				
Due from Other Funds	(2,161,550)			(2,161,550)
Inventories	230,252	-	-	230,252
Increase (Decrease) in				
Due to Other Funds	501,711	(4,865)	12,041	508,887
Accounts Payable	92,923	-	-	92,923
Net Cash Used By Operating Activities	$ (6,057,628)	$ (4,273)	$ (9,295)	$ (6,071,196)
Supplemental Disclosures	-			
Noncash Activities				
Donated Foods	$ 242,855			

The accompanying notes are an integral part of these financial statements.

NESHAMINY SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2022

	Private-Purpose Trust Funds
Assets	
Cash and Cash Equivalents	$ 12,518
Investments	77,317
Total Assets	89,835
Liabilities	
Scholarships Payable	2,850
Total Liabilities	2,850
Net Position	$ 86,985

The accompanying notes are an integral part of these financial statements.

NESHAMINY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2022

	Private-Purpose Trust Funds
Additions	
Contributions	$ 2,000
Investment Income	182
Total Additions	2,182
Deductions	
Scholarships Paid	2,350
Total Deductions	2,350
Change in Net Position	(168)
Net Position At Beginning of Year	87,153
Net Position At End of Year	$ 86,985

The accompanying notes are an integral part of these financial statements.

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Neshaminy School District (the "School District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities and functions for which the School District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit's board and either (1) the School District's ability to impose its will over a component unit or (2) the possibility that the component unit will provide a financial benefit or impose a financial burden on the School District. This report presents the activities of the Neshaminy School District. The School District is not a component unit of another reporting entity nor does it have any component units.

Basis of Presentation and Accounting

Government-Wide Financial Statements – The statement of net position and the statement of activities 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 and the accrual basis of accounting. This is the same approach used in the preparation of the Proprietary Fund financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Governmental Funds financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for Governmental Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and 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 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, with certain

limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements – Fund financial statements report detailed information about the School District. The focus of Governmental and Proprietary Funds financial statements is on major fund rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary Funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough after thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgements are recorded only when payment is due. 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 (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

The Proprietary Fund Type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in 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.

The Proprietary Fund distinguishes *operating* revenues and expenses form *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the School District's Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Trust Funds are reported using the economic resources measurement focus.

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

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available (i.e., collectible within the current year or within 60 days from year-end and available to pay obligations of the current period). This includes property taxes, interest earnings, real estate transfer taxes and certain fees for services. Revenues for state and federally funded projects are recognized at the time the expenditures are incurred and the amount is received during the period or within 60 days from year-end.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal 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. The various funds of the School District are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Pennsylvania.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and improvements in accordance with the applicable general obligation bond agreements.

Proprietary Funds

Food Service Fund/Core Swimming Fund/Community Aquatics Fund – These funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds

Private-Purpose Trust Funds – The Private-Purpose Trust Funds are used to account for assets held by the School District in a trustee capacity.

Trust Funds are used for the resources of the various scholarships whose sole purpose is to provide annual scholarships to particular students as prescribed by donor stipulations.

Cash and Cash Equivalents

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition and no restrictions on withdrawal.

Investments

Statutes authorize the School District to invest in: (1) obligations, participations and other instruments of any Federal agency, (2) repurchase agreements with respect to U.S. Treasury bills or obligations, (3) negotiable certificates of deposit, (4) bankers' acceptances, (5) commercial paper, (6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and (7) savings or demand deposits. The specific conditions under which the District may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016. Investments are stated are fair value or amortized cost, as applicable.

Pennsylvania Local Government Investment Trust Funds are invested in accordance with Section 440.1 of the School Code. Each school district owns a pro rata share of each investment or deposit which is held in the name of the fund.

Under Act No. 72, enacted by the General Assembly of the Commonwealth of Pennsylvania, the funds deposited with the various banks are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit. These may be bonds of the United States, any state of the United States, or bonds of any political subdivision of Pennsylvania or the general state authority or their authorities created by the General Assembly of the Commonwealth of Pennsylvania or insured with the Federal Deposit Insurance Corporation. The market value of such bonds pledged must equal 120% of the funds deposited. The security pledged by the various depositories utilized during the year and at June 30, 2022, was in excess of the minimum requirements just described.

The School District has adopted GASB Statements No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, No. 72, Fair Value Measurement and Application and No. 79 Certain External Investment Pools and Pool Participants. In accordance with these Statements, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. Investments in qualifying external investment pools are reported at amortized cost basis.

Short-Term Interfund Receivables/Payables

During the course of operation, transactions may occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the Governmental Funds balance sheet. Short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which, when present, are shown as internal balances.

Inventories and Prepaid Items

Inventory of food and milk in the Food Service Fund consists of supplies purchased and donated foods received from the federal government. Donated foods valued at their fair market value in accordance with the *Manual of Accounting for Pennsylvania School Systems-Food Service Fund.* Food and supplies are carried at cost using the first-in, first-out method. Inventories of Governmental Funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses/items in both the government-wide and fund financial statements. Prepaid expenses are reported under the purchase method.

Capital Assets

Capital assets, which include property, plant, equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The School District defines a capital assets as an asset with an initial, individual cost equal to or greater than $4,000 or purchased with debt proceeds. The asset must also have an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items and capital assets received in a service concession arrangement are reported at acquisition value.

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

Property, plant and equipment of the School District are depreciated using the straight-line method over the following useful lives:

	Years
Buildings and building improvements	10-45
Furniture and equipment	5-20

Long-Term Obligations

In the government-wide financial statements and the Proprietary Fund Type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, generally are reported as debt service expenditures.

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

Self-Insurance

The School District is self-insured for workers' compensation. The School District accounts for its self-insurance program in the General Fund.

The School District has accrued $873,041 in the General Fund representing incurred but unreported claims for the workers' compensation program.

Compensated Absences

It is the School District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. These benefits are accrued when incurred in the government-wide, Proprietary and Fiduciary Funds financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has three items that qualify for reporting in this category. They are the deferred outflow related to pension activity, the deferred outflow related to OPEB activity and the deferred charge on refunding, all of which are reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition prices. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pension and OPEB activities are deferred and recognized as an outflow of resources in the period to which the expense applies.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three items that qualify for reporting in this category. They are the unavailable revenues from property taxes, the deferred inflow related to pension activity, and the deferred inflow related to OPEB activity. The first item, unavailable revenues, property taxes is reported only in the Governmental Funds balance sheet. The Government Funds report unavailable revenues from property taxes, state grants and federal programs. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflows related to pension and OPEB activities are reported in the government-wide statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net position represents the difference between assets plus deferred inflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net

position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Use of Estimates

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

GASB Statement No. 54

The School District previously, through *Policy 702 Fund Balance*, adopted GASB Statement No. 54, which redefined how fund balances of the Governmental Funds are presented in the financial statements. Fund balances are classified as follows:

- **Nonspendable –** Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- **Restricted** – Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.
- **Committed –** Amounts that can be used only for specific purposes determined by a form resolution by the Board of School Directors.
- **Assigned –** Amounts that are intended to be used for specific purpose, as expressed by the Board of School Directors or by the Business Administrator to which the Board of School Directors has delegated the authority.
- **Unassigned –** All amounts not included in other spendable classifications.

Restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of School Directors. The School District does reserve the right to first reduce unassigned fund balance to defer the use of these other classified funds. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

NOTE B CASH AND INVESTMENTS

Cash

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2022, the carrying amount of the District's deposits was $13,614,384 and the bank balance was $14,891,655. Of the bank balance, $447,717 was covered by federal depository insurance. Of the remaining cash deposits, $14,249.856 are in the Pennsylvania School District Liquid Asset Fund (PSDLAF) and are uninsured and $194,085 is collateralized in accordance with ACT 72. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain a stable net asset value of $1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit.

Interest Rate Risk – The School District's investment policy limits investment maturities in accordance with the Commonwealth of Pennsylvania School Code as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments

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

		Carrying Value		Maturities	
Investment Type	Percentage of Investments	Fair Value	Amortized Cost	Less Than 1 Year	1 to 5 Years
State Investment Pools	97.01%	$ -	$94,113,471	$94,113,471	$ -
Bonds	2.99%	2,904,856	-	-	2,904,856
Total	100.00%	$2,904,856	$94,113,471	$94,113,471	$2,904,856

A portion of the School District's investments is in the PSDLAF program, of which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PSDLAF cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at June 30, 2022, is $94,113,471. These assets maintain a stable net asset value of $1 per share. PSDLAF is not SEC-registered. All investments are monitored weekly by Standard & Poor's and are subject to an independent audit on an annual basis.

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79.

Bonds of $2,904,856 are reported at fair market value.

Fair Value Measurement

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. The School District's investment in bonds are level 2 investments.

Credit Risk – State law permits the School District to invest funds in the following types of investments:

> Obligations of (1) 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, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) 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.

The School District's investment policy does not further limit its investment choices. As of June 30, 2022, the School District's investment in the state investment pool was rated AAAm by Standard & Poor's.

NOTE C TAXES – REAL ESTATE AND OTHER

The School Board is authorized by state law to levy property taxes for School District operations, capital improvements and debt service. Property taxes are based on assessed valuations of real property within the School District.

Taxes are levied on July 1 and payable in the following periods:

Discount period ..... July 1 to August 31 – 2% of gross levy
Face period ..... September to October 31
Penalty period ..... October 31 to collection – 10% of gross levy
Lien date ..... January 15

School District taxes are billed and collected by the local elected tax collector. Property taxes attach as an enforceable lien on property as of July 1.

NOTE D ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2022, consisted of taxes, interest, other revenue and intergovernmental grants and entitlements. All receivables are considered fully collectible due to the ability to lien property for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds.

A summary of accounts receivable by fund is as follows:

	General Fund	Food Service Fund
Real Estate Taxes	$ 2,151,842	$ -
Other Taxes	491,017	-
Federal Subsidies	120,831	943,974
State Subsidies	6,711,226	29,807
Other Governments	359,999	-
Other Revenue	1,548,336	-
	$ 11,383,251	$ 973,781

NOTE E INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2022, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Project Fund	$ 952,744
General Fund	Food Service Fund	899,344
Food Service	General Fund	2,161,550
Core Swimming	General Fund	32,195
Community Aquatics	General Fund	108,705
		$ 4,154,538

The amounts between the Food Service Fund and the General Fund are General Fund monies used to pay the salary and benefits of Food Service Fund employees.

NOTE F CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land and Site Improvements	$ 4,207,505	$ -	$ -	$ 4,207,505
Construction in Progress	3,140,253	3,005,938	(2,480,808)	3,665,383
Total Capital Assets Not Being Depreciated	7,347,758	3,005,938	(2,480,808)	7,872,888
Capital Assets Being Depreciated				
Buildings and Building Improvements	254,000,362	14,126,462	-	268,126,824
Furniture and Equipment	44,452,351	3,485,533	-	47,937,884
Leased Equipment	3,333,853	-	-	3,333,853
Total Capital Assets Being Depreciated	301,786,566	17,611,995	-	319,398,561
Accumulated Depreciation				
Buildings and Building Improvements	(116,993,525)	(8,135,117)	-	(125,128,642)
Furniture and Equipment	(38,047,798)	(2,531,032)	-	(40,578,830)
Leased Equipment	(792,367)	(847,881)		(1,640,248)
Total Accumulated Depreciation	(155,833,690)	(11,514,030)	-	(167,347,720)
Total Capital Assets Being Depreciated, Net	145,952,876	6,097,965	-	152,050,841
Governmental Activities Capital Assets, Net	153,300,634	9,103,903	(2,480,808)	159,923,729
Business-Type Activities				
Capital Assets Being Depreciated				
Furniture and Equipment	1,455,762	140,100	-	1,595,862
Accumulated Depreciation	(1,195,716)	(35,808)	-	(1,231,524)
Business-Type Activities Capital Assets, Net	260,046	104,292	-	364,338
Total Capital Assets, Net	$ 153,560,680	$ 9,208,195	$(2,480,808)	$ 160,288,067

Depreciation expense was charged to governmental functions as follows:

Regular Programs	$	5,115,684
Special Programs		2,124,339
Vocational Programs		571,096
Other Instructional Programs		161,196
Pupil Personnel Services		481,286
Instructional Staff Services		383,417
Adminstrative Services		572,247
Pupil Health Services		126,654
Business Services		87,507
Operation and Maintenance of Plant		839,373
Student Transportation Services		597,578
Central and Other Support Services		246,400
Student Activities and Athletics		194,587
Community Services		12,665
	$	11,514,029

Depreciation expense was charged to business-type functions as follows:

Food Service Fund	$	35,808

NOTE G LONG-TERM DEBT

General Obligation Bonds

The School District issues general obligation bonds to provide funds for acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year.

Annual debt service requirements to maturity for general obligation bonds and the general obligation note are as follows:

General Obligation Bonds and Notes

Year Ending June 30,	Principal	Interest	Totals
2023	$ 5,990,000	$ 5,447,928	$ 11,437,928
2024	6,215,000	5,060,281	11,275,281
2025	6,775,000	4,802,398	11,577,398
2026	7,070,000	4,518,594	11,588,594
2027	7,125,000	4,303,859	11,428,859
2028 to 2032	37,675,000	18,663,523	56,338,523
2033 to 2037	43,125,000	12,954,866	56,079,866
2038 to 2042	26,220,000	7,289,087	33,509,087
2042 to 2047	25,445,000	2,614,900	28,059,900
	$ 165,640,000	$65,655,436	$231,295,436

Leases

Year Ending June 30,	Principal	Interest	Totals
2023	$ 917,268	$ 26,214	$ 943,482
2024	554,155	8,512	562,667
2025	25,045	1,678	26,723
	$ 1,496,468	$ 36,404	$ 1,532,872

Total Outstanding Debt

Year Ending June 30,	Principal	Interest	Totals
2023	$ 6,907,268	$ 5,474,142	$ 12,381,410
2024	6,769,155	5,068,793	11,837,948
2025	6,800,045	4,804,076	11,604,121
2026	7,070,000	4,518,594	11,588,594
2027	7,125,000	4,303,859	11,428,859
2028 to 2032	37,675,000	18,663,523	56,338,523
2033 to 2037	43,125,000	12,954,866	56,079,866
2038 to 2042	26,220,000	7,289,087	33,509,087
2042 to 2047	25,445,000	2,614,900	28,059,900
	$ 167,136,468	$65,691,840	$232,828,308

In 2022, the School District issued General Obligation Bonds, Series of 2022, in the amount of $39,500,000 for various capital projects and to pay the costs of issuing the bonds. The bonds were issued at a premium of $4,178,772.

