

NESHAMINY SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2023

NESHAMINY SCHOOL DISTRICT
TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 13
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of Balance Sheet - Governmental Funds to Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Fund Balances - Governmental Funds to the Statement of Activities	19
Statement of Net Position - Proprietary Fund	20
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	21
Statement of Cash Flows - Proprietary Fund	22
Statement of Net Position - Fiduciary Funds	23
Statement of Revenues, Expenses and Changes in Net Position - Fiduciary Funds	24
Notes to Financial Statements	25-54
Required Supplementary Information	
Budgetary Comparison Schedule, General Fund	56
Notes to the Budgetary Comparison Schedule	57
Schedule of the District's Proportionate Share of the Net Pension Liability	58
Schedule of the District's Pension Contributions	59
Schedule of the District's Proportionate Share of the Net OPEB Liability - PSERS Plan	60
Schedule of the District's OPEB Contributions - PSERS Plan	61
Schedule of Changes in Total OPEB Liability and Related Ratios - Retirees Health Plan	62



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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, 2023, 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, 2023, 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.



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To the Board of School Directors
Neshaminy School District
Page 2

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 26, 2024 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

ZELENKOFKSKE AXELROD LLC
Jamison, Pennsylvania

March 26, 2024

NESHAMINY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 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, 2023. 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 \$163.7 million at the close of the most recent fiscal year. Business-Type activities liabilities and deferred inflows exceeded assets and deferred outflows by \$.8 million.
- Overall governmental activities revenues were \$201.6 million, \$5.7 million above expenses. Business-Type Activities revenues of \$5.7 million exceeded expenses by \$1.3 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.

NESHAMINY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2023

- **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.

NESHAMINY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2023

- **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, 2023, the School District had total assets and deferred outflows of \$318.0 million with 4% of these assets being in cash and cash equivalents (or \$11.2 million), 26% (or \$82 million) being in investments and 53% (or \$165 million) being in the net value of land, buildings, furniture and equipment and construction in progress. The remaining 17% 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 \$21.8 million.

As of June 30, 2023, the School District had total liabilities and deferred inflows of \$482.6 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 (\$197.9) million and \$33.3 million in net investment in capital assets.

NESHAMINY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Assets						
Current Assets	\$ 103,923,263	\$ 125,894,543	\$ 4,016,044	\$ 2,789,698	\$ 107,939,307	\$ 128,684,241
Capital Assets	165,083,936	159,923,729	496,568	364,338	165,580,504	160,288,067
Total Assets	269,007,199	285,818,272	4,512,612	3,154,036	273,519,811	288,972,308
Deferred Outflows of Resources	43,651,068	46,746,219	900,982	952,145	44,552,050	47,698,364
Liabilities						
Long-Term Liabilities	435,997,415	419,439,143	5,586,907	5,225,768	441,584,322	424,664,911
Other Liabilities	27,643,170	27,773,992	443,901	162,383	28,087,071	27,936,375
Total Liabilities	463,640,585	447,213,135	6,030,808	5,388,151	469,671,393	452,601,286
Deferred Inflows of Resources	12,701,924	44,700,560	232,739	896,379	12,934,663	45,596,939
Net Position						
Net Investment in Capital Assets	32,891,745	34,984,881	496,568	364,338	33,388,313	35,349,219
Restricted	-	-	-	-	-	-
Unrestricted	(196,575,987)	(197,334,085)	(1,346,521)	(2,542,687)	(197,922,508)	(199,876,772)
Total Net Position	<u>\$ (163,684,242)</u>	<u>\$ (162,349,204)</u>	<u>\$ (849,953)</u>	<u>\$ (2,178,349)</u>	<u>\$ (164,534,195)</u>	<u>\$ (164,527,553)</u>

As seen in the changes in net position chart below, the School District's total revenues increased by \$9.5 million which included a governmental activities increase of \$10.1 million and a business-type activities decrease of \$.6 million. The School District's total expenses increased by \$21.5 million which consisted of a governmental activities increase of \$22.5 million and a business-type activities decrease of \$1 million. This resulted in a increase in total net position of \$7.1 million which included an increase in governmental activities of \$5.8 million and an increase in business-type activities of \$1.3 million.

The largest increases in revenues were Taxes (\$2.6 million), Grants and Contribution (\$2.5 million) and Investment Earnings (\$3.7 million).

The largest increase in expenses was regular instruction, which increased in excess of \$14.6 million.

NESHAMINY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues						
Charges for Services	\$ 1,141,810	\$ 2,340,506	\$ 2,267,669	\$ 253,366	\$ 3,409,479	\$ 2,593,872
Operating Grants and Contributions	55,287,235	51,224,148	3,427,991	6,117,409	58,715,226	57,341,557
Capital Grants and Contributions	2,414,365	1,252,462	-	-	2,414,365	1,252,462
Property Taxes and Other Taxes Levied for General Purposes	139,017,177	136,422,570	-	-	139,017,177	136,422,570
Gain on Sale of Capital Assets	-	175,000	-	-	-	175,000
Investment Earnings	3,815,624	182,119	47,031	365	3,862,655	182,484
Miscellaneous	-	-	-	-	-	-
Total Revenues	201,676,211	191,596,805	5,742,691	6,371,140	207,418,902	197,967,945
Expenses						
Instruction	127,987,431	113,394,112	-	-	127,987,431	113,394,112
Support Services	53,404,817	52,824,091	-	-	53,404,817	52,824,091
Facilities Acquisition, Construction and Improvement Services	6,789,830	-	-	-	6,789,830	-
Operation of Non-Instructional Services	2,583,331	3,239,577	-	-	2,583,331	3,239,577
Interest on Long-Term Debt	5,140,513	4,024,323	-	-	5,140,513	4,024,323
Food Service	-	-	4,307,765	5,291,717	4,307,765	5,291,717
Core Swimming	-	-	41,974	29,860	41,974	29,860
Community Aquatics	-	-	64,556	69,452	64,556	69,452
Total Expenses	195,905,922	173,482,103	4,414,295	5,391,029	200,320,217	178,873,132
Change in Net Position	5,770,289	18,114,702	1,328,396	980,111	7,098,685	19,094,813
Net Position at Beginning of Year	(162,349,204)	(180,463,906)	(2,178,349)	(3,158,460)	(164,527,553)	(183,622,366)
Restatement of Beginning of Year	(7,105,327)	-	-	-	(7,105,327)	-
Net Position at Beginning of Year	(169,454,531)	(180,463,906)	(2,178,349)	(3,158,460)	(171,632,880)	(183,622,366)
Net Position at End of Year	\$ (163,684,242)	\$ (162,349,204)	\$ (849,953)	\$ (2,178,349)	\$ (164,534,195)	\$ (164,527,553)

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.

