

**REPORT ON
METHACTON SCHOOL DISTRICT
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2023**

METHACTON SCHOOL DISTRICT

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For the Fiscal Year Ended June 30, 2023

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INTRODUCTORY SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants

Members of the Board
Methacton School District
1001 Kriebel Mill Road
Eagleville, PA 19403

We have performed the Single Audit of the Methacton School District for the fiscal year ended June 30, 2023 and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, which entailed:

1. An audit of the basic financial statements, and our opinion thereon;
2. A review of compliance and of internal control over financial reporting based on an audit of the financial statements performed in accordance with Governmental Auditing Standards, and our report thereon;
3. An examination of the Schedule of Expenditures of Federal Awards and our report thereon; and,
4. An opinion on compliance with requirements applicable to each major program, and a review of internal control over compliance in accordance with the Uniformed Guidance, explained above, and our report thereon.

Respectfully submitted,

Gorman & Associates, P.C.

January 5, 2024

REPORT DISTRIBUTION LIST

The Methacton School District has distributed copies of the Single Audit Act Package to the following:

ONE COPY TO: FEDERAL AUDIT CLEARINGHOUSE
(Electronically Submitted) GENERAL SERVICES ADMINISTRATION

ONE COPY TO: COMMONWEALTH OF PENNSYLVANIA
(Electronically Submitted) OFFICE OF THE BUDGET/BUREAU OF AUDITS

ONE COPY TO: MONTGOMERY COUNTY I.U.
2 WEST LAFAYETTE STREET
NORRISTOWN, PA 19401

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Methacton Area School District
1001 Kriebel Mill Road
Eagleville, PA 19403

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Methacton Area School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Methacton Area School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Methacton Area 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 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 the Methacton Area School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 2-G to the financial statements, in 2022-23, The District adopted new accounting guidance, GASB Statement No. 96, SBITA's, our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

METHACTON SCHOOL DISTRICT

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 the Methacton Area School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional 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 the Methacton Area 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 the Methacton Area School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-15, the schedules associated with the District's Defined Benefit Pension Plan, and the Schedules of the District's OPEB Plans, on pages 82-89, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

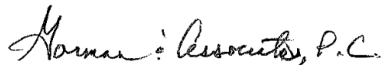
Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023, on our consideration of the Methacton Area 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 the Methacton Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Methacton Area School District's internal control over financial reporting and compliance.

Respectfully submitted,



Northampton, Pennsylvania
November 14, 2023

**METHACTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)
Required Supplementary Information (RSI)
(UNAUDITED)
For the Year Ended June 30, 2023**

This discussion and analysis of Methacton School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the audited financial statements and the related disclosures to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

In the Fiscal Year 2022 - 2023 Methacton School District's General Fund operating revenues totaled \$124.8M with operating expenditures of \$126.7M resulting in an operating loss of \$1.9M. This loss was due to the decision to utilize the committed funds associated with construction projects rather than borrow funds. This decision in addition to avoiding more debt service, also saved the taxpayers the long-term costs associated with any borrowing.

In addition to the \$1.9M loss the general fund unassigned fund balance is capped, by board policy, at seven percent (7.00%) of the 2023 - 2024 Budget and required the District to transfer an additional \$3.6M to Capital Projects resulting in a net fiscal year loss of \$5,468,811. The main contributor to the amount that needed to be transferred includes the prior year committed funds for construction projects (\$5.7M) and Charter Schools (\$0.6M). All of which will help with future funding needs and avoid future borrowing needs for the District and the associated debt service costs.

The District completed the fiscal year 2022 - 2023 with liabilities and deferred inflows of resources of \$254,475,714 exceeding assets and deferred outflows of resources of \$209,092,455 by \$45,383,259. In comparison the total net position of the district increased \$15,328,614 year-over-year.

- The governmental activities total assets decreased by \$1,191,649 over prior year.
- The District's business-type activities, which are comprised of the Food Service Fund, showed an increase of \$816,482 in total assets from prior year.
- At the end of the current fiscal year, the unassigned, undesignated fund balance of the General Fund was \$8,860,957 compared to the prior year of \$8,320,840, an increase of \$540,117.
- The Board continues to review the fund balance of the District and strives to maintain the fund balance to within 7% of the total budgeted expenditures, or in future years will budget to replenish the fund balance, should it be necessary.

METHACTON SCHOOL DISTRICT
Management's Discussion and Analysis

USING THE BASIC FINANCIAL STATEMENTS

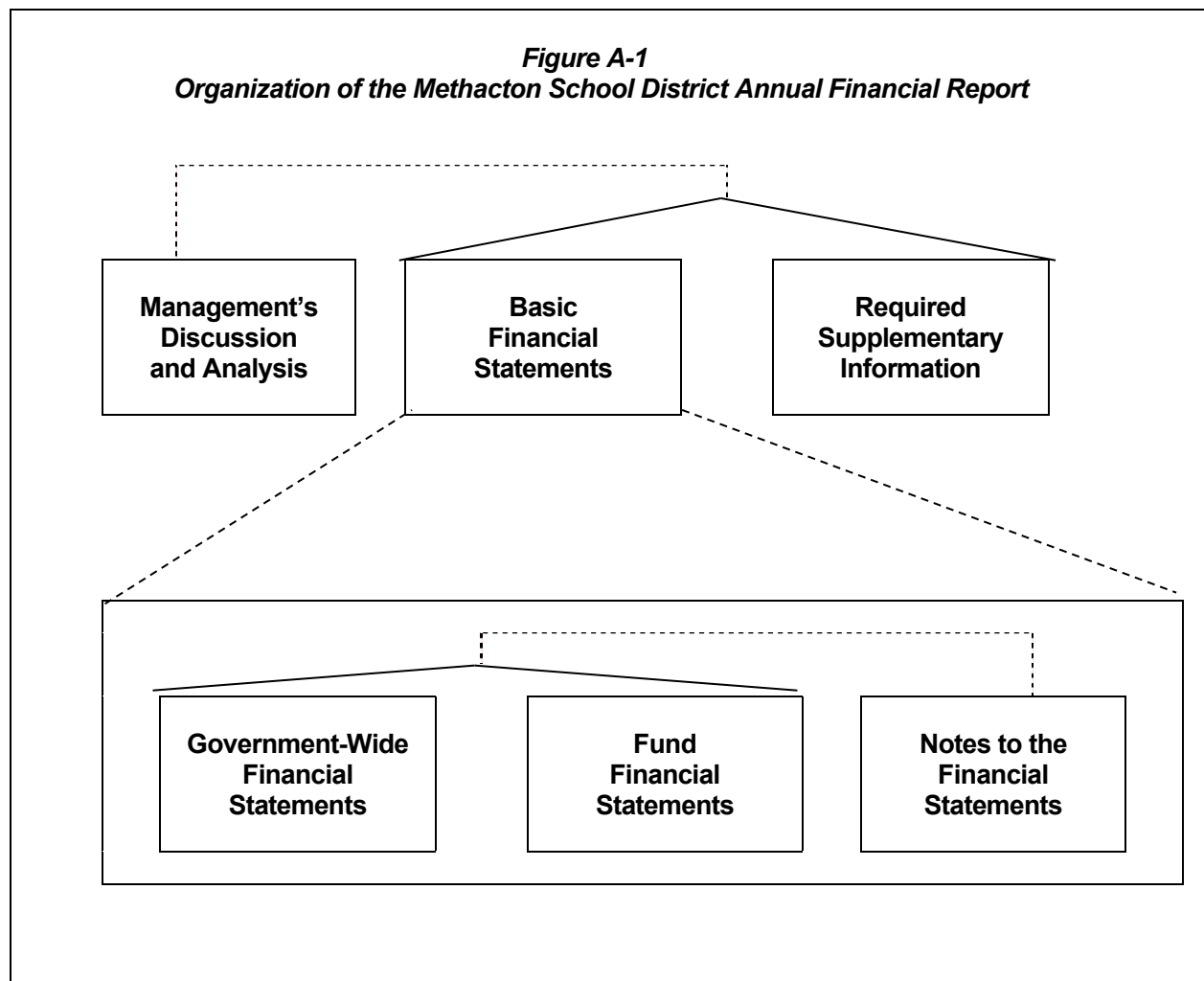
This annual report consists of two distinct series of financial statements: The District as a whole, and by fund.