NOTE H CHANGES IN LONG-TERM LIABILITIES

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

GOVERNMENTAL ACTIVITIES

	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022	Due Within One Year
General Obligation Bonds and Notes					
Direct Placement					
Series 2015 A General Obligation Refunding Notes	$ 28,750,000	$ -	$ 5,000	$ 28,745,000	$ 5,000
Not Direct Placement					
Series 2015 B General Obligation Bonds	555,000	-	180,000	375,000	185,000
Series 2015 C General Obligation Refunding Bonds	21,300,000	-	2,520,000	18,780,000	2,620,000
Series 2018 General Obligation Refunding Bonds	5,395,000	-	1,710,000	3,685,000	1,795,000
Series 2020 General Obligation Refunding Bonds	57,940,000	-	1,025,000	56,915,000	1,030,000
Series 2021 A General Obligation Bonds	9,450,000	-	310,000	9,140,000	315,000
Series 2021 B General Obligation Refunding Bonds	8,590,000	-	90,000	8,500,000	35,000
Series 2022 General Obligation Bonds	-	39,500,000	-	39,500,000	5,000
Total General Obligation Bonds and Notes	$131,980,000	$ 39,500,000	$5,840,000	$165,640,000	$ 5,990,000
Leases					
2019 Toshiba Copier	$ 311,559	$ -	$ 107,926	$ 203,633	$113,976.00
2019 Technology Equipment	680,022	-	336,645	343,377	343,377
Chromebooks	246,238	-	82,600	163,638	81,526
Desktops	231,884	-	77,732	154,152	76,819
Laptops	844,404	-	283,253	561,151	279,571
Ford 750	97,147	-	20,617	76,530	21,998
Total Leases	$ 2,411,254	$ -	$ 908,773	$ 1,502,481	$ 917,267
Other Long-Term Liabilities					
Unamortized Bond Premium	$ 4,194,120	4,178,772	709,897	$ 7,662,995	$ -
Compensated Absences	4,766,409	-	452,259	4,314,150	-
Net Pension Liability	273,809,000	(45,018,079)	-	228,790,921	-
Net OPEB Liability	17,463,945	971,918	-	18,435,863	-
	$300,233,474	$(39,867,389)	$1,162,156	$259,203,929	$ -
BUSINESS-TYPE ACTIVITIES					
Other Long-Term Liabilities					
Net Pension Liability	4,933,000	(96,921)	-	4,836,079	-
Net OPEB Liability	216,000	173,689	-	389,689	-
	$ 5,149,000	$ 76,768	$ -	$ 5,225,768	$ -

Compensated absences and other postemployment benefits are generally liquidated by the General Fund.

In prior years, the School District has defeased various General Obligation Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. At June 30, 2022, the principal amount outstanding related to defeased debt was $96,265,000.

NOTE I DEFERRED INFLOWS OF RESOURCES

General Fund

Real estate taxes collected within 60 days of the close of the fiscal year are recorded as current revenues. The noncurrent portion of real estate taxes receivable is recorded as deferred inflows of resources until such time as it becomes available. Program grants received prior to the incurrence of qualifying expenditures are recorded as deferred inflows of resources.

At June 30, 2022, deferred inflows of resources consisted of delinquent taxes receivable of $2,642,860.

NOTE J UNEARNED REVENUE

Food Service Fund

Unearned revenue of $12,677 in the Food Service Fund represents deferred inflows of donated commodity revenue.

NOTE K PENSION PLAN

Summary of Significant Accounting Policies

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS'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. Investments are reported at fair value.

General Information About the Pension Plan

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

Benefits Provided – PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two 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 three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied

by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Contributions

Member Contributions

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

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

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

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

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2022, was 33.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the School District were $26,929,014 for the year ended June 30, 2022.

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

At June 30, 2022, the School District reported a liability of $233,627,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2020 to June 30, 2021. The School District's proportionate share of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2022, the School District's proportion was 0.5666%, which was an increase of 0.005% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the School District recognized pension expense of $13,767,000. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities		
Difference Between Expected and Actual Experience	$ 167,460	$ 2,992,741
Net Difference Between Projected and Actual Investment Earnings	-	36,262,500
Changes in Assumptions	11,049,442	-
Changes in Proportions	901,935	1,584,507
Contributions Subsequent to the Measurement Date	27,350,232	-
	$ 39,469,069	$ 40,839,748
Business-Type Activities		
Difference Between Expected and Actual Experience	$ 3,540	$ 63,259
Net Difference Between Projected and Actual Investment Earnings	-	766,500
Changes in Assumptions	233,558	-
Changes in Proportions	19,065	33,493
Contributions Subsequent to the Measurement Date	615,240	-
	$ 871,403	$ 863,252

$27,965,472 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022, measured at June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities
2023	$ (7,672,626)	$ (162,180)
2024	(4,530,567)	(95,765)
2025	(4,516,778)	(95,474)
2026	(12,000,939)	(253,671)
	$ (28,720,910)	$ (607,090)

Actuarial Assumptions

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

- Actuarial cost method – entry age normal – level percent of pay
- Investment return – 7.00%, includes inflation at 2.50%
- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The long-term expected rate of return on 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 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.

Asset Class	Allocation	Long-Term Expected Real Rate of Return
Global public equity	27%	5.2%
Private equity	12%	7.3%
Fixed income	35%	1.8%
Commodities	10%	2.0%
Absolute return	8%	3.1%
Infrastructure/MLPs	8%	5.1%
Real estate	10%	4.7%
Cash	3%	0.1%
Financing (LIBOR)	-13%	0.1%
	100%	

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

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from 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 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 plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School District's Proportionate Share of the Net Pension Liability	$305,332,100	$233,627,000	$ 17,129,800

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

NOTE L OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PSERS Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and the 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

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

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

OPEB Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit OPEB plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include 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 render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

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

Employer Contributions

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2022 was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $668,141 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of $13,403,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2020 to June 30, 2021. The District's proportionate share of the net OPEB liability was calculated utilizing the

employer's one-year reported covered payroll as it related to the total one-year reported covered payroll. At June 30, 2022, the District's proportion was 0.5655%, which was an increase of 0.0005% from its proportion measured as of June 30, 2021.