NESHAMINY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

	<u>June 30,</u>		
	<u>2023</u>	<u>2022</u>	<u>Difference</u>
Fund Balance:			
Nonspendable	\$ 390,541	\$ 363,807	\$ 26,734
Restricted	31,941,017	46,367,368	(14,426,351)
Committed	17,807,691	15,000,000	2,807,691
Assigned	2,549,060	21,509,751	(18,960,691)
Unassigned	<u>26,211,485</u>	<u>13,850,430</u>	<u>12,361,055</u>
 Total Fund Balance	 <u>\$78,899,794</u>	 <u>\$ 97,091,356</u>	 <u>\$(18,191,562)</u>

For the year ended June 30, 2023, the fund balance in the General Fund decreased \$4 million from the prior year's balance.

The fund balance in the Capital Projects Fund decreased by \$14.1 million. This decrease is a result of the utilization of bond issuance proceeds on the new Maple Point Elementary School. 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.

NESHAMINY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

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.

	<u>June 30,</u>		
	<u>2023</u>	<u>2022</u>	<u>Difference</u>
Fund Net Position			
Total assets and deferred outflows	\$ 6,473,129	\$ 5,005,525	\$ 1,467,604
Total Liabilities and deferred inflows	<u>7,323,082</u>	<u>6,983,874</u>	<u>339,208</u>
Net Investment in Capital Assets	496,568	364,338	132,230
Unrestricted	<u>(1,346,521)</u>	<u>(2,542,687)</u>	<u>1,196,166</u>
Total Net Position	<u>\$ (849,953)</u>	<u>\$ (2,178,349)</u>	<u>\$ 1,328,396</u>

As of June 30, 2023, the Enterprise Funds had (\$849,953) in net position.

The proprietary fund revenues in 2022-2023 were \$5.7 million or 90.1% of the previous year amount. The major decreases were operating grants and contributions. The expenses in 2022-2023 were \$.98 million or 18.1% less 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, 2023 was \$85,008 which was \$1,977 less than the previous year due to a scholarships provided versus contributions received.

General Fund Budgetary Highlights

Variances between the original 2022-2023 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 \$11 Million is primarily the result of an underestimation of \$9.5M of local revenues, underestimation of \$4.6M in state revenues, and over estimation of \$2.2M in federal revenues.

The district actual final expenditures were over budget by \$13M. The major variance was in the costs for Facilities Acquisition, Construction and Improvement Services which was over budget by more than \$11.5 million. Other variances were an underestimation of Debt Service of \$1.9 million, an underestimation of Special Programs by \$1.9 million, an underestimation of Instructional Support Services by \$1.3 million, and an overestimation of Student Transportation Services by \$1.7 million.

NESHAMINY SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

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, 2023, the School District had \$165,580,505 in capital assets, net of depreciation. The additions and retirements, less depreciation, were an increase of \$5,292,438. More detailed information about capital assets can be found in Note F to the financial statements.

Capital Assets
(Net of Accumulated Depreciation)

	2023			2022 Totals
	Governmental Activities	Business-Type Activities	Totals	
Land and Improvements	\$ 4,207,505	\$ -	\$ 4,207,505	\$ 4,207,505
Construction in Progress	19,942,748	-	19,942,748	3,665,383
Buildings and Building Improvements	271,470,628	-	271,470,628	268,126,824
Furniture and Equipment	50,116,223	1,794,295	51,910,518	49,533,746
Leased Equipment	3,333,853	-	3,333,853	3,333,853
Accumulated Depreciation	(183,987,021)	(1,297,726)	(185,284,747)	(168,579,244)
	<u>\$ 165,083,936</u>	<u>\$ 496,569</u>	<u>\$ 165,580,505</u>	<u>\$ 160,288,067</u>

Debt Administration

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

For the year ended June 30, 2023, the School District had \$166,075,705 in general obligation bonds and notes, of which \$6,418,776 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.

NESHAMINY SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

Bonds Payable

BONDS PAYABLE

	<u>Governmental Activities</u>		Total Change
	<u>2023</u>	<u>2022</u>	<u>2023-2022</u>
Series A of 2015	\$ 28,740,000	\$ 28,745,000	\$ (5,000)
Series B of 2015	190,000	375,000	(185,000)
Series C of 2015	16,160,000	18,780,000	(2,620,000)
Series of 2016	-	-	-
Series of 2018	1,890,000	3,685,000	(1,795,000)
Series of 2020	55,885,000	56,915,000	(1,030,000)
Series A of 2021	8,825,000	9,140,000	(315,000)
Series B of 2021	8,465,000	8,500,000	(35,000)
Series of 2022	39,495,000	39,500,000	(5,000)
Bucks Co. Technical High 2022	1,934,504		1,934,504
Bucks Co. Technical High 2023	4,491,201	-	4,491,201
	<hr/>	<hr/>	<hr/>
Total Bonds Payable	<u>\$ 166,075,705</u>	<u>\$ 165,640,000</u>	<u>\$ 435,705</u>

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, the pension program, and the construction/renovations of several facilities in the School District.

State Funding

The Governor’s 2022-23 budget for the Commonwealth of Pennsylvania included a significant increase for the basic education funding of \$1.319M or 8.9%.

The special education funding also rose 9.8% or \$663,776.

Pension Contributions

The Pennsylvania School Employees Retirement System (PSERS) is the State Pension plan. Over the last 20 years the system has been underfunded due to a benefit increase in 2001. Employer contributions, which are mandated by the State exceeded 35% for 2022-2023. This has been a large expense for all school districts and will remain a concern in the future.

Construction Projects

The Neshaminy School District upgraded the athletic fields and stadium facilities at the Senior High School. The Poquessing Middle School also had improvements made during the 2022-2023 school year. Significant progress was made on the new Maple Point Elementary School, which is funded by the 2022 Bond Issue.

NESHAMINY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2023

The Neshaminy School District 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.

NESHAMINY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2023

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 Business Administrator, Neshaminy School District, 2001 Old Lincoln Highway, Langhorne, PA 19047-3295.