The first two statements are government-wide financial statements (District as a whole). These are the Statement of Net Position, and the Statement of Activities. The statements provide both long-term and short-term information about the District's overall financial status.

The remaining statements (by fund) focus on individual parts of the District's operations in more detail. The Governmental Funds statements focus on how general District services were financed in the short term, as well as what remains for future spending. The Proprietary Fund statements offer short- and long-term financial information about the activities the District operates as a business. For this District, this is the Food Service Fund. The Fiduciary Fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

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

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



METHACTON SCHOOL DISTRICT
Management's Discussion and Analysis

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

<i>Figure A-2</i>				
<i>Major Features of the Government-Wide and Fund Financial Statements</i>				
	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Fund	Fiduciary Funds
Scope	Entire School District (except Fiduciary Funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the School District operates similar to private businesses: food services and adult education	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; capital assets
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

METHACTON SCHOOL DISTRICT
Management's Discussion and Analysis

OVERVIEW OF FINANCIAL STATEMENTS

Government-Wide Statements

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

The two government-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one way to measure the District's financial health or current position.

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

- ***Governmental Activities:*** All of the District's basic services are included here, such as instruction, administration, and community services. Revenues in the form of property taxes; state and federal subsidies; and state and federal grants finance most of these activities.
- ***Business-Type Activities:*** The District operates a food service operation and charges fees to staff, students, and visitors to help it cover the costs of the food service operation. The food service operation is designed to be self-funding.

Fund Financial Statements

The District's fund financial statements, which begin on page 18, provide detailed information about the most significant individual funds. Some funds are required by state law and by debt requirements.

- ***Governmental Funds:*** Most of the District's activities are reported in Governmental Funds, which focus on the determination of financial position and change in financial position, not on income determination. Governmental Funds utilize the modified-accrual accounting method. This method of accounting measures cash and all other financial assets that can readily be converted to cash. The Governmental Funds statements provide a detailed short-term view of the District's operations. Governmental Funds information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.
- ***Proprietary Fund:*** The Proprietary Fund is used to account for District activities that are similar to private sector business operations. Fee for service charges by the District to customers (external and internal customers), are reported in the Proprietary Fund. Currently the Food Service Fund is the District's sole Proprietary Fund.
- ***Fiduciary Funds:*** The District is the trustee for some Scholarship and Custodial Funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 30. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations.

METHACTON SCHOOL DISTRICT
Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position was \$(45,383,259) as of June 30, 2023, as a result of the GASB 68 pension and GASB 75 OPEB reporting requirements.

Table A-1
Condensed Statements of Net Position
June 30, 2023 and 2022

	2023			2022		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
ASSETS						
Current and other assets	\$ 43,547,930	\$ 760,741	\$ 44,308,671	\$ 47,807,841	\$ 701,454	\$ 48,509,295
Capital assets	\$ 141,491,641	\$ 867,985	\$ 142,359,626	\$ 138,423,379	\$ 110,790	\$ 138,534,169
TOTAL ASSETS	\$ 185,039,571	\$ 1,628,726	\$ 186,668,297	\$ 186,231,220	\$ 812,244	\$ 187,043,464
DEFERRED OUTFLOWS OF RESOURCES	\$ 22,424,158	\$ -	\$ 22,424,158	\$ 25,657,092	\$ -	\$ 25,657,092
LIABILITIES						
Current and other liabilities	\$ 23,059,516	\$ 563,660	\$ 23,623,176	\$ 23,586,502	\$ 141,119	\$ 23,727,621
Long-term liabilities	\$ 220,832,349		\$ 220,832,349	\$ 225,735,873		\$ 225,735,873
TOTAL LIABILITIES	\$ 243,891,865	\$ 563,660	\$ 244,455,525	\$ 249,322,375	\$ 141,119	\$ 249,463,494
DEFERRED INFLOWS OF RESOURCES	\$ 10,020,189	\$ -	\$ 10,020,189	\$ 23,948,935	\$ -	\$ 23,948,935
NET POSITION						
Net investment in capital assets	\$ 56,708,648	\$ 867,985	\$ 57,576,633	\$ 59,690,053	\$ 110,790	\$ 59,800,843
Restricted for capital projects	\$ 17,266,409	\$ -	\$ 17,266,409	\$ 1,786,315	\$ -	\$ 1,786,315
Unrestricted (deficit)	\$ (120,423,382)	\$ 197,081	\$ (120,226,301)	\$ (122,859,366)	\$ 560,335	\$ (122,299,031)
TOTAL NET POSITION	\$ (46,448,325)	\$ 1,065,066	\$ (45,383,259)	\$ (61,382,998)	\$ 671,125	\$ (60,711,873)

METHACTON SCHOOL DISTRICT
Management's Discussion and Analysis

Table A-2 presents the Districts Statement of Changes in Net Position. This schedule uses the financial information from the Statement of Activities found on page 17. The presentation of Table A-2 is similar to an income statement of a private industry organization.

Total revenues from governmental and business-type activities were \$127,048,903 for the fiscal year ended June 30, 2023, versus \$127,756,140 for the prior fiscal year. The main contributor to the decrease was local property taxes, which were inflated due to the appeal settlement in 2021-2022.