For the years ended June 30, 2022, the District recognized OPEB expense of $750,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities		
Difference Between Expected and Actual Experience	$ 122,413	$ -
Net Difference Between Projected and Actual Investment Earnings	25,462	-
Changes in Assumptions	1,397,461	-
Changes in Proportions	71,489	404,451
Contributions Subsequent to the Measurement Date	653,442	-
	$ 2,270,266	$ 404,451
Business-Type Activities		
Difference Between Expected and Actual Experience	$ 2,588	$ -
Net Difference Between Projected and Actual Investment Earnings	538	-
Changes in Assumptions	29,539	-
Changes in Proportions	1,511	8,549
Contributions Subsequent to the Measurement Date	14,699	-
	$ 48,875	$ 8,549

$668,141 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 in the year ended June 30, 2023, measured at June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities
2023	$ 219,175	$ 4,633
2024	216,496	4,576
2025	303,542	6,416
2026	258,713	5,469
2027	213,788	4,519
Thereafter	175,954	3,719
	$ 1,387,668	$ 29,332

Actuarial Assumptions

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

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

- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at $1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Eligible retirees will elect to participate Pre-age 65 at 50%
- Eligible retirees will elect to participate Post 65 at 70%

The following assumptions were used to determine the contribution rate:

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

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

Changes in Assumptions: The discount rate used to measure the total OPEB liability was changed from 2.66% to 2.18%.

Asset Class	Allocation	Long-Term Expected Real Rate of Return
Cash	79.8%	0.1%
US Core Fixed Income	17.5%	0.7%
Non-US Developed Fixed	2.7%	-0.3%
	100%	

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

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.18%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the first fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.66% which represents the S&P 20 year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

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

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

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

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	$ 13,402,000	$ 13,403,000	$ 13,404,000

Sensitivity of the District's Proportionate Share of Net OPEB Liability to Change in the Discount Rate

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

	1% Decrease 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
School District's Proportionate Share of the Net Pension Liability	$ 15,382,000	$ 13,403,000	$ 11,773,000

OPEB Plan Fiduciary Net Position

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

Single Employer Plan

Plan Description

The School District provides medical and dental insurance benefits to eligible retired employees, spouses and dependents through a single-employer defined benefit plan. The benefits, benefits level, employee contribution and employer contribution are administered by the School Board and can be amended by the School District through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a stand-along financial report. The activity of the plan is reported in the School District's General Fund.

Plan Membership

At June 30, 2022, plan membership consisted of the following:

Active Participants	905
Vested Former Participants	0
Retired Participants	89

Funding Policy and Funding Status

The plan is an unfunded plan with no assets accumulated in a trust. Contributions to the plan are equal to the benefits. For the plan year ending June 30, 2022, benefit payments paid as they came due were $482,994.

Benefits Provided

The plan provides the following benefits:

For teachers who retired prior to June 30, 2013, benefits include medical, prescription drug, dental, vision and life insurance until the member is eligible for Medicare. If the member is already retired and has 10 or more years of District Service, the District will pay 82% of the premium of the base plan. The member must pay the remainder of the premium. The District pays 100% of the premium for Life Insurance provided in the amount of $20,000 on the member's life. If a member does not qualify for District subsidy but is eligible for Act 110/43 benefit, the member can continue coverage by paying the COBRA premium rate for medical, prescription drug, and dental. Coverage for both the members spouse and family are included until the member is eligible for Medicare.

For teachers who retired after July 1, 2013, eligibility falls under Act 110/43. This includes all employees upon retirement with 30 years of PSERS service or upon superannuation retirement. Superannuation retirement individuals fall under additional criteria. First, for individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for

PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. Second, for individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. Retired employees can continue coverage of themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA. The duration of the coverage lasts until the member is eligible for Medicare.

For administrators who retired prior to June 30, 2009, benefits include medical, prescription, drug, dental, vision, and life insurance until the member is eligible for Medicare. If the member has 10 or more years of District Service, the District will pay 82% of the premium for Prescription Drug, Dental and Vision. The member must pay the remainder of the premium. The District pays 100% of the premium for Life Insurance provided in the amount of $50,000 on the member's life. If the member does not qualify for District subsidy but is eligible for Act 110/43 benefit, the member can continue coverage by paying COBRA premium rate for Medical, Prescription Drug, and Dental. Coverage for the members spouse and family are included.

For administrators who retired after July 1, 2009, eligibility falls under Act 110/43. This includes all employees upon retirement with 30 years of PSERS service or upon superannuation retirement. Superannuation retirement individuals fall under additional criteria. First, for individual who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. Second, for individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. Retired employees can continue coverage of themselves and their dependent in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA. The duration of the coverage lasts until the member is eligible for Medicare.

For cabinet members who retired prior to June 30, 2009, benefits include medical, prescription drug, dental, vision and life insurance. If the member is already retired and has 10 or more years of District service, the District will pay 82% of the premium of the base plan for medical and 82% of the premium for prescription drug, dental and vision. The Member must pay the remainder of the premium. The District pays 100% of the premium for Life Insurance provided in the amount of $50,000 on the member's life. If the member does not qualify for the District subsidy but is eligible for Act 110/43 benefit, the member can continue coverage by paying COBRA premium rate for medical, prescription drug, and dental.

For cabinet members who retired after July 1, 2009, eligibility falls under Act 110/43. This includes all employees upon retirement with 30 years of PSERS service or upon superannuation retirement. Superannuation retirement individuals fall under additional criteria. First, for individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3

years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. Retired employees can continue coverage of themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA. The duration of the coverage lasts until the member is eligible for Medicare.

For the superintendent, eligibility falls under Act 110/43. This includes all employees upon retirement with 30 years of PSERS service or upon superannuation retirement. Superannuation retirement individuals fall under to additional criteria. First, for individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS superannuation retirements upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. Second, for individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. Retired employees can continue coverage of themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA. The duration of the coverage lasts until the member is eligible for Medicare.

For confidential secretaries who retired prior to June 30, 2009, coverage includes medical, prescription drug, dental, vision and life insurance. If the member has 10 or more years of District service, the District will pay 82% of the premium for Medical, prescription drug, dental and vision. The member must pay the remainder of the premium. The District pays 100% of premium for Life Insurance provided in the amount of $30,000 on the member's life. If the member does not qualify for District subsidy but is eligible for Act 100/43 benefit, the member can continue coverage by paying COBRA premium rate for Medical, Prescription Drug, and Dental. Coverage of individuals includes the members spouse and family.

For confidential secretaries who retired after July 1, 2009, eligibility falls under Act 110/43. This includes all employees upon retirement with 30 years of PSERS service or upon superannuation retirement. Superannuation retirement individuals fall under to additional criteria. First, for individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS services, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. Second, for individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. Retired employees can continue coverage of themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA. The duration of the coverage lasts until the member is eligible for Medicare.

For support staff who retired prior to June 30, 2011 and have 10 years of service with the District, coverage includes medical, prescription drug, dental and vision. The District will pay 83% of single coverage premium for prescription drug. The Member must pay 100% of the premium for medical, dental and vision. In addition, the member must pay an

additional premium for the coverage of a spouse or any eligible dependents. Covered individuals include the spouse and the family until the member is eligible for Medicare.