NESHAMINY SCHOOL DISTRICT
GOVERNMENT WIDE STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Totals
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 9,023,231	\$ 2,186,605	\$ 11,209,836
Investments	81,758,805	-	81,758,805
Taxes Receivable, Net	2,661,999	-	2,661,999
Internal Balances	(1,282,413)	1,282,413	-
Due from Other Governments	8,704,574	496,250	9,200,824
Other Receivables	975,297	-	975,297
Inventories	371,675	50,776	422,451
Prepaid Expenses	18,866	-	18,866
Lease Receivable			
Portion Due or Receivable Within One Year	250,627	-	250,627
Portion Due or Receivable After One Year	1,440,602	-	1,440,602
Capital Assets			
Land	4,207,505	-	4,207,505
Construction in Progress	19,942,748	-	19,942,748
Building and Building Improvements	271,470,628	-	271,470,628
Furniture and Equipment	50,116,223	1,794,294	51,910,517
Leased Equipment	3,333,853	-	3,333,853
Accumulated Depreciation	(183,987,021)	(1,297,726)	(185,284,747)
Total Assets	269,007,199	4,512,612	273,519,811
Deferred Outflows of Resources			
Deferred Amount on Refunding	3,117,273	-	3,117,273
Deferred Outflows of Resources, Pension Activity	37,090,152	820,240	37,910,392
Deferred Outflows of Resources, OPEB Activity	3,443,643	80,742	3,524,385
Total Deferred Outflows of Resources	43,651,068	900,982	44,552,050
Liabilities			
Accounts Payable	7,748,513	442,723	8,191,236
Accrued Salaries and Benefits	11,801,696	-	11,801,696
Other Current Liabilities	912,382	-	912,382
Unearned Revenue	207,649	1,178	208,827
Long-Term Liabilities			
Portion Due or Payable Within One Year			
Bonds Payable	6,413,776	-	6,413,776
Notes Payable	5,000	-	5,000
Capital Leases	554,154	-	554,154
Portion Due or Payable After One Year			
Bonds Payable	138,473,137	-	138,473,137
Notes Payable	28,735,000	-	28,735,000
Capital Leases	-	-	-
Compensated Absences	4,477,329	-	4,477,329
Net Pension Liability	249,693,100	5,277,900	254,971,000
Net OPEB Obligation	14,618,849	309,007	14,927,856
Total Liabilities	463,640,585	6,030,808	469,671,393
Deferred Inflows of Resources			
Deferred Inflows of Resources, Lessor Activity	1,691,229	-	1,691,229
Deferred Inflows of Resources, Pension Activity	6,395,808	135,192	6,531,000
Deferred Inflows of Resources, OPEB Activity	4,614,887	97,547	4,712,434
Total Deferred Inflows of Resources	12,701,924	232,739	12,934,663
Net Position			
Net Investment in Capital Assets	32,891,745	496,568	33,388,313
Unrestricted	(196,575,987)	(1,346,521)	(197,922,508)
Total Net Position	\$ (163,684,242)	\$ (849,953)	\$ (164,534,195)

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

NESHAMINY SCHOOL DISTRICT
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities							
Instruction							
Regular Programs	\$ 78,905,629	\$ 93,713	\$ 41,154,229	\$ -	\$ (37,657,687)	\$ -	\$ (37,657,687)
Special Programs	36,573,053	111,718	10,117,304	-	(26,344,031)	-	(26,344,031)
Vocational Programs	9,306,265	-	-	-	(9,306,265)	-	(9,306,265)
Other Instructional Programs	3,202,483	-	-	-	(3,202,483)	-	(3,202,483)
Support Services							
Pupil Personnel Services	7,664,784	-	-	-	(7,664,784)	-	(7,664,784)
Instructional Staff Services	5,621,203	-	-	-	(5,621,203)	-	(5,621,203)
Administrative Services	9,013,304	-	-	-	(9,013,304)	-	(9,013,304)
Pupil Health Services	1,864,947	-	176,140	-	(1,688,807)	-	(1,688,807)
Business Services	1,685,683	-	-	-	(1,685,683)	-	(1,685,683)
Operation & Maintenance of Plant Services	14,058,631	-	-	-	(14,058,631)	-	(14,058,631)
Student Transportation Services	9,091,978	22,657	1,614,537	-	(7,454,784)	-	(7,454,784)
Central and Other Support Services	4,404,287	-	-	-	(4,404,287)	-	(4,404,287)
Facilities Acquisition, Construction and Improvement Services	6,789,830	-	725,025	1,143,565	(4,921,240)	-	(4,921,240)
Operation of Non-Instructional Services							
Student Activities and Athletics	2,390,423	70,353	-	1,270,800	(1,049,270)	-	(1,049,270)
Community Services	192,908	843,369	1,500,000	-	2,150,461	-	2,150,461
Interest on Long-Term Debt	5,140,513	-	-	-	(5,140,513)	-	(5,140,513)
Total Governmental Activities	195,905,922	1,141,810	55,287,235	2,414,365	(137,062,512)	-	(137,062,512)
Business-Type Activities							
Food Service	4,307,765	2,136,738	3,412,894	-	-	1,241,867	1,241,867
Core Swimming	41,974	37,346	5,568	-	-	940	940
Community Aquatics	64,556	93,585	9,529	-	-	38,558	38,558
Total School District Activities	\$ 200,320,217	\$ 3,409,479	\$ 58,715,226	\$ 2,414,365	(137,062,512)	1,281,365	(135,781,147)
General Revenues							
Taxes							
Property Taxes, Levied for General Purposes, Net					131,735,219	-	131,735,219
Business Taxes					4,544,021	-	4,544,021
Other Taxes					2,737,937	-	2,737,937
Investment Earnings					3,815,624	47,031	3,862,655
Gain on Sale of Capital Assets					-	-	-
Total General Revenues					142,832,801	47,031	142,879,832
Change in Net Position							
					5,770,289	1,328,396	7,098,685
Net Position at Beginning of Year, As Restated							
					(169,454,531)	(2,178,349)	(171,632,880)
Net Position at End of Year							
					\$ (163,684,242)	\$ (849,953)	\$ (164,534,195)