Total expenditures for the current fiscal year were \$111,720,289 versus \$104,995,680 for the prior fiscal year. The major contributors to the increase in expenditures are related to instructional costs being \$4.5M higher than 2021-2022. This accounts for 67% of the increase. An additional \$1.2M, or 18%, was associated with the unallocated depreciation expense.

Overall, the District's net position increased \$15.3 million during the current fiscal year.

Table A-2
Statements of Changes in Net Position
Years Ended June 30, 2023 and 2022

	2023			2022		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
REVENUES						
Program revenues						
Charges for service	\$ 908,798	\$ 1,318,118	\$ 2,226,916	\$ 944,004	\$ 1,140,956	\$ 2,084,960
Operating grants and contributions	\$ 16,868,789	\$ 1,037,450	\$ 17,906,239	\$ 16,765,135	\$ 674,449	\$ 17,439,584
Capital grants and contributions	\$ 1,096,088	\$ -	\$ 1,096,088	\$ 784,773	\$ -	\$ 784,773
General revenues						
Taxes	\$ 93,149,782	\$ -	\$ 93,149,782	\$ 97,161,386	\$ -	\$ 97,161,386
Grants, subsidies and contributions, unrestricted	\$ 10,401,676	\$ -	\$ 10,401,676	\$ 9,340,306	\$ -	\$ 9,340,306
Investment earnings	\$ 2,019,404	\$ 23,936	\$ 2,043,340	\$ 210,684	\$ 908	\$ 211,592
Other	\$ 224,862	\$ -	\$ 224,862	\$ 733,534	\$ 5	\$ 733,539
Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss on sale of fixed assets	\$ (3,147)	\$ 3,147	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	\$ 124,666,252	\$ 2,382,651	\$ 127,048,903	\$ 125,939,822	\$ 1,816,318	\$ 127,756,140
EXPENSES						
Instruction	\$ 64,599,488	\$ -	\$ 64,599,488	\$ 60,099,146	\$ -	\$ 60,099,146
Support Services	\$ 36,580,331	\$ -	\$ 36,580,331	\$ 35,946,938	\$ -	\$ 35,946,938
Operations of non-instructional services	\$ 1,504,703	\$ -	\$ 1,504,703	\$ 1,415,687	\$ -	\$ 1,415,687
Facilities acquisition, construction and improvement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on long term debt	\$ 2,745,763	\$ -	\$ 2,745,763	\$ 2,994,888	\$ -	\$ 2,994,888
Unallocated depreciation expense	\$ 4,301,294	\$ -	\$ 4,301,294	\$ 3,100,292	\$ -	\$ 3,100,292
Food services	\$ -	\$ 1,988,710	\$ 1,988,710	\$ -	\$ 1,438,729	\$ 1,438,729
Loss on sale of fixed assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$ 109,731,579	\$ 1,988,710	\$ 111,720,289	\$ 103,556,951	\$ 1,438,729	\$ 104,995,680
CHANGE IN NET POSITION	\$ 14,934,673	\$ 393,941	\$ 15,328,614	\$ 22,382,871	\$ 377,589	\$ 22,760,460

METHACTON SCHOOL DISTRICT
Management's Discussion and Analysis

Table A-3 compares the gross expenditures of the governmental activities of the District broken down by major category seven largest functions. The table further shows the net costs after applying each category's direct revenue, grants and contributions. (total cost less revenues generated by the activities).

Table A-3
Governmental Activities
Years Ended June 30, 2023 and 2022

Functions/Programs	2023		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 64,599,488	\$ 53,015,598	\$ 60,099,146	\$ 48,384,931
Support Services	\$ 36,580,331	\$ 30,923,399	\$ 35,946,938	\$ 30,181,841
Operations of non-instructional services	\$ 1,504,703	\$ 893,300	\$ 1,415,687	\$ 1,078,752
Facilities acquisition, construction and improvement	\$ -	\$ -	\$ -	\$ -
Interest on long term debt	\$ 2,745,763	\$ 1,724,316	\$ 2,994,888	\$ 2,317,223
Unallocated depreciation expense	\$ 4,301,294	\$ 4,301,294	\$ 3,100,292	\$ 3,100,292
TOTAL GOVERNMENTAL ACTIVITIES	\$ 109,731,579	\$ 90,857,907	\$ 103,556,951	\$ 85,063,039
Less unrestricted grants, subsidies		\$ (10,401,676)		\$ (9,340,306)
TOTAL NEED FROM LOCAL TAXES AND OTHER REVENUES		\$ 80,456,231		\$ 75,722,733

Table A-4 reflects the activities of the Food Service program, the only business-type activity of the District.

Table A-4
Business-Type Activities
Years Ended June 30, 2023 and 2022

Functions/Programs	2023		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Food services	\$ 1,988,710	\$ 366,858	\$ 1,438,729	\$ 378,497
Less investment earnings		\$ (23,936)		\$ (908)
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 342,922		\$ 377,589

METHACTON SCHOOL DISTRICT
Management's Discussion and Analysis

THE DISTRICT FUNDS

At June 30, 2023, the District's Governmental Funds reported a combined total fund balance of \$28,042,911. This is a decrease of \$4,081,136.

General Fund

The District budgeted for significant increases in health benefit costs, costs for anticipated needs of special education and future retirement and debt service cost. These areas are a challenge for the District in budgeting. The District is self-insured for health benefits, dental and prescription insurances. This category can fluctuate annually based upon the health of the individual employees within the District. Special education costs are dependent upon the type of student enrolled in the District each year. Enrollment and/or withdrawal of severely handicapped students can cause this expenditure to fluctuate. While the District does prepare a budget with a modest reserve each year for unexpected emergencies, this expenditure is dependent upon actual experience during the fiscal year.

Capital Projects Fund

The District established this fund in prior years for debt funded district-wide capital projects. The transfer of any surplus to the Capital Project Fund will aid the District in the larger maintenance projects, while removing the need to borrow and pay interest on funds to complete the projects.

General Fund Budget

During the fiscal year, the Board of School Directors (the "Board") authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year. A statement showing the District's original and final budget amounts compared with amounts actually paid and received is provided as required supplementary information.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the District had \$140,461,650 invested in a broad range of capital assets net of accumulated depreciation, including land, buildings, furniture and equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$3,357,963 or 2.4% from last year.

METHACTON SCHOOL DISTRICT
Management's Discussion and Analysis

Table A-5 reflects the capital assets of both the governmental activities and the business-type activities of the District.