For support staff who retired prior to June 30, 2011 and are age 62 with 10 years of service with the district have coverage for medical, prescription drug, dental and vision. The District will pay 83% of single coverage premium for prescription drugs. For medical, the District will pay 88% of single coverage premium if the member is enrolled in the Keystone or PC Flex medical plans. Otherwise, the District will pay 83% of the single coverage premium for Medical. In addition, the District will pay 84% of the single coverage premiums for Dental and Vision. The member must also pay any additional premium for the coverage of a spouse or any eligible dependents. The coverage includes the member's spouse and family until the member is eligible for Medicare.

For support staff who retired prior to June 30, 2011 and either age 62 with 15 years of PSERS service, age 60 with 30 years of PSERS service or 35 years of PSERS service have coverage for medical, prescription drug, dental and vision. The District will pay 83% of the premium for Prescription Drug. For medical, the district will pay 88% if the member is enrolled in the Keystone or PC Flex medical plans. Otherwise, the District will pay 83% of the premium for Medical. In addition, the District will pay 83% of the premium for Dental and Vision. The coverage includes the members spouse and family until the member is eligible for Medicare.

For support staff who retired prior to June 30, 2011, eligibility falls under Act 110/43. This includes all employees upon retirement with 30 years of PSERS service or upon superannuation retirement. Superannuation retirement individuals fall under additional criteria. First, for individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. Second, for individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainments of a total combination of age plus service equal to or greater than 92 with a minimum of 25 years of PSERS service. Retired employees can continue coverage of themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA. The duration of the coverage lasts until the member is eligible for Medicare.

For support staff who retire after July 1, 2011, eligibility falls under Act 110/43. This includes all employees upon retirement with 30 years of PSERS service or upon superannuation retirement. Superannuation retirement individuals fall under additional criteria. First, for individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service. Second, for individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. Retired employees can continue coverage of employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA. The duration of the coverage lasts until the member is eligible for Medicare.

Life insurance benefits for support staff who retired prior to June 30, 2011 who were full time support who retired after 7/1/2003, are covered $20,000 for life insurance. The District will pay the entire premium until the age of 72. For support staff who were full time support before 7/1/2003 and after 7/1/1988, are covered $5,000 for life insurance. The District will pay the entire premium until the age of 72.

For support staff who retire after July 1, 2011, no life insurance benefits are offered for these members.

Assumptions

The following assumptions and actuarial methods and calculations were used:

Discount Rate – 1.86%, based on S&P Municipal Bond 20 Year High Grade Index at July 1, 2021.

Salary – An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed at a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.

Withdrawal – Rates of withdrawal vary by age, gender and years of service, sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 22.9% for both men and women and decrease with age and service.

Age	Male Rate	Female Rate	Age	Male Rate	Female Rate
25	2.5700%	5.0200%	45	1.3700%	1.6500%
30	2.5700%	4.0200%	50	1.9200%	2.0600%
35	1.5000%	2.8500%	50	3.3800%	3.1100%
40	1.3400%	1.6000%	60	5.5700%	6.4000%

Mortality – Separate rates are assumed preretirement using the rate assumed in the PSERS defined benefit pension plan actuarial valuation.

Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

Disability – No disability was assumed.

Retirement – Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.

Percent of Eligible Retirees Electing Coverage in Plan – 45% of employees are assumed to elect coverage.

Percent of Married at Retirement – 35% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

Spouse Age- Wives are assumed to be two years younger than their husbands.

Per Capita Claims Cost – Making use of weighted averages for various plan designs, the per capita cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender. The resulting costs are as follows:

Age	Medical and Prescription Drug Combined – Males	Medical and Prescription Drug Combined – Females
45-49	$7,170	$10,356
50-54	$9,496	$11,704
55-59	$11,566	$12,246
60-64	$15,093	$14,067
65+	$7,527	$7,527

Life Insurance – It is assumed that the annual cost to provide life insurance varies by age and gender. The assumed cost is equal to the amount of coverage times the applicable mortality factor contained in the valuation mortality table.

Retiree Contributions – Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

Health Care Cost Trend Rate – 5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Value of Assets – Equal to the Market Value of Assets

Actuarial Cost Method – Entry Age Normal – Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

Participant Data – Based on census information as of June 2021.

Changes in Assumptions – In the 2021 actuarial valuation, the discount rate changed from 1.86% to 1.28%, the election assumption was changed from 45% to 35% and the marriage assumption changed from 35% to 45%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

Changes in Total OPEB Liability

Total OPEB Liability	
Balance at July 1, 2021	$ 5,471,945
Servicde Cost	270,015
Interest	101,934
Chnages of Benefit Terms	-
Differences between Expected and Actual Experience	(608,423)
Chnages of Assumptions	670,075
Benefit Payments	(482,994)
Other Changes	-
Net Changes	(49,393)
Balance at June 30, 2022	$ 5,422,552

Sensitivity of the Total OPEB Liabilities in Changes in the Discount Rate

The following presents the total OPEB liability of the Plan, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower to 1-percentage point higher than the current rate:

	1% Decrease	Current Rates 2.28%	1% Increase
The School's net OPEB liability	$ 5,763,706	$ 5,422,552	$ 5,119,086

Sensitivity to the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Plan, as well as what the Plan's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
The School's proportionate share of net OPEB liability	$ 4,947,611	$ 5,422,552	$ 5,970,267

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the District recognized OPEB expense of $345,605. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities		
Difference Between Expected and Actual Experience	$ -	$ 1,159,113
Changes in Assumptions	1,148,605	3,646
Contributions Subsequent to the Measurement Date	359,018	-
	$ 1,507,624	$ 1,162,759
Business-Type Activities		
Difference Between Expected and Actual Experience	$ -	$ 24,501
Changes in Assumptions	24,279	77
Contributions Subsequent to the Measurement Date	7,589	-
	$ 31,867	$ 24,578

$366,607 of deferred outflows of resources related to contributions subsequent to the measurement date will be recognized in in pension expense for the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities
2023	$ (25,799)	$ (545)
2024	(25,799)	(545)
2025	(25,799)	(545)
2026	(25,799)	(545)
2027	(25,799)	(545)
Thereafter	114,840	2,427
	$ (14,155)	$ (298)

NOTE M COMPENSATED ABSENCES

School District employees who are required to work on a 12-month schedule are credited with vacation at rates which vary with length of service or job classification. Vacation (for most employee categories) may be taken or accumulated within certain limits and is paid prior to retirement or termination at the employee's current rate of pay.

The liability to current employees is estimated and will change since unused vacation will be paid at the rate of pay in effect at the time of separation. These accumulated leaves are recorded as an expenditure in the period taken or as an accrued expenditure in the fiscal year of separation. Termination compensation payable in future years, which was $4,314,150 at June 30, 2022, is recorded in compensated absences in the statement of net position.