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

NESHAMINY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 6,902,815	\$ 2,120,416	\$ 9,023,231
Investments	50,655,011	31,103,794	81,758,805
Taxes Receivable, Net	2,661,999	-	2,661,999
Due from Other Funds	1,059,535	-	1,059,535
Due from Other Governments	8,704,574	-	8,704,574
Other Receivables, Net	975,297	-	975,297
Inventory	371,675	-	371,675
Prepaid Expenditures	18,866	-	18,866
Total Assets	<u>\$ 71,349,772</u>	<u>\$ 33,224,210</u>	<u>\$ 104,573,982</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts Payable	\$ 5,721,147	\$ 2,027,366	\$ 7,748,513
Due to Other Funds	2,341,948	-	2,341,948
Unearned Revenue	207,649	-	207,649
Accrued Salaries and Benefits	11,801,696	-	11,801,696
Other Current Liabilities	912,382	-	912,382
Total Liabilities	<u>20,984,822</u>	<u>2,027,366</u>	<u>23,012,188</u>
Deferred Inflows of Resources			
Unavailable Revenue, Property Taxes	2,662,000	-	2,662,000
Fund Balances			
Nonspendable, Prepaid Expenditures and Inventory	390,541	-	390,541
Restricted - Capital Project	-	31,196,844	31,196,844
Restricted - Student Activities	744,173	-	744,173
Committed - Capital	2,807,691	-	2,807,691
Committed - PSERS	15,000,000	-	15,000,000
Assigned - Technology Infrastructure	1,500,000	-	1,500,000
Assigned - Health Insurance Self-Funding	1,049,060	-	1,049,060
Unassigned	26,211,485	-	26,211,485
Total Fund Balances	<u>47,702,950</u>	<u>31,196,844</u>	<u>78,899,794</u>
Total Liabilities, Deferred Inflows of Resources & Fund Balances	<u>\$ 71,349,772</u>	<u>\$ 33,224,210</u>	<u>\$ 104,573,982</u>

NESHAMINY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Governmental Funds Balances	<u>\$ 78,899,794</u>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	4,207,505
Construction in Progress	19,942,748
Building and Building Improvements	271,470,628
Furniture and Equipment	50,116,223
Leased Equipment	3,333,853
Accumulated Depreciation	(183,987,021)
	<u>165,083,936</u>

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	<u>3,117,273</u>
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Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.

	<u>30,694,344</u>
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Deferred inflows and outflows of resources related to OPEB activities are not financial resources and therefore not reported in the governmental funds.

	<u>(1,171,244)</u>
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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.

	<u>2,662,000</u>
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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	(166,075,705)
Unamortized Premium	(7,551,208)
Capital Leases	(554,154)
Compensated Absences	(4,477,329)
Net Pension Liability	(249,693,100)
Other Postemployment Benefits	(14,618,849)
	<u>(442,970,345)</u>

Net Position of Governmental Activities	<u><u>\$ (163,684,242)</u></u>
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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, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Local Sources	\$ 147,648,302	\$ 1,143,565	\$ 148,791,867
State Sources	50,627,374	-	50,627,374
Federal Sources	2,237,830	-	2,237,830
Total Revenues	200,513,506	1,143,565	201,657,071
Expenditures			
Regular Programs	77,514,135	-	77,514,135
Special Programs	35,282,996	-	35,282,996
Vocational Programs	8,775,563	-	8,775,563
Other Instructional Programs	3,049,400	-	3,049,400
Pupil Personnel Services	7,592,967	-	7,592,967
Instructional Staff Services	5,523,173	-	5,523,173
Administrative Services	8,895,445	-	8,895,445
Pupil Health Services	1,817,684	-	1,817,684
Business Services	1,683,422	-	1,683,422
Operation and Maintenance of Plant Facilities Acquisition, Construction and Improvement Services	13,539,170	-	13,539,170
Student Transportation Services	12,652,591	15,265,029	27,917,620
Central and Other Support Services	8,587,938	-	8,587,938
Student Activities and Athletics	4,240,779	-	4,240,779
Community Services	2,928,763	-	2,928,763
Refund of Prior Year Revenues	174,605	-	174,605
Debt Service	379,308	-	379,308
	11,945,665	-	11,945,665
Total Expenditures	204,583,604	15,265,029	219,848,633
Net Change in Fund Balances	(4,070,098)	(14,121,464)	(18,191,562)
Fund Balances at Beginning of Year	51,773,048	45,318,308	97,091,356
Fund Balances at End of Year	\$ 47,702,950	\$ 31,196,844	\$ 78,899,794

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, 2023

Net Changes in Fund Balances - Total Governmental Funds \$ (18,191,562)

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	21,799,508
Depreciation	<u>(16,639,301)</u>
	<u>5,160,207</u>

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.

19,140

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).

(163,179)

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	435,090
Pension Plan Expense	<u>11,162,844</u>
	<u>11,597,934</u>

The issuance of long-term debt (e.g., bonds, leases) 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.

Repayment of Bonds/Notes Principal	6,041,623
Amortization of Bond Discounts, Premiums and Refunding Loss	357,799
Repayment of Lease Obligations	<u>948,327</u>
	<u>7,347,749</u>

Change in Net Position of Governmental Activities \$ 5,770,289

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

NESHAMINY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Food Service Fund	Core Swimming Fund	Community Aquatics Fund	Total Enterprise Funds
Assets				
Cash and Cash Equivalents	\$ 2,185,645	\$ -	\$ 960	\$ 2,186,605
Due from Other Governments	496,250	-	-	496,250
Due from Other Funds	2,161,550	33,135	147,263	2,341,948
Inventories	50,776	-	-	50,776
Total Current Assets	<u>4,894,221</u>	<u>33,135</u>	<u>148,223</u>	<u>5,075,579</u>
Capital Assets, Net	496,568	-	-	496,568
Total Assets	<u>5,390,789</u>	<u>33,135</u>	<u>148,223</u>	<u>5,572,147</u>
Deferred Outflows of Resources				
Deferred Outflows of Resources - Pension Activity	820,240	-	-	820,240
Deferred Outflows of Resources - OPEB Activity	80,742	-	-	80,742
Total Deferred Outflows of Resources	<u>900,982</u>	<u>-</u>	<u>-</u>	<u>900,982</u>
Liabilities				
Accounts Payable	442,723	-	-	442,723
Due to Other Funds	1,059,535	-	-	1,059,535
Unearned Revenue	1,178	-	-	1,178
Long-Term Liabilities				
Net Pension Liability	5,277,900	-	-	5,277,900
Other Postemployment Benefits	309,007	-	-	309,007
Total Liabilities	<u>7,090,343</u>	<u>-</u>	<u>-</u>	<u>7,090,343</u>
Deferred Inflows of Resources				
Deferred Inflow of Resources - Pension Activity	135,192	-	-	135,192
Deferred Inflows of Resources - OPEB Activity	97,547	-	-	97,547
Total Deferred Inflows of Resources	<u>232,739</u>	<u>-</u>	<u>-</u>	<u>232,739</u>
Net Position				
Net Investment in Capital Assets	496,568	-	-	496,568
Unrestricted	(1,527,879)	33,135	148,223	(1,346,521)
Total Net Position	<u>\$ (1,031,311)</u>	<u>\$ 33,135</u>	<u>\$ 148,223</u>	<u>\$ (849,953)</u>