Table A-5
Governmental and Business-Type Activities
Capital Assets, Net of Depreciation
Years Ended June 30, 2023 and 2022

Functions/Programs	2023	2022
	Total Cost of Services	Total Cost of Services
Land	\$ 1,564,425	\$ 1,564,425
Construction in Progress	\$ 36,768,599	\$ 32,586,120
Site improvements, net of accumulated depreciation	\$ 5,419,875	\$ 5,893,069
Buildings and building improvements, net of accumulated depreciation	\$ 93,241,518	\$ 93,175,422
Machinery and equipment, net of accumulated depreciation	\$ 3,467,233	\$ 3,884,651
	<u>\$ 140,461,650</u>	<u>\$ 137,103,687</u>

Debt Administration

Table A-6
Outstanding Debt
Years Ended June 30, 2023 and 2022

Functions/Programs	2023	2022
	Total Cost of Services	Total Cost of Services
General Obligation Notes		
Series of 2020	\$ 5,205,000	\$ 5,205,000
General Obligation Bonds		
Series of 2016	\$ 4,200,000	\$ 8,715,000
Series A of 2017	\$ 1,110,000	\$ 2,190,000
Series B of 2017	\$ 8,415,000	\$ 8,420,000
Series of 2018	\$ 5,205,000	\$ 5,895,000
Series A of 2018	\$ 5,375,000	\$ 5,400,000
Series of 2019	\$ 4,460,000	\$ 4,465,000
Series A of 2019	\$ 4,005,000	\$ 4,010,000
Series AA of 2019	\$ 5,125,000	\$ 6,110,000
Series of 2020	\$ 2,245,000	\$ 2,250,000
Series A of 2020	\$ 15,810,000	\$ 15,815,000
Series of 2021	\$ 13,110,000	\$ 13,110,000
	<u>\$ 74,265,000</u>	<u>\$ 81,585,000</u>

The District maintains a rating of Aa2 from Moody's for general obligation debt. Additional information on the District's long-term debt can be found in Note 5.

METHACTON SCHOOL DISTRICT
Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET 2023-2024 AND RATES

The District expects the tax base will continue to experience moderate growth. There are numerous housing units in construction or planned to be completed in the near future, as well as anticipated commercial development. Assessments for the 2023-2024 Fiscal Year were roughly \$41.9 million above the 2022-2023 Fiscal Year values based on the start of each Fiscal Year. This continued growth is expected through the 2023-2024 Fiscal Year.

The District continues to revise the strategic planning to meet future needs of the District. The Capital Projects Plan provides the District with the facility needs at each location as well as forecasting the financial needs of these efforts and forecasting out the financial projections for the next 5 years to determine the future needs of the District.

The Budget for the 2023-2024 Fiscal Year is \$126,585,115. The Millage increased 3.15%, which was below the ACT 1 Index of 4.1%. This resulted in a millage rate of 32.6492 for the 2023-2024 Fiscal Year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Timothy Bricker, Director of Business Services at Methacton School District, 1001 Kriebel Mill Road, Eagleville, PA 19403, or (610) 489-5000.

BASIC FINANCIAL STATEMENTS

**Methacton School District
Statement of Net Position
As of June 30, 2023**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 35,882,309	\$ 678,488	\$ 36,560,797
Receivables, net	1,262,962	-	1,262,962
Internal Balances	-	13,845	-
Due From Other Governments	4,264,859	40,687	4,305,546
Other Receivables	42,617	-	42,617
Inventories	268,291	27,721	296,012
Prepaid Expenses	1,826,892	-	1,826,892
Total Current Assets	43,547,930	760,741	44,294,826
Non-Current Assets			
Restricted Cash and Cash Equivalents	29,087	-	29,087
Land	1,564,425	-	1,564,425
Site Improvements (net of depreciation)	5,419,875	-	5,419,875
Building and Bldg. Improvements (net of depreciation)	93,241,518	-	93,241,518
Furniture and Equipment (net of depreciation)	3,467,233	867,985	4,335,218
Intangible Right-To-Use Equipment (net of amortization)	1,000,904	-	1,000,904
Construction in Progress	36,768,599	-	36,768,599
Total Non-Current Assets	141,491,641	867,985	142,359,626
Total Assets	\$ 185,039,571	\$ 1,628,726	\$ 186,654,452
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Charges on Refundings	1,185,278	-	1,185,278
Deferred Outflows of Resources - Related to Pension	20,739,156	-	20,739,156
Deferred Outflows of Resources - Related to OPEB	499,724	-	499,724
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 207,463,729	\$ 1,628,726	\$ 209,078,610
LIABILITIES			
Current Liabilities:			
Internal Balances	\$ 13,845	\$ -	\$ -
Due to Other Governments	547,316	-	547,316
Accounts Payable	2,812,156	514,380	3,326,536
Current Portion of Long-Term Obligations	7,856,100	-	7,856,100
Accrued Salaries and Benefits	5,371,934	-	5,371,934
Payroll Deductions and Withholdings	5,023,335	-	5,023,335
Deferred Revenue	339,943	4,386	344,329
Prepayments	44,863	-	44,863
Judgment Payable	135,222	-	135,222
Other Current Liabilities	914,802	44,894	959,696
Total Current Liabilities	23,059,516	563,660	23,609,331
Non-Current Liabilities			
Bonds and Notes Payable	72,401,796	-	72,401,796
Lease Obligations	394,380	-	394,380
Long-Term Portion of Compensated Absences	2,946,583	-	2,946,583
Net Defined Benefit Pension Liability	137,369,483	-	137,369,483
Net OPEB Liability - Single Employer Plan	2,066,014	-	2,066,014
Net OPEB Liability - Multiple Employer Plan	5,654,093	-	5,654,093
Total Liabilities	243,891,865	563,660	244,441,680
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Leases	-	-	-
Deferred Inflows of Resources - Related to Pension	6,271,748	-	6,271,748
Deferred Inflows of Resources - Related to OPEB	3,748,441	-	3,748,441
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	253,912,054	563,660	254,461,869
NET POSITION			
Net Investment in Capital Assets	56,708,648	867,985	57,576,633
Restricted For:			
Capital Projects	17,266,409	-	17,266,409
Unrestricted (deficit)	(120,423,382)	197,081	(120,226,301)
TOTAL NET POSITION	(46,448,325)	1,065,066	(45,383,259)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 207,463,729	\$ 1,628,726	\$ 209,078,610

The Accompanying Notes are an integral part of these financial statements.

(1) Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances are eliminated in the "total" column (GASB Statement No. 34, para. 58).