NOTE N RISK MANAGEMENT

Workers' Compensation Self-Insurance

In fiscal year 1996, the School District established a Workers' Compensation Program to account for and finance its uninsured risks of loss due to employee claims. This program provides coverage up to a maximum of $300,000 for each individual worker's compensation occurrence with specific, lower annual maximums over the life of the claim.

The School District purchases commercial insurance for claims in excess of coverage provided by the program.

All School District employees are covered by the program. All salary-paying funds of the School District participate in the program and make payments to the program, which are accounted for in the General Fund, based on estimates of the amounts needed to pay prior and current period claims. The self-insurance liability of $444,085 is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probably that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the program's claims liability for the year ended June 30, 2022, is presented below:

Balance June 30, 2021	Current Year Claims and Changes in Estimates	Claim Payments	Balance June 30, 2022
$ 873,041	$ (243,500)	$ 185,456	$ 444,085

Other Risks

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the School District to purchase commercial insurance for the risks of loss to which it is exposed, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risk have not exceeded commercial insurance coverage in any of the past three years.

NOTE O COMMITMENTS AND CONTINGENCIES

There are a number of tax assessment appeals in the Court of Common Pleas of Bucks County from the decisions of the Board of Assessment Appeals. Legal counsel for the School District cannot give an opinion on the outcome of these appeals nor can they reasonably estimate the financial impact.

NOTE P RISKS AND UNCERTAINTIES

The COVID-19 coronavirus pandemic has led to widespread voluntary and government-mandated closings of school districts, local stores and businesses, which has the potential to lead to significant job losses. These job losses have the potential to have an impact on all aspects of School District Operations including tax collections. In addition, due to the economic uncertainty, future federal and state funding may be impacted. This could result in less money that is relied upon by School Districts to fund specific programs. The extent to which the COVID-19 coronavirus impacts the School District will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions that may be required to contain the spread or treat its impact.

NOTE Q SUBSEQUENT EVENT

In July 2022, the District approved numerous contracts related to the construction of a new Elementary School at the Maple Points site. The contracts totaled approximately $52 million.

In January 2023, the District approved an agreement with the union representing the District support staff that covers a period retroactive to July 1, 2022 through June 30, 2027.

In February 2023, the District authorized the issuance of 2023 Series Bonds in an amount not to exceed $52.5 million. The proceeds will be utilized to refund the outstanding balances of the 2015 Series A Notes and 2015 Series C bonds.

The District has evaluated all subsequent events through March 7, 2023 and no additional events have taken place that the financial statements of require disclosure.

REQUIRED
SUPPLEMENTARY
INFORMATION

NESHAMINY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Local sources	$ 138,192,252	$ 138,192,252	$ 141,549,282	$ 3,357,030
State sources	45,539,633	46,052,133	47,614,976	1,562,843
Federal sources	4,267,902	4,486,834	2,812,974	(1,673,860)
Total Revenues	187,999,787	188,731,219	191,977,232	3,246,013
Expenditures				
Regular Programs	77,824,622	78,956,607	76,916,991	2,039,616
Special Programs	32,869,093	33,359,819	33,023,663	336,156
Vocational Programs	8,628,150	8,628,150	8,700,397	(72,247)
Other Instructional Programs	1,983,717	2,528,949	2,440,856	88,093
Pupil Personnel Services	7,093,301	7,326,943	7,741,885	(414,942)
Instructional Staff Services	3,698,455	4,261,817	6,173,949	(1,912,132)
Administrative Services	9,462,810	9,470,095	9,171,921	298,174
Pupil Health Services	1,729,119	1,729,119	2,034,216	(305,097)
Business Services	1,768,800	1,757,282	1,681,624	75,658
Operation and Maintenance of Plant	14,222,237	14,477,862	13,056,193	1,421,669
Facilities Acquisition, Construction and Improvement Services	1,064,270	1,090,797	2,279,953	(1,189,156)
Student Transportation Services	10,240,757	10,273,236	9,182,308	1,090,928
Central and Other Support Services	5,172,706	5,231,119	3,837,311	1,393,808
Student Activities and Athletics	1,952,458	1,952,303	3,674,991	(1,722,688)
Community Services	155,000	174,331	183,878	(9,547)
Refund of Prior Year Revenues	-	-	388,188	(388,188)
Debt Service	9,734,292	10,003,492	10,640,280	(636,788)
Budgetary Reserve	400,000	-	-	-
Total Expenditures	187,999,787	191,221,921	191,128,604	93,317
Other Financing Sources (Uses):				
Sale of Capital Assets	-	-	175,000	175,000
Total Other Financing Sources (Uses)	-	-	175,000	175,000
Net Change in Fund Balance	-	(2,490,702)	1,023,628	3,514,330
Fund Balance at Beginning of Year	50,749,420	50,749,420	50,749,420	-
Fund Balance at End of Year	$ 50,749,420	$ 48,258,718	$ 51,773,048	$ 3,514,330

See accompanying notes to the budgetary comparison schedule.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISION SCHEDULE
YEAR ENDED JUNE 30, 2022

NOTE 1 BUDGETARY INFORMATION

An operating budget is adopted prior to the beginning of each year for the General Fund on a basis consistent with generally accepted accounting principles. The General Fund is the only fund for which a budget is legally required.

The Pennsylvania School Code dictates specific procedures relative to adoption of the School District's budget and reporting of its financial statements, specifically:

- The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
- The School District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located and within 15 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the School District.
- Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the Board.

Legal budgetary control is maintained at the sub-function/major object level. The Pennsylvania School Code allows the Board to make budgetary transfers between major function and major object code only within the last nine months of the fiscal year, unless there is a two-thirds majority of the Board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the Pennsylvania Department of Education's 2028 Report when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2021-2022 budget transfers.

NOTE 2 COMPLIANCE

Excess of expenditures over appropriations occurred in following functions:

Vocational Programs	$72,247
Pupil Personnel Services	$414,942
Instructional Staff Services	$1,912,132
Pupil Health Services	$305,097
Facilities Acquisition, Construction and Improvement Services	$1,189,156
Student Activities and Athletics	$1,722,688
Community Services	$9,547
Refund of Prior Year Revenues	$388,188
Debt Service	$636,788

Additional revenues and reduced expenditures in the General Fund provided the funding for these expenditures in excess of appropriations.

NESHAMINY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 YEARS*

	Measurement Date							
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	0.5666%	0.5661%	0.5630%	0.5767%	0.5730%	0.5842%	0.5817%	0.5795%
District's proportionate share of the net pension liability	$ 233,627,000	$ 278,742,000	$ 263,386,000	$ 276,845,000	$ 282,996,000	$ 289,511,000	$ 289,511,000	$ 229,370,000
District's covered payroll	$ 80,707,968	$ 79,307,711	$ 77,641,906	$ 77,657,499	$ 76,294,313	$ 75,659,071	$ 74,849,640	$ 73,943,493
District's proportionate share of the net pension liability as a percentage of its covered payroll	289.47%	351.47%	339.23%	356.49%	370.93%	382.65%	386.79%	310.20%
Plan fiduciary net position as a percentage of the total pension liability	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

* This schedule is intended to illustrate information for 10 years. However, until a 10 year trend is compiled, the School is presenting information for those years for which information is available.