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, 2023

	Food Service Fund	Core Swimming Fund	Community Aquatics Fund	Total Enterprise Funds
Operating Revenues				
Local Revenue	\$ 2,136,738	\$ 37,346	\$ 93,585	\$ 2,267,669
Operating Expenses				
Personnel	1,746,944	37,365	64,556	1,848,865
Operating	2,199,820	4,609	-	2,204,429
Purchased Services	294,799	-	-	294,799
Depreciation	66,202	-	-	66,202
Total Operating Expenses	4,307,765	41,974	64,556	4,414,295
Operating Loss	(2,171,027)	(4,628)	29,029	(2,146,626)
Nonoperating Revenues				
Earnings on Investments	47,031	-	-	47,031
State Sources	755,401	5,568	9,529	770,498
Federal Sources	2,657,493	-	-	2,657,493
Total Nonoperating Revenues	3,459,925	5,568	9,529	3,475,022
Change in Net Position	1,288,898	940	38,558	1,328,396
Net Position at Beginning of Year	(2,320,209)	32,195	109,665	(2,178,349)
Net Position at End of Year	\$ (1,031,311)	\$ 33,135	\$ 148,223	\$ (849,953)

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

NESHAMINY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Food Service Fund	Core Swimming Fund	Community Aquatics Fund	Total Enterprise Funds
Cash Flows From Operating Activities				
Cash Received from Users	\$ 2,136,738	\$ 37,346	\$ 93,585	\$ 2,267,669
Cash Payments to Employees for Services	(1,974,551)	(38,305)	(103,114)	(2,115,970)
Cash Payments to Suppliers for Goods and Services	(2,066,136)	(4,609)	-	(2,070,745)
Net Cash Used By Operating Activities	<u>(1,903,949)</u>	<u>(5,568)</u>	<u>(9,529)</u>	<u>(1,919,046)</u>
Cash Flows From Noncapital Financing Activities				
State Sources	755,401	5,568	9,529	770,498
Federal Sources	3,123,525	-	-	3,123,525
Net Cash Provided by Noncapital Financing Activities	<u>3,878,926</u>	<u>5,568</u>	<u>9,529</u>	<u>3,894,023</u>
Cash Flows From Investing Activities				
Interest Received	47,031	-	-	47,031
Purchase of Fixed Assets	(198,432)	-	-	(198,432)
Net Cash Used In Investing Activities	<u>(151,401)</u>	<u>-</u>	<u>-</u>	<u>(151,401)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>1,823,576</u>	<u>-</u>	<u>-</u>	<u>1,823,576</u>
Cash and Cash Equivalents At Beginning Of Year	<u>362,069</u>	<u>-</u>	<u>960</u>	<u>363,029</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,185,645</u>	<u>\$ -</u>	<u>\$ 960</u>	<u>\$ 2,186,605</u>
Reconciliation of Operating Loss To Net Cash Used By Operating Activities				
Operating Income (Loss)	\$ (2,171,027)	\$ (4,628)	\$ 29,029	\$ (2,146,626)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities				
Depreciation	66,202	-	-	66,202
Pension and OPEB Expense	(251,338)	-	-	(251,338)
(Increase) Decrease in				
Due from Other Funds	-	-	-	-
Inventories	(994)	-	-	(994)
Increase (Decrease) in				
Due to Other Funds	160,191	(940)	(38,558)	120,693
Accounts Payable	293,017	-	-	293,017
Net Cash Used By Operating Activities	<u>\$ (1,903,949)</u>	<u>\$ (5,568)</u>	<u>\$ (9,529)</u>	<u>\$ (1,919,046)</u>
Supplemental Disclosures				
Noncash Activities				
Donated Foods	<u>\$ 249,434</u>			

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

NESHAMINY SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2023

	Private- Purpose Trust Funds
Assets	
Cash and Cash Equivalents	\$ 10,876
Investments	76,482
Total Assets	87,358
Liabilities	
Scholarships Payable	2,350
Total Liabilities	2,350
Net Position	\$ 85,008

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, 2023

	Private- Purpose Trust Funds
Additions	
Contributions	\$ -
Investment Income	373
Total Additions	373
Deductions	
Scholarships Paid	2,350
Total Deductions	2,350
Change in Net Position	(1,977)
Net Position At Beginning of Year	86,985
Net Position At End of Year	\$ 85,008

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

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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 from *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 at 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, 2023, 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:

	<u>Years</u>
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 \$444,085 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, 2023, the carrying amount of the District's deposits was \$11,220,712 and the bank balance was \$11,793,791. Of the bank balance, \$456,059 was covered by federal depository insurance. Of the remaining cash deposits, \$11,256,165 are in the Pennsylvania School District Liquid Asset Fund (PSDLAF) and are uninsured and \$81,567 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.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023, the School District held the following investments:

Investment Type	Percentage of Investments	Carrying Value		Maturities	
		Fair Value	Amortized Cost	Less Than 1 Year	1 to 5 Years
State Investment Pools	99.97%	\$ -	\$81,809,808	\$81,809,808	\$ -
Bonds	0.03%	25,478	-	-	25,478
Total	100.00%	\$ 25,478	\$81,809,808	\$81,809,808	\$ 25,478

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, 2023, is \$81,809,808. 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 \$25,478 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.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

The School District's investment policy does not further limit its investment choices. As of June 30, 2023, 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, 2023, 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	\$ 2,217,901	\$ -
Other Taxes	444,098	-
Federal Subsidies	250,918	397,450
State Subsidies	6,099,315	98,800
Other Governments	2,354,341	-
Other Revenue	975,297	-
	<u>\$ 12,341,870</u>	<u>\$ 496,250</u>

NOTE E INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2023, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Food Service Fund	\$ 1,059,535
Food Service	General Fund	2,161,550
Community Aquatics	General Fund	147,263
Core Swimming	General Fund	33,135
		<u>\$ 3,401,483</u>

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.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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	3,665,383	19,678,125	(3,400,760)	19,942,748
Total Capital Assets Not Being Depreciated	7,872,888	19,678,125	(3,400,760)	24,150,253
Capital Assets Being Depreciated				
Buildings and Building Improvements	268,126,824	3,343,804	-	271,470,628
Furniture and Equipment	47,937,884	2,178,339	-	50,116,223
Leased Equipment	3,333,853	-	-	3,333,853
Total Capital Assets Being Depreciated	319,398,561	5,522,143	-	324,920,704
Accumulated Depreciation				
Buildings and Building Improvements	(125,128,642)	(14,970,869)	-	(140,099,511)
Furniture and Equipment	(41,426,711)	(820,551)	-	(42,247,262)
Leased Equipment	(792,367)	(847,881)	-	(1,640,248)
Total Accumulated Depreciation	(167,347,720)	(16,639,301)	-	(183,987,021)
Total Capital Assets Being Depreciated, Net	152,050,841	(11,117,158)	-	140,933,683
Governmental Activities Capital Assets, Net	159,923,729	8,560,967	(3,400,760)	165,083,936
Business-Type Activities				
Capital Assets Being Depreciated				
Furniture and Equipment	1,595,862	198,433	-	1,794,295
Accumulated Depreciation	(1,231,524)	(66,202)	-	(1,297,726)
Business-Type Activities Capital Assets, Net	364,338	132,231	-	496,569
Total Capital Assets, Net	\$ 160,288,067	\$ 8,693,198	\$ (3,400,760)	\$ 165,580,505