Methacton School District
Statement of Activities
For the Year Ended June 30, 2023

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	OPERATING		CAPITAL	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS			
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 64,599,488	\$ 465,546	\$ 11,118,344	\$ -	\$ (53,015,598)	\$ -	\$ (53,015,598)
Instructional Student Support	10,835,138	-	1,577,264	-	(9,257,874)	-	(9,257,874)
Admin. & Fin'l Support Services	9,774,228	-	1,157,653	74,641	(8,541,934)	-	(8,541,934)
Oper. & Maint. of Plant Svcs.	8,707,505	-	856,834	-	(7,850,671)	-	(7,850,671)
Pupil Transportation	7,263,460	-	1,990,543	-	(5,272,917)	-	(5,272,917)
Student Activities	1,497,354	443,252	168,151	-	(885,951)	-	(885,951)
Community Services	7,349	-	-	-	(7,349)	-	(7,349)
Interest on Long-Term Debt	2,745,763	-	-	1,021,447	(1,724,316)	-	(1,724,316)
Unallocated Depreciation Expense	4,301,294	-	-	-	(4,301,294)	-	(4,301,294)
TOTAL GOVERNMENTAL ACTIVITIES	109,731,579	908,798	16,868,789	1,096,088	(90,857,904)	-	(90,857,904)
BUSINESS-TYPE ACTIVITIES:							
Food Services	1,988,710	1,318,118	1,037,450	-	-	366,858	366,858
TOTAL PRIMARY GOVERNMENT	\$ 111,720,289	\$ 2,226,916	\$ 17,906,239	\$ 1,096,088	\$ (90,857,904)	\$ 366,858	\$ (90,491,046)
GENERAL REVENUES:							
Property taxes. Levied for general purposes, net					\$ 82,349,126	\$ -	\$ 82,349,126
Taxes levied for specific purposes					10,800,656	-	10,800,656
Grants, subsidies, & contributions not restricted					10,401,676	-	10,401,676
Investment Earnings					2,019,404	23,936	2,043,340
Miscellaneous Income					508,479	-	508,479
Special item - Gain (Loss) on sale of capital assets					(283,617)	-	(283,617)
Extraordinary Items					-	-	-
Transfers					(3,147)	3,147	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					105,792,577	27,083	105,819,660
CHANGES IN NET POSITION					14,934,673	393,941	15,328,614
NET POSITION - BEGINNING					(61,382,998)	671,125	(60,711,873)
NET POSITION - ENDING					\$ (46,448,325)	\$ 1,065,066	\$ (45,383,259)

The Accompanying Notes are an integral part of these financial statements.

**Methacton School District
Balance Sheet
Governmental Funds
As of June 30, 2023**

	GENERAL	CAPITAL PROJECTS FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 22,124,756	\$ 13,757,553	\$ 35,882,309
Restricted Cash	29,087	-	29,087
Taxes Receivable, net	1,262,962	-	1,262,962
Due from Other Funds	-	3,624,212	3,624,212
Due from Other Governments	4,264,859	-	4,264,859
Other Receivables	42,617	-	42,617
Prepaid Expenditures	1,826,892	-	1,826,892
TOTAL ASSETS	\$ 29,551,173	\$ 17,381,765	\$ 46,932,938
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 29,551,173	\$ 17,381,765	\$ 46,932,938
<u>LIABILITIES</u>			
Due to Other Funds	\$ 3,654,390	\$ -	\$ 3,654,390
Due to Other Governments	547,316	-	547,316
Accounts Payable	2,628,872	166,951	2,795,823
Current Portion of Long-Term Debt	155,083	-	155,083
Judgment Payable	135,222	-	135,222
Accrued Salaries and Benefits	5,371,934	-	5,371,934
Payroll Deductions and Withholdings	5,023,335	-	5,023,335
Prepayments	339,943	-	339,943
Other Current Liabilities	45,740	-	45,740
TOTAL LIABILITIES	17,901,835	166,951	18,068,786
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Revenue from Property Taxes/Grants	821,241	-	821,241
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	18,723,076	166,951	18,890,027
<u>FUND BALANCES</u>			
Nonspendable Fund Balance	1,826,892	-	1,826,892
Restricted Fund Balance	140,248	17,214,814	17,355,062
Unassigned Fund Balance	8,860,957	-	8,860,957
TOTAL FUND BALANCES	10,828,097	17,214,814	28,042,911
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 29,551,173	\$ 17,381,765	\$ 46,932,938

The Accompanying Notes are an integral part of these financial statements.

**Methacton School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
As of June 30, 2023**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	28,042,911
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$230,022,954 and the accumulated depreciation/amortization is 88,560,400.		141,462,554
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		821,241
This represents deferred outflows of resources resulting in deferred charges on refunding prior bond issues.		1,185,279
This represents deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension Liability.		11,218,690
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:		<u>(229,447,291)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	<u>(46,448,325)</u>

The Accompanying Notes are an integral part of these financial statements.

Methacton School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	<u>GENERAL</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Local Sources	\$ 97,231,286	\$ 405,830	\$ 97,637,116
State Sources	26,340,363	-	26,340,363
Federal Sources	1,021,009	-	1,021,009
TOTAL REVENUES	<u>124,592,658</u>	<u>405,830</u>	<u>124,998,488</u>
EXPENDITURES			
Instruction	69,694,363	3,043	69,697,406
Support Services	39,205,414	107,322	39,312,736
Operation of Non-Instructional Services	1,640,829	-	1,640,829
Capital Outlay	4,583,989	3,211,679	7,795,668
Debt Service	10,870,594	-	10,870,594
TOTAL EXPENDITURES	<u>125,995,189</u>	<u>3,322,044</u>	<u>129,317,233</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,402,531)	(2,916,214)	(4,318,745)
OTHER FINANCING SOURCES (USES)			
Proceeds from Lease	169,871	-	169,871
Sale/Compensation for Fixed Assets	7,953	-	7,953
Transfers In (Out)	(4,303,889)	4,303,889	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,126,065)</u>	<u>4,303,889</u>	<u>177,824</u>
SPECIAL/EXTRAORDINARY ITEMS			
Extraordinary Items - Insurance Recoveries	59,785	-	59,785
NET CHANGE IN FUND BALANCES	(5,468,811)	1,387,675	(4,081,136)
FUND BALANCES - BEGINNING	<u>16,296,908</u>	<u>15,827,139</u>	<u>32,124,047</u>
FUND BALANCES - ENDING	<u>\$ 10,828,097</u>	<u>\$ 17,214,814</u>	<u>\$ 28,042,911</u>

The Accompanying Notes are an integral part of these financial statements.

Methacton School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2023

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (4,081,136)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation expense	\$ 4,814,510	
less - capital outlays	<u>8,145,253</u>	3,330,743

Some capital assets acquired this year were purchased with financing, lease obligations, or subscription-based IT arrangements. These arrangements provide current financial resources to governmental funds. Executing these obligations increases long-term liabilities in the statement of net position. (169,871)

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the costs of fixed assets sold. (291,569)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources increased by this amount this year. (104,417)

Repayment of bond, finance purchases, and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 7,811,433

In the statement of activities, certain operating expenses--compensated absences (vacations) and special termination benefits (early retirement)--are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. 7,198

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. This would include accumulated interest accreted on capital appreciation bonds. The additional interest accrued in the statement of activities over the amount due is shown here. 313,398

The difference between current year pension/OPEB expense reported on the governmental activities column of the government-wide financial statements and the pension/OPEB contributions made this past year reported as expenditures in the governmental funds. 7,850,603

The governmental funds use the purchase method of inventory, where all items purchased are charged to expenditures. However, the statement of activities is reflected on the consumption method of recording inventory type items; therefore, this adjustment reflects the inventory difference. 268,291

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 14,934,673**

The Accompanying Notes are an integral part of these financial statements.