NESHAMINY SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
LAST 10 YEARS*

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 27,965,000	$ 26,983,000	$ 26,453,000	$ 25,657,000	$ 24,557,000	$ 22,128,000	$ 18,940,000	$ 15,345,000
Contributions in relation to the contractually required contribution	27,965,000	26,983,000	26,453,000	25,657,000	24,557,000	22,128,000	18,940,000	15,345,000
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	81,313,278	80,707,968	$ 79,307,711	$ 77,641,906	$ 77,657,499	$ 76,294,313	$ 75,659,071	$ 74,849,640
Contributions as a percentage of covered payroll	34.39%	33.43%	33.35%	33.05%	31.62%	29.00%	25.03%	20.50%

* This schedule is intended to illustrate information for 10 years. However, until a 10 year trend is compiled, the School is presenting information for those years for which information is available.

NESHAMINY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - PSERS PLAN
*LAST 10 YEARS

	Measurement Date				
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's proportion of the net OPEB liability	0.5655%	0.5650%	0.5630%	0.5767%	0.5730%
District's proportionate share of the net OPEB liability	$ 13,403,000	$ 12,208,000	$ 11,974,000	$ 12,024,000	$ 11,674,000
District's covered payroll	$ 80,707,968	$ 79,307,711	$ 77,641,906	$ 77,657,499	$ 76,294,313
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.61%	15.39%	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	5.56%	5.56%	5.56%	5.56%	5.73%

* This schedule is intended to illustrate information for 10 years. However, until a 10 year trend is compiled, the School is presenting information for those years for which information is available.

NESHAMINY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS - PSERS PLAN
*LAST 10 YEARS

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually determined contribution	$ 668,000	$ 660,000	$ 666,000	$ 653,000	$ 642,000
Contributions in relation to the contractually determined contribution	668,000	660,000	666,000	653,000	642,000
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 81,313,278	$ 80,707,968	$ 79,307,711	$ 77,641,906	$ 77,657,499
Contributions as a percentage of covered payroll	0.82%	0.82%	0.84%	0.84%	0.83%

* This schedule is intended to illustrate information for 10 years. However, until a 10 year trend is compiled, the School is presenting information for those years for which information is available.

NESHAMINY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREES HEALTH PLAN
LAST 10 YEARS

	Measurement Date				
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability					
Service cost	$ 270,015	$ 193,894	$ 175,196	$ 162,347	$ 149,876
Interest	101,934	170,076	158,315	176,721	175,044
Changes in benefit terms	-	-	(55,080)	-	-
Differences between expected and actual experience	(608,423)	-	(254,726)	-	(826,428)
Changes in assumptions	670,075	445,984	263,419	20,967	(6,823)
Benefit payments	(482,994)	(449,257)	(683,514)	(733,304)	(1,070,848)
Net change in total OPEB liability	(49,393)	360,697	(396,390)	(373,269)	(1,579,179)
Total OPEB liability - beginning	5,471,945	5,111,248	5,507,638	5,880,907	7,460,086
Total OPEB liability - ending	$ 5,422,552	$ 5,471,945	$ 5,111,248	$ 5,507,638	$ 5,880,907
Covered payroll	$ 72,973,597	$ 73,927,847	$ 73,927,847	$ 71,354,101	$ 71,354,101
District's total OPEB liability as a percentage of covered payroll	7.43%	7.40%	6.91%	7.72%	8.24%

Changes of Assumptions
- The discount rate changed from 1.86% to 2.28% in 2021
- The discount rate changed from 2.79% to 1.86% in 2020
- The discount rate changed from 2.98% to 2.79% in 2019
- The discount rate changed from 3.13% to 2.98% in 2018

* This schedule is intended to illustrate information for 10 years. However, until a 10 year trend is compiled, the School is presenting information for those years for which information is available.

NESHAMINY SCHOOL DISTRICT
LANHORNE, PENNSYLVANIA

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2022

NESHAMINY SCHOOL DISTRICT
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2022

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Neshaminy School District
Langhorne, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Neshaminy School District, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Neshaminy School District's basic financial statements, and have issued our report thereon dated March 16, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Neshaminy School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Neshaminy School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Neshaminy School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Neshaminy School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards

830 Sir Thomas Court, Suite 100, Harrisburg, PA 17109
3800 McKnight East Drive, Suite 3805, Pittsburgh, PA 15237
34745 Burbage Road, Frankford, DE 19945
2370 York Road, Suite A-5, Jamison, PA 18929
420 Chinquapin Round Road, Suite 2-i, Annapolis, MD 21401
210 Tollgate Hill Road, Greensburg, PA 15601
www.zallc.org

Purpose of this Report

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

Zelenkofske Axelrod LLC

ZELENKOFSKE AXELROD LLC

Jamison, Pennsylvania
March 16, 2023

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Neshaminy School District
Langhorne, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Neshaminy School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Neshaminy School District's major federal programs for the year ended June 30, 2022. The Neshaminy School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Neshaminy School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Neshaminy School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Neshaminy School District's basic financial statements. We issued our report thereon dated March 16, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Neshaminy School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Zelenkofske Axelrod LLC