Depreciation expense was charged to governmental functions as follows:

Regular Programs	\$ 7,392,841
Special Programs	3,069,951
Vocational Programs	825,309
Other Instructional Programs	232,950
Pupil Personnel Services	695,523
Instructional Staff Services	554,089
Administrative Services	826,973
Pupil Health Services	183,032
Business Services	126,459
Operation and Maintenance of Plant	1,213,005
Student Transportation Services	863,580
Central and Other Support Services	356,081
Student Activities and Athletics	281,204
Community Services	18,303
	<u>\$ 16,639,301</u>

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

Food Service Fund	<u>\$ 66,202</u>
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NESHAMINY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023

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
2024	\$ 6,418,776	\$ 5,211,251	\$ 11,630,026
2025	6,989,643	4,948,620	11,938,263
2026	7,295,511	4,659,817	11,955,328
2027	7,361,379	4,439,825	11,801,204
2028 to 2032	39,303,502	19,255,259	58,558,760
2033 to 2037	44,838,070	13,371,824	58,209,893
2038 to 2042	28,371,865	7,485,506	35,857,371
2042 to 2047	25,766,965	2,622,949	28,389,914
	<u>\$ 166,345,709</u>	<u>\$ 61,995,050</u>	<u>\$ 228,340,759</u>

Leases			
Year Ending June 30,	Principal	Interest	Totals
2024	\$ 554,155	\$ 8,512	\$ 562,667
2025	31,058	1,678	32,736
	<u>\$ 585,213</u>	<u>\$ 10,190</u>	<u>\$ 595,403</u>

Total Outstanding Debt			
Year Ending June 30,	Principal	Interest	Totals
2024	\$ 6,972,931	\$ 5,219,763	\$ 12,192,693
2025	7,020,701	4,950,298	11,970,999
2026	7,295,511	4,659,817	11,955,328
2027	7,361,379	4,439,825	11,801,204
2028 to 2032	39,303,502	19,255,259	58,558,760
2033 to 2037	44,838,070	13,371,824	58,209,893
2038 to 2042	28,371,865	7,485,506	35,857,371
2042 to 2047	25,766,965	2,622,949	28,389,914
	<u>\$ 166,930,922</u>	<u>\$ 62,005,240</u>	<u>\$ 228,936,162</u>

In 2023, the School District issued General Obligation Bonds, BCTH Series of 2023, in the amount of \$4,491,201 for various capital projects and to pay the costs of issuing the bonds. The bonds were issued at a premium of \$446,711.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE H CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023, was as follows:

GOVERNMENTAL ACTIVITIES

	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023	Due Within One Year
General Obligation Bonds and Notes					
Direct Placement					
Series 2015 A General Obligation Refunding Notes	\$ 28,745,000	\$ -	\$ 5,000	\$ 28,740,000	\$ 5,000
Not Direct Placement					
Series 2015 B General Obligation Bonds	375,000	-	185,000	190,000	190,000
Series 2015 C General Obligation Refunding Bonds	18,780,000	-	2,620,000	16,160,000	2,740,000
Series 2018 General Obligation Refunding Bonds	3,685,000	-	1,795,000	1,890,000	1,890,000
Series 2020 General Obligation Refunding Bonds	56,915,000	-	1,030,000	55,885,000	1,030,000
Series 2021 A General Obligation Bonds	9,140,000	-	315,000	8,825,000	320,000
Series 2021 B General Obligation Refunding Bonds	8,500,000	-	35,000	8,465,000	35,000
Series 2022 General Obligation Bonds	39,500,000	-	5,000	39,495,000	5,000
BCTH Series of 2022 General Obligation Bonds	-	1,986,127	51,623	1,934,504	69,284
BCTH Series of 2023 General Obligation Bonds	-	4,491,201	-	4,491,201	134,492
Total General Obligation Bonds and Notes	\$165,640,000	\$ 6,477,328	\$ 6,041,623	\$166,075,705	\$ 6,418,776
Leases					
2019 Toshiba Copier	\$ 203,633	\$ -	\$ 113,976	\$ 89,657	\$ 89,656
2019 Technology Equipment	343,377	-	343,377	-	-
Chromebooks	163,638	-	81,526	82,112	82,112
Desktops	154,152	-	76,819	77,333	77,334
Laptops	561,151	-	279,571	281,580	281,580
Ford 750	76,530	-	53,058	23,472	23,472
Total Leases	\$ 1,502,481	\$ -	\$ 948,327	\$ 554,154	\$ 554,154
Other Long-Term Liabilities					
Unamortized Bond Premium	\$ 7,662,995	627,999	739,786	\$ 7,551,208	\$ -
Compensated Absences	4,314,150	163,179	-	4,477,329	-
Net Pension Liability	273,809,000	-	24,115,900	249,693,100	-
Net OPEB Liability	17,463,945	-	2,845,096	14,618,849	-
	\$303,250,090	\$ 791,178	\$27,700,782	\$276,340,486	\$ -

BUSINESS-TYPE ACTIVITIES

Other Long-Term Liabilities					
Net Pension Liability	4,836,079	441,821	-	5,277,900	-
Net OPEB Liability	216,000	93,007	-	309,007	-
	\$ 5,052,079	\$ 534,828	\$ -	\$ 5,586,907	\$ -

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, 2023, the principal amount outstanding related to defeased debt was \$92,245,000.

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, 2023, deferred inflows of resources consisted of delinquent taxes receivable of \$2,662,000.