**Methacton School District
Statement of Fund Net Position
Proprietary Funds
As of June 30, 2023**

	FOOD SERVICE
<u>ASSETS</u>	
CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 678,488
Due from Other Funds	13,845
Due From Other Governments	40,687
Inventories	27,721
TOTAL CURRENT ASSETS	760,741
NON-CURRENT ASSETS:	
Machinery & Equipment (net)	867,985
TOTAL NON-CURRENT ASSETS	867,985
TOTAL ASSETS	\$ 1,628,726
<u>LIABILITIES</u>	
CURRENT LIABILITIES:	
Accounts Payable	\$ 514,380
Deferred Revenue	4,386
Prepayments from Students	44,894
TOTAL LIABILITIES	563,660
<u>DEFERRED INFLOWS OF RESOURCES</u>	
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	
	-
	563,660
<u>FUND NET POSITION</u>	
Net Investment in Capital Assets	867,985
Unrestricted	197,081
TOTAL FUND NET POSITION	1,065,066
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION	
	\$ 1,628,726

The Accompanying Notes are an integral part of these financial statements.

Methacton School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	FOOD SERVICE
OPERATING REVENUES:	
Food Service Revenue	\$ 1,318,118
Other Operating Revenues	-
TOTAL OPERATING REVENUES	1,318,118
OPERATING EXPENSES:	
Purchased Property Service	2,285
Other Purchased Services	1,830,720
Supplies	97,217
Depreciation	58,488
TOTAL OPERATING EXPENSES	1,988,710
OPERATING INCOME (LOSS)	(670,592)
NON-OPERATING REVENUES (EXPENSES)	
Earnings on Investments	23,936
State Sources	163,911
Federal Sources	873,539
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,061,386
INCOME (LOSS) BEFORE CONTRIBUTIONS	390,794
Capital Contributions	3,147
CHANGES IN FUND NET POSITION	393,941
FUND NET POSITION - BEGINNING	671,125
FUND NET POSITION - ENDING	\$ 1,065,066

The Accompanying Notes are an integral part of these financial statements.

**Methacton School District
Statement of Cash Flows
Proprietary Funds
As of June 30, 2023**

	FOOD SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Users	\$ 1,334,513
Cash Payments to Suppliers for Goods and Services	(1,409,997)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(75,484)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Sources	155,384
Federal Sources	763,407
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	918,791
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Facilities Acquisition/Const./Improvement Svcs.	(815,683)
Capital Contributions	3,147
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(812,536)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	23,936
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	23,936
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	54,707
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	623,781
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 678,488
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	
OPERATING INCOME (LOSS)	\$ (670,592)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Depreciation and Net Amortization	58,488
Donated Commodities Used	94,395
CHANGE IN ASSETS AND LIABILITIES:	
(Increase) Decrease in Accounts Receivable	6,419
(Increase) Decrease in Advances to Other Funds	6,458
(Increase) Decrease in Inventories	6,807
Increase (Decrease) in Accounts Payable	427,226
Increase (Decrease) in Deferred Revenue	(8,203)
Increase (Decrease) in Prepayments from Students	3,518
TOTAL ADJUSTMENTS	595,108
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (75,484)

The Accompanying Notes are an integral part of these financial statements.

**Methacton School District
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2023**

	CUSTODIAL FUNDS
ASSETS	
Cash and Cash Equivalents	\$ 273,563
Investments	-
Due from Other Funds	16,333
Other Receivables	6,070
Prepaid Expenses	6,934
TOTAL ASSETS	302,900
DEFERRED OUTFLOWS OF RESOURCES	
	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 302,900 -----
LIABILITIES	
Accounts Payable	\$ 12,740
Other Current Liabilities	2,311
TOTAL LIABILITIES	15,051
DEFERRED INFLOWS OF RESOURCES	
	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	15,051 -----
NET POSITION	
Restricted for	
Individuals, Organizations, and Other Governments	287,849
TOTAL LIABILITIES & NET POSITION	\$ 302,900 -----

The Accompanying Notes are an integral part of these financial statements.

Methacton School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	CUSTODIAL FUNDS
ADDITIONS	
Contributions - Students	\$ 152,433
Contributions - Other	2,185
Special Events	196,898
Other Income	480
Investment Earnings:	
Interest and Dividends	5,475
Net increase (decrease) in fair value of investments	-
Less investment expense	-
TOTAL ADDITIONS	357,471
 DEDUCTIONS	
Administrative expense	6,440
Benefits paid to participants or beneficiaries	16,436
Payments for student club activities	259,863
Other	-
TOTAL DEDUCTIONS	282,739
 CHANGES IN NET POSITION	74,732
 NET POSITION - BEGINNING OF YEAR	213,117
 NET POSITION - END OF YEAR	\$ 287,849

The Accompanying Notes are an integral part of these financial statements.

Methacton School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2023

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>(GAAP</u> <u>BASIS)</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 93,290,868	\$ 93,290,868	\$ 97,231,286	\$ 3,940,418
State Sources	24,995,506	24,995,506	26,340,363	1,344,857
Federal Sources	582,757	582,757	1,021,009	438,252
TOTAL REVENUES	<u>118,869,131</u>	<u>118,869,131</u>	<u>124,592,658</u>	<u>5,723,527</u>
EXPENDITURES				
Regular Instruction	46,019,331	47,181,054	47,443,915	(262,861)
Special Programs	17,951,003	17,402,193	20,157,882	(2,755,689)
Vocational Programs	2,378,359	1,765,863	1,764,793	1,070
Other Instructional Programs	279,275	279,275	228,444	50,831
Nonpublic School Programs	4,803	4,803	4,119	684
Adult Education Programs	120,393	120,393	95,210	25,183
Pupil Personnel Services	5,878,205	5,877,769	6,111,282	(233,513)
Instructional Staff Services	3,638,639	3,446,595	3,474,555	(27,960)
Administrative Services	7,022,898	7,037,845	6,902,754	135,091
Pupil Health	2,048,541	2,209,817	2,220,952	(11,135)
Business Services	1,219,136	1,246,490	1,169,872	76,618
Operation & Maintenance of Plant Services	9,434,184	9,571,702	9,423,559	148,143
Student Transportation Services	7,537,032	7,537,032	7,308,889	228,143
Central Support Services	2,478,826	2,500,294	2,527,178	(26,884)
Other Support Services	75,500	75,500	66,373	9,127
Student Activities	-	488,017	465,927	22,090
School Sponsored Athletics	1,531,429	1,072,911	1,167,553	(94,642)
Community Services	500	500	7,349	(6,849)
Facilities, Acquisition and Construction	-	-	4,583,989	(4,583,989)
Debt Service	10,351,077	10,351,078	10,870,594	(519,516)
TOTAL EXPENDITURES	<u>117,969,131</u>	<u>118,169,131</u>	<u>125,995,189</u>	<u>(7,826,058)</u>
Excess (deficiency) of revenues over expenditures	900,000	700,000	(1,402,531)	(2,102,531)
OTHER FINANCING SOURCES (USES)				
Proceeds from Leases	-	-	169,871	169,871
Sale/Compensation for Fixed Assets	-	-	7,953	7,953
Transfers Out	-	(700,000)	(4,303,889)	(3,603,889)
Budgetary Reserve	(200,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(200,000)</u>	<u>(700,000)</u>	<u>(4,126,065)</u>	<u>(3,426,065)</u>
Special Items	-	-	-	-
Extraordinary Items - Insurance Recoveries	-	-	59,785	59,785
NET CHANGE IN FUND BALANCES	700,000	-	(5,468,811)	(5,468,811)
FUND BALANCE - JULY 1, 2022	<u>14,022,781</u>	<u>14,022,781</u>	<u>16,296,908</u>	<u>2,274,127</u>
FUND BALANCE - JUNE 30, 2023	<u>\$ 14,722,781</u>	<u>\$ 14,022,781</u>	<u>\$ 10,828,097</u>	<u>\$ (3,194,684)</u>