ZELENKOFSKE AXELROD LLC

Jamison, Pennsylvania
March 16, 2023

NESHAMINY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Grantor/Program Title	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program Award	Total Cash or Equivalent Received	Balance Accrued (Deferred) June 30, 2021	Revenue Recognized	Expenditures		Balance Accrued (Deferred) June 30, 2022
U.S. Dept. of Education											
Passed through PA Dept. of Education											
Title I	I	84.010	013-200277	8/26/19-9/30/21	$ 874,944	$ -	$ (49)	$ -	$ -	*	$ (49)
Title I	I	84.010	013-210277	9/04/20-9/30/21	795,389	78,412	(5,674)	81,888	81,888	*	(2,198)
Title I		84.010	013-220277	9/30/21-9/30/22	976,730	826,464		804,910	804,910	*	(21,554)
Total Title I 84.010						904,876	(5,723)	886,798	886,798		(23,801)
Title III	I	84.365	010-210277	8/26/19-9/30/21	38,811	17,912	7,414	10,499	10,499		1
Title III	I	84.365	010-220277	9/30/21-9/30/22	46,929	36,099	-	33,552	33,552		(2,547)
Total Title III 84365						54,011	7,414	44,051	44,051		(2,546)
Title II, Part A	I	84.367	020-210277	9/4/20-9/30/21	192,310	54,714	46,459	8,229	8,229	*	(26)
Title II, Part A	I	84.367	020-220277	9/30/21-9/30/22	212,170	163,208	-	202,272	202,272	*	39,064
Total Title II 84.367						217,922	46,459	210,501	210,501		39,038
Title IV	I	84.424	144-200277	8/26/19-9/30/21	-	-	(9,294)	-	-		- (9,294)
Title IV	I	84.424	144-210277	9/4/20-9/30/21	78,867	48,534	34,338	2,234	2,234		(11,962)
Title IV	I	84.424	144-220277	9/30/21-9/30/22	70,579	27,146	-	66,964	66,964		39,818
Total Title II 84.424						75,680	25,044	69,198	69,198		18,562
COVID 19 - Education Stabilization Fund	I	84.425D	200-200277	3/13/20-9/30/21	854,142	89,910	8,303	81,601	81,601	*	(6)
COVID 19 - Education Stabilization Fund	I	84.425D	252-200277	3/13/20-9/30/21	84,362	62,161	62,161	-	-	*	-
COVID 19 - Education Stabilization Fund	I	84.425D	200-210277	3/13/20-9/30/23	3,467,759	3,306,468	2,357,903	913,018	913,018	*	(35,547)
COVID 19 - Education Stabilization Fund	I	84.425U	223-210277	3/13/20-9/30/24	7,014,273	510,129	-	-	-	*	(510,129)
COVID 19 - Education Stabilization Fund	I	84.425U	225-210277	3/13/20-9/30/24	545,165	29,736	-	12,091	12,091	*	(17,645)
Total COVID-19 Education Stabilization Fund						3,998,404	2,428,367	1,006,710	1,006,710		(563,327)
Total PA Department of Education						5,250,893	2,501,561	2,217,258	2,217,258		(532,074)
Passed through PA Commission on Crime and Delinquency											
COVID 19 - Education Stabilization Fund - PCCD	I	84.425D	N/A		271,573	270,684	270,684	-	-	*	-
Total PA Commission on Crime and Delinquency						270,684	270,684	-	-		-
Passed through Bucks County I.U.											
IDEA - Part B, Section 619	I	84.173	131 210022	7/1/2021-6/30/22	3,978	-	-	3,978	3,978	*	3,978
IDEA - Part B, Section 611 (91)	I	84.027	062 200022	7/1/19-0/30/20	1,896,729	143,402	141,107	-	-	*	(2,295)
IDEA - Part B, Section 611 (91)	I	84.027	062 210022	7/1/20-6/30/21	1,902,710	1,859,789	1,859,789	-	-	*	-
IDEA - Part B, Section 611 (91)	I	84.027	062 220022	7/1/21-6/30/22	1,901,281	1,901,281	-	1,901,281	1,901,281	*	-
Total IDEA Cluster						3,904,472	2,000,896	1,905,259	1,905,259		1,683
TOTAL U.S. DEPARTMENT OF EDUCATION						**9,426,049**	**4,773,141**	**4,122,517**	**4,122,517**		**(530,391)**

NESHAMINY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Grantor/Program Title	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program Award	Total Cash or Equivalent Received	Balance Accrued (Deferred) June 30, 2021	Revenue Recognized	Expenditures	Balance Accrued (Deferred) June 30, 2022
U.S. Dept. of Health and Human Services										
Passed through PA Dept. of Public Welfare										
Medical Assistance Program	I	93.778	N/A	7/1/21-6/30/22	N/A	35,812	-	56,214	56,214	20,402
Total U.S. Department of Public Welfare						**35,812**	**-**	**56,214**	**56,214**	**20,402**
U.S. Dept. of Agriculture										
Passed through Pennsylvania Department of Agriculture										
National School Lunch Program	I	10.555	N/A	7/1/21-6/30/22	N/A	218,141	(37,391)	242,855	242,855	(12,677)
National School Lunch Program	I	10.555	N/A	7/1/20-6/30/21	N/A	553,593	553,593	-	-	-
National School Lunch Program	I	10.555	N/A	7/1/21-6/30/22	N/A	3,418,544	-	4,135,806	4,135,806	717,262
School Breakfast Program	I	10.553	N/A	7/1/20-6/30/21	N/A	177,530	177,530	-	-	-
School Breakfast Program	I	10.553	N/A	7/1/21-6/30/22	N/A	927,355	-	1,153,967	1,153,967	226,612
Total Child Nutrition Cluster						5,295,163	693,732	5,532,628	5,532,628	931,197
TOTAL U.S. DEPARTMENT OF AGRICULTURE						**5,295,163**	**693,732**	**5,532,628**	**5,532,628**	**931,197**
TOTAL FEDERAL FINANCIAL ASSISTANCE						**$ 14,757,024**	**$ 5,466,873**	**$ 9,711,359**	**$ 9,711,359**	**$ 421,208**

I - Indirect Funding

* - Denotes Program Tested as Major

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

NESAHMINY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

NOTE 1: REPORTING ENTITY

The Neshaminy School District (the "District") as the reporting entity for financial reporting purposes is defined in Note 1B to the District's basic financial statements. For purposes of preparing the Schedule of Expenditures of Federal Awards, the District's reporting entity is the same that was used for financial reporting.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards included the grant activity of the School District and is presented using the modified accrual basis of accounting, which is described in Note 1D to the District's basic financial statements. The School District did not use the 10% de minimis indirect cost rate.

NOTE 3: RISK-BASED AUDIT APPROACH

The 2022 threshold for determining Type A and Type B Programs is $750,000. The District had 4 Type A Programs. The following Type A programs were audited as major:

Title I – ALN #84.010
Education Stabilization Fund – ALN #84.425
IDEA Cluster – ALN #84.173 and 84.027

The following Type B Program was audited as major in 2022 in order to provide adequate audit coverage:

Title II – ALN #84.367

The amount expended under programs audited as major federal programs for the year ended June 30, 2022 totaled $4,009,268 or 41.3% of total federal awards expended.

NOTE 4: MEDICAL ASSISTANCE

Access reimbursement received under ALN #93.778, Revenue Code 8810 are classified as fee-for-service revenues and are not recognized as federal awards for the purpose of reporting on the Schedule of Expenditures of Federal Awards.

Access reimbursement for administrative claiming portion under ALN 93.228, Code 8820 is classified as federal awards and is reported on the Schedule of Expenditures of Federal Awards.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NESHAMINY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes __X__ no
- Significant Deficiency(s) identified?
  ____ yes __X__ none reported

Noncompliance material to financial statements noted? _____ yes __X__ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ yes __X__ no

- Significant Deficiency(s) identified?
  ____ yes __X__ none reported

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

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

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
84.010	Title I, Grants to Local Educational Agencies
84.425	Education Stabilization
IDEA Cluster – 84.173 and 84.027	IDEA Cluster
84.367	Title II, Part A

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

Auditee qualified as low-risk auditee? ____ yes __X__ no

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

SECTION III – FEDERAL AWARD FINDINGS

None noted

NESHAMINY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

The summary which follows indicates the current year status of findings identified in the prior year Single Audit Report.

2021-001 Lack of Internal Controls over the preparation of the Schedule of Expenditures of Federal Awards

Status: Finding Resolved

2021-002 Timely Reconciliation of Accounts and Closing Procedures

Status: Finding Resolved

2021-003 Tracking and Reconciliation of Construction in Progress Activity

Status: Finding Resolved

2021-004 Standards for Program Financial Management System

Status: Finding Resolved