NOTE J UNEARNED REVENUE

Food Service Fund

Unearned revenue of \$1,178 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, 2023, was 34.31% 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 \$27,303,392 for the year ended June 30, 2023.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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

At June 30, 2023, the School District reported a liability of \$254,971,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. 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 0.5735%, which was an increase of 0.069% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized pension expense of \$17,603,000. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Governmental Activities		
Difference Between Expected and Actual Experience	\$ 113,599	\$ 2,159,357
Net Difference Between Projected and Actual		
Investment Earnings	-	4,236,452
Changes in Assumptions	7,456,390	-
Changes in Proportions	2,817,446	-
Contributions Subsequent to the Measurement Date	<u>26,702,717</u>	<u>-</u>
	<u>\$ 37,090,152</u>	<u>\$ 6,395,808</u>
Business-Type Activities		
Difference Between Expected and Actual Experience	\$ 2,401	\$ 45,644
Net Difference Between Projected and Actual		
Investment Earnings	-	89,548
Changes in Assumptions	157,610	-
Changes in Proportions	59,554	-
Contributions Subsequent to the Measurement Date	<u>600,675</u>	<u>-</u>
	<u>\$ 820,240</u>	<u>\$ 135,192</u>

\$27,303,392 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, 2024, measured at June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2024	\$ 2,076,116	\$ 43,884
2025	1,727,485	36,515
2026	(5,726,946)	(121,054)
2027	<u>5,914,973</u>	<u>125,027</u>
	<u>\$ 3,991,628</u>	<u>\$ 84,372</u>

Actuarial Assumptions

The total pension liability as of June 30, 2022 was determined by rolling forward the School District's proportionate share of the total pension liability at June 30, 2021 to June 30, 2022 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.

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	28%	5.3%
Private equity	12%	8.0%
Fixed income	33%	2.3%
Commodities	9%	2.3%
Absolute return	6%	3.5%
Infrastructure/MLPs	9%	5.4%
Real estate	11%	4.6%
Cash	3%	0.5%
Financing (LIBOR)	-11%	0.5%
	<u>100%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the 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	<u>\$329,787,252</u>	<u>\$254,971,000</u>	<u>\$ 191,891,420</u>

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, 2022, 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 or the PSERS' Health Options Program. As of June 30, 2022, 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, 2023 was 0.75% 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 \$655,150 for the year ended June 30, 2023.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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

At June 30, 2023, the District reported a liability of \$10,564,000 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, 2021 to June 30, 2022. 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 0.5739%, which was an increase of 0.0084% from its proportion measured as of June 30, 2022.

For the years ended JUNE 30, 2023, the District recognized OPEB expense of \$281,000. At June 30, 2023, 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	\$ 94,992	\$ 55,820
Net Difference Between Projected and Actual Investment Earnings	28,400	-
Changes in Assumptions	1,148,719	2,443,354
Changes in Proportions	198,798	155,709
Contributions Subsequent to the Measurement Date	640,737	-
	<u>\$ 2,111,645</u>	<u>\$ 2,654,882</u>
Business-Type Activities		
Difference Between Expected and Actual Experience	\$ 2,008	\$ 1,180
Net Difference Between Projected and Actual Investment Earnings	600	-
Changes in Assumptions	24,281	51,647
Changes in Proportions	4,202	3,291
Contributions Subsequent to the Measurement Date	14,413	-
	<u>\$ 45,505</u>	<u>\$ 56,118</u>

\$655,150 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, 2024, measured at June 30, 2023. 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
2024	\$ (252,872)	\$ (5,345)
2025	(168,652)	(3,565)
2026	(212,028)	(4,482)
2027	(255,486)	(5,400)
2028	(294,936)	(6,234)
Thereafter	-	-
	<u>\$ (1,183,974)</u>	<u>\$ (25,026)</u>

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2022, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 4.09% - 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, 2020 determined the employer contribution rate for fiscal year 2022.
- 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-2020 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 2.18% to 4.09%.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0%	0.5%
	100.0%	

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, 2022.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.09%. 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, 2022, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees 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, 2022, 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:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 10,563,112</u>	<u>\$ 10,564,000</u>	<u>\$ 10,565,046</u>

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 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount that is 1-percentage point lower (3.09%) or 1-percentage point higher (5.09%) than the current rate:

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
School District's Proportionate Share of the Net Pension Liability	<u>\$ 11,946,825</u>	<u>\$ 10,564,000</u>	<u>\$ 9,407,208</u>

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-alone financial report. The activity of the plan is reported in the School District's General Fund.

Plan Membership

At June 30, 2021, 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, 2023, benefit payments paid as they came due were \$320,674.

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

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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

NESHAMINY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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 – 4.06%, based on S&P Municipal Bond 20 Year High Grade Index at July 1, 2022.

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.

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>	<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	4.5500%	3.9000%	45	1.4100%	1.6000%
30	4.5500%	3.9000%	50	1.8900%	2.0800%
35	1.6800%	2.8300%	50	3.6300%	3.6600%
40	1.4200%	1.6700%	60	5.4900%	5.9400%

Mortality – PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for administrators and all other employees.

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.

NESHAMINY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023

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 – 6.5% in 2022, 6.0% in 2023, and 5.5% in 2024 and 2025. Rates gradually increase from 5.4% in 2026 to 3.9% 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 July 2021.

Changes in Assumptions – In the 2022 actuarial valuation, the discount rate changed from 2.28% to 4.06%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS study.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Changes in Total OPEB Liability

Total OPEB Liability		
Balance at July 1, 2022		\$ 5,422,552
Service Cost		264,818
Interest		125,144
Changes of Benefit Terms		-
Differences between Expected and Actual Experience		-
Changes of Assumptions		(1,082,051)
Benefit Payments		(366,607)
Other Changes		-
Net Changes		<u>(1,058,696)</u>
Balance at June 30, 2023		<u>\$ 4,363,856</u>

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 4.06%	1% Increase
The School's net OPEB liability	<u>\$ 4,105,855</u>	<u>\$ 4,363,856</u>	<u>\$ 4,633,631</u>

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	<u>\$ 4,815,002</u>	<u>\$ 4,363,856</u>	<u>\$ 3,971,141</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the District recognized OPEB expense of \$255,413. At June 30, 2023, 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	\$ -	\$ 1,003,278
Changes in Assumptions	1,017,962	956,726
Contributions Subsequent to the Measurement Date	314,036	-
	<u>\$ 1,331,998</u>	<u>\$ 1,960,004</u>
Business-Type Activities		
Difference Between Expected and Actual Experience	\$ -	\$ 21,207
Changes in Assumptions	21,517	20,223
Contributions Subsequent to the Measurement Date	13,720	-
	<u>\$ 35,237</u>	<u>\$ 41,430</u>

NESHAMINY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023

\$327,756 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, 2024. 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
2024	\$ (131,764)	\$ (2,785)
2025	(131,764)	(2,785)
2026	(131,764)	(2,785)
2027	(131,764)	(2,785)
2028	(131,765)	(2,785)
Thereafter	(283,222)	(5,987)
	<u>\$ (942,044)</u>	<u>\$ (19,911)</u>

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 \$4,477,329 at June 30, 2023, 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.