The Accompanying Notes are an integral part of these financial statements.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Note 1 - Description of the School District and Reporting Entity

School District

The Methacton School District is located in Eagleville, Pennsylvania. This District's tax base consists of the Townships of Lower Providence and Worchester.

The District is a unit established, organized and empowered by the Commonwealth of Pennsylvania for the express purpose of carrying out, on the local level, the Commonwealth's obligation to public education, as established by the constitution of the Commonwealth and by the School Law Code of the same (Article II,; Act 150, July 8, 1968).

As specified under the School Law Code of the Commonwealth of Pennsylvania, this and all other school districts of the state "shall be and hereby are vested as, bodies corporate, with all necessary powers to carry out the provisions of this act." (Article II, Section 211).

Board of School Directors

The District is governed by a board of nine School Directors who residents of the District and who are elected every two years, on a staggered basis, for a four-year term. The Board of School Directors has the power and duty to establish, equip, furnish and maintain a sufficient number of elementary, secondary and other schools necessary to educate every person residing in such district between the ages of 6 and 21 years who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any schools herein provided, or to pay any school indebtedness which the school district is required to pay, or to pay any indebtedness that may at any time hereafter be created by the school district, the board of school directors are vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual State appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

Administration

The Superintendent of Schools shall be the executive officer of the Board of School Directors and, in that capacity shall administer the School District in conformity with Board policies and the School Laws of Pennsylvania. The Superintendent shall be directly responsible to, and therefore appointed by, the Board of School Directors. The Superintendent shall be responsible for the overall administration, supervision, and operation of the School District.

The Director of Business Services, recommended by the Superintendent and appointed by the Board of School Directors, shall supervise and coordinate all business aspects of the School District. In this capacity, he or she shall be responsible to ensure that all work accomplished by him/her, or by persons under his/her supervision, is in the best interests of the Methacton School District. The Director of Business Services is directly responsible to the Superintendent.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

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 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 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 District. In addition, component units can be organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading. This report presents the activities of the Methacton School District. The District is not a component unit of another reporting entity nor does it have any component units.

The tax collectors are elected officers who collect taxes on behalf of the county, townships, boroughs, and the District. The District regards the tax collectors' offices as separate entities and, therefore, does not account for their activity in the financial statements.

Joint Ventures

North Montco Area Vocational-Technical School

The School District is a participating member of the North Montco Area Vocational-Technical School (NMAVTS). The NMAVTS is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the NMAVTS's annual operating budget. Each participating district pays a pro-rata share of the NMAVTS's operating costs based on the number of students attending the NMAVTS for each District. The District's share of the NMAVTS's operating costs for 2022-23 was \$1,343,654.

On dissolution of the North Montco Area Vocational Technical School, the net position of NMAVTS will be shared on a pro-rata basis of each participating district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in NMAVTS as defined by GASB Statement No. 14, as amended by GASB No. 61, except a residual interest in the net position upon dissolution that should not be reflected on the basic financial statements. Complete financial statements for the NMAVTS can be obtained from the NMAVTS's administrative office.

Jointly Governed Organizations

Montgomery County Intermediate Unit

The District is a participating member of the Montgomery County Intermediate Unit (MCIU). The MCIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee.

The board of directors of each participating district must approve the MCIU's annual operating budget. The MCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no on-going financial interest or financial responsibility in the CIU. The CIU contracts with participating districts to supply special education services, computer services, and acts as a conduit for certain federal programs.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced. GASB Statement No. 62 was issued to include all prior Financial Accounting Standards Board's statements and interpretations, along with predecessors' statements and interpretations pertaining to governments into the hierarchy of the Governmental Accounting Standards Board's jurisdiction.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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 statement of net position presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for one business-type activity of the School District. 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Deferred outflows of resources is recorded in a particular governmental fund where costs are spent for a future period. Current Liabilities are assigned to the governmental fund from which they will be paid. Deferred inflows of resources is recorded in a particular governmental fund that has received resources for a future

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

period. The difference between the sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

General Fund *The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.*

Special Revenue Fund Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establish that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Under this definition, the District does not have any special revenue funds.

Capital Projects Fund Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Proprietary Funds Proprietary funds focus on the determination of changes in net position, financial position, and cash flows and are classified as enterprise funds. The Proprietary Funds of the School District have operating and nonoperating revenues and/or expenses. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are reported as nonoperating revenues and/or expenses, including subsidies received from the state and federal government for school lunches, donated commodities, and amounts received for fica and retirement subsidies. Operating revenues reported are consistent with the fees or charges incurred based on the intent of the individual proprietary fund.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

Food Service Fund

This fund accounts for the financial transactions related to the food service operations of the School District.

Fiduciary Funds Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: Pension (and other employee benefit) trust funds, investment trust funds, Private-purpose trust funds and Custodial funds.

Student Activity Funds

These funds are considered custodial funds and are reported as such in the Statement of Net Position Fiduciary Funds and the Statement of Changes in Fiduciary Net Position. Custodial funds are used to report fiduciary activities that are not required to be reported in one of the other three Fiduciary fund types.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet, along with deferred outflows of resources or deferred inflows of resources required to be reported. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation's with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Like the government-wide statements, all enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities, including required deferred outflows of resources or required deferred inflows of resources, associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its enterprise activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

E. Budgetary Process

An operating budget is adopted prior to the beginning of each year for the General Fund on the modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

In accordance with Act 1 of 2006, the Board shall annually, but not later than the first business meeting of January, decide the budget option to be used for the following fiscal year. The Board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

Accelerated Budget Process Option

Under this option, a preliminary budget must be prepared 150 days prior to the primary election. Under this Option, the preliminary budget must be available for public inspection at least 110 days prior to the primary election. The Board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption. The adoption must occur at least 90 days prior to the primary election.