NESHAMINY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Changes in the program's claims liability for the year ended June 30, 2023, is presented below:

Balance June 30, 2022	Current Year Claims and Changes in Estimates	Claim Payments	Balance June 30, 2023
\$ 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 RESTATEMENT OF NET POSITION

The District restated the net position of its Governmental Activities at July 1, 2022, reducing it by \$7,105,327 to \$(169,454,531) from \$(162,349,204). This restatement is the result of recording bond issuances related to the Bucks County Technical High School that are obligations of the District but had not been previously reported by the District

NOTE Q SUBSEQUENT EVENT

The District has evaluated all subsequent events through March 26, 2024, the date the financial statements were available to be issued. There have been no events that require disclosure other than noted below.

The District Business Manager resigned his position effective December 31, 2023. The District has been utilizing the services of an interim business manager and has hired a full-time business manager, who starts in April 2024.

REQUIRED
SUPPLEMENTARY
INFORMATION

NESHAMINY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local sources	\$ 138,192,252	\$ 138,192,252	\$ 147,648,302	\$ 9,456,050
State sources	45,539,633	46,052,133	50,627,374	4,575,241
Federal sources	4,267,902	4,486,834	2,237,830	(2,249,004)
Total Revenues	<u>187,999,787</u>	<u>188,731,219</u>	<u>200,513,506</u>	<u>11,782,287</u>
Expenditures				
Regular Programs	77,824,622	78,956,607	77,514,135	1,442,472
Special Programs	32,869,093	33,359,819	35,282,996	(1,923,177)
Vocational Programs	8,628,150	8,628,150	8,775,563	(147,413)
Other Instructional Programs	1,983,717	2,528,949	3,049,400	(520,451)
Pupil Personnel Services	7,093,301	7,326,943	7,592,967	(266,024)
Instructional Staff Services	3,698,455	4,261,817	5,523,173	(1,261,356)
Administrative Services	9,462,810	9,470,095	8,895,445	574,650
Pupil Health Services	1,729,119	1,729,119	1,817,684	(88,565)
Business Services	1,768,800	1,757,282	1,683,422	73,860
Operation and Maintenance of Plant	14,222,237	14,477,862	13,539,170	938,692
Facilities Acquisition, Construction and Improvement Services	1,064,270	1,090,797	12,652,591	(11,561,794)
Student Transportation Services	10,240,757	10,273,236	8,587,938	1,685,298
Central and Other Support Services	5,172,706	5,231,119	4,240,779	990,340
Student Activities and Athletics	1,952,458	1,952,303	2,928,763	(976,460)
Community Services	155,000	174,331	174,605	(274)
Refund of Prior Year Revenues	-	-	379,308	(379,308)
Debt Service	9,734,292	10,003,492	11,945,665	(1,942,173)
Budgetary Reserve	400,000	-	-	-
Total Expenditures	<u>187,999,787</u>	<u>191,221,921</u>	<u>204,583,604</u>	<u>(13,361,683)</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(2,490,702)	(4,070,098)	(1,579,396)
Fund Balance at Beginning of Year	<u>51,773,048</u>	<u>51,773,048</u>	<u>51,773,048</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 51,773,048</u>	<u>\$ 49,282,346</u>	<u>\$ 47,702,950</u>	<u>\$ (1,579,396)</u>

NESHAMINY SCHOOL DISTRICT
 NOTES TO THE BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2023

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:

Special Programs	\$1,923,177
Vocational Programs	\$147,413
Other Instructional Programs	\$520,421
Pupil Personnel Services	\$266,024
Instructional Staff Services	\$1,261,256
Pupil Health Services	\$88,565
Facilities Acquisition, Construction and Improvement Services	\$11,561,794
Student Activities and Athletics	\$976,460
Community Services	\$274
Refund of Prior Year Revenues	\$379,308
Debt Service	\$1,942,173

Additional revenues and carryover fund balance 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									
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	
District's proportion of the net pension liability	0.5739%	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	\$ 254,971,000	\$ 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	\$ 81,313,278	\$ 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	313.57%	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	61.34%	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*

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 27,303,392	\$ 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	<u>27,303,392</u>	<u>27,965,000</u>	<u>26,983,000</u>	<u>26,453,000</u>	<u>25,657,000</u>	<u>24,557,000</u>	<u>22,128,000</u>	<u>18,940,000</u>	<u>15,345,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	81,923,127	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	33.33%	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					
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
District's proportion of the net OPEB liability	0.5735%	0.5655%	0.5650%	0.5630%	0.5767%	0.5730%
District's proportionate share of the net OPEB liability	\$ 13,403,000	\$ 13,403,000	\$ 12,208,000	\$ 11,974,000	\$ 12,024,000	\$ 11,674,000
District's covered payroll	\$ 81,313,278	\$ 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	16.48%	16.61%	15.39%	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.56%	5.56%	5.56%	5.56%	5.73%

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually determined contribution	\$ 655,150	\$ 668,000	\$ 660,000	\$ 666,000	\$ 653,000	\$ 642,000
Contributions in relation to the contractually determined contribution	655,150	668,000	660,000	666,000	653,000	642,000
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 81,923,127	\$ 81,313,278	\$ 80,707,968	\$ 79,307,711	\$ 77,641,906	\$ 77,657,499
Contributions as a percentage of covered payroll	0.80%	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, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability						
Service cost	\$ 264,818	\$ 270,015	\$ 193,894	\$ 175,196	\$ 162,347	\$ 149,876
Interest	125,144	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	(1,082,051)	670,075	445,984	263,419	20,967	(6,823)
Benefit payments	(366,607)	(482,994)	(449,257)	(683,514)	(733,304)	(1,070,848)
Net change in total OPEB liability	(1,058,696)	(49,393)	360,697	(396,390)	(373,269)	(1,579,179)
Total OPEB liability - beginning	5,422,552	5,471,945	5,111,248	5,507,638	5,880,907	7,460,086
Total OPEB liability - ending	<u>\$ 4,363,856</u>	<u>\$ 5,422,552</u>	<u>\$ 5,471,945</u>	<u>\$ 5,111,248</u>	<u>\$ 5,507,638</u>	<u>\$ 5,880,907</u>
Covered payroll	\$ 72,973,597	\$ 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	5.98%	7.43%	7.40%	6.91%	7.72%	8.24%

Changes of Assumptions

- The discount rate changed from 2.28% to 4.06% in 2022
- 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

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