If the preliminary budget exceeds the increase authorized by the Index, an application for an exception may be filed with either a Court of Common Pleas with jurisdiction or PDE and made available for public inspection. The Board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1.

The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The Board shall annually adopt the final budget by a majority vote of all members of the Board prior to June 30.

Board Resolution Option

Under the Board Resolution Option, the Board shall adopt a resolution that it will not raise the rate of any tax for the following fiscal year by more than the Index. Such resolution shall be adopted no later than 110 days prior to the primary election. At least 30 days prior to adoption of the final budget the Board shall prepare a proposed budget. The proposed budget shall be available for public inspection at least 20 days prior to adoption of the budget. The Board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The Board shall annually adopt the final budget by a majority vote of all members of the Board by June 30.

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the School Board to make budgetary transfers between major function and major object codes 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 PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2022-23 budget transfers.

F. Use of Estimates

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

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

G. Changes in Accounting Principles

During the 2022-23 fiscal year the School District implemented the following new generally accepted accounting principles:

GASB Statement No. 81 (Conduit Debt Obligations). The objective of this Statement is provides a single method of reporting conduit debt obligations by issuers associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

GASB Statement No. 94 (PPP's). The objectives of the statement are to improve financial reporting related to public-private and public-public partnership arrangements (PPPs). A PPP is defined in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 96 (SBITA's). - This statement provided guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to use subscription asset – and intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

GASB Statement No. 99 (Omnibus 2022). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

H. 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 and additions to/deductions from the Public School Employees' Retirement System's fiduciary net position have been determined on the same basis as they are reported by the Public School Employees' Retirement System. 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.

I. Other Postemployment Benefits

Multiple Employer Cost Sharing OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS'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.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Single Employer OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information was obtained from the Actuary Report conducted by Conrad Siegel. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The single employer plan is not funded.

J. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Proprietary Fund type considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Investments

In accordance to GASB Statement No. 72, investments generally are to be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has the present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts.

A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share of the investment.

This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets. These assets were previously required to be measured at fair value.

Fair value is measured using a hierarchy of inputs using valuation techniques. The hierarchy has three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

The valuation techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount.

Receivables and Payables

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

Property Tax Levy

Property taxes, which were levied during the fiscal year ended June 30, 2023, are recognized as revenue in the fund financial statements when received by the District during the fiscal year and also estimated to be received by the District within thirty (30) days after the fiscal year ended.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Property taxes that were levied during the current fiscal year, which are not estimated to be received within thirty (30) days after the fiscal year-end, are recorded as receivable and deferred inflows of resources in the fund financial statements.

In the government-wide financial statements, all property taxes levied during the fiscal year are recognized as revenue, net of estimated uncollectible amount.

Inventories

Inventories of Governmental Funds are recorded as expenditures when purchased rather than when consumed. Inventories on government-wide financial statements are presented at the lower of cost or market on a first-in, first-out method and are expensed when used.

Inventory type items in Proprietary Funds use the consumption method, in which items are purchased for inventory and charged to expenses when used. The only Proprietary Fund of the District is the Food Service Fund. Inventory within this fund consists of donated commodities, which are valued at U.S.D.A.'s approximate costs, and purchased food.

Inventories on hand at June 30, 2023, consist of:

Purchased Food	\$ 11,638
Supplies	11,697
Donated Commodities	<u>4,386</u>
TOTAL	<u>\$ 27,721</u>

Prepaid Expenses

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand (\$5,000) dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

All reported capital assets except land, certain land improvements, and construction in progress are depreciated or amortized. Improvements are depreciated over the remaining useful lives of the related capital assets.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Depreciation and amortization are computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Site Improvements	5 - 40 years	5 - 40 years
Buildings and Improvements	10 - 40 years	10 - 40 years
Furniture and Equipment	5 - 10 years	5 -10 years
Vehicles	6 -15 years	6 -15 years
Right-to-use Equipment	Length of Lease	Length of Lease

Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16 (Accounting for Compensated Absences). Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

Leases

Lessee

The Methacton School District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$20,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Lessor

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

SBITAs (Subscription Based Information Technology Arrangements)

Occasionally the District enters into Subscription-Based Information Technology Arrangements. These arrangements grant the District the right to use information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

In the entity-wide financial statements, SBITAs are reported as intangible assets based on the present value of future subscription payments to be made over the life of the arrangement. Correspondingly, a liability is recognized for the future payments, and it is amortized over the life of the SBITA. The amortization expense related to the intangible asset and any interest expense associated with the recognized liability are reported in the Statement of Activities.

In the fund financial statements, under the modified accrual basis of accounting, expenditures are recognized for SBITA payments when they are due. Therefore, no intangible asset or corresponding liability is reported in the governmental fund statements. The expenditures related to SBITA payments are recognized in the fund's Statement of Revenues, Expenditures, and Changes in Fund Balances in the period the payment is due.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Other Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, and deferred amounts on refundings are deferred and amortized over the life of the bonds using modification of the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any deferred amount on refundings are reported as deferred outflows of resources and amortized over the life of the bond issue. Bond issuance costs are expensed in the year they are incurred.

In the fund financial statements, governmental fund types 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 while discounts and premiums on debt issuances are reported as other financing uses and other financing sources, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as support service expenditures.

Reclassification

Certain amounts have been reclassified to conform to the June 30, 2023, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements reported on the modified accrual basis of accounting.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net Investment in Capital Assets component of Net Position is comprised of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall Net Investment in Capital Assets. The restricted component of Net Position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of Net Position is unrestricted.

The School District applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

Fund Balance Categories

Fund balance for governmental funds should be reported in classifications that compromise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Below are the potential Categories of fund balance the government may use with their definitions, the actual categories used is explained in Note 7 to the financial statements.

Nonspendable Fund Balance

This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Restricted Fund Balance

Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or other governmental laws or regulations, or the constraint is imposed by enabling legislation or constitutional provisions.

Committed Fund Balance

This category pertains to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action. This government's governing body is the School Board and the formal action taken to commit resources is done by resolution.

Assigned Fund Balance

This category includes all remaining amounts that are reported in governmental funds, except the general fund, that are not classified in one of the above-mentioned categories.

In the general fund, this category represents the District's intent to use resources for a specific purpose, which does not require formal action by the governing body. The District's policy dictates the Superintendent or his/her designee is responsible to make these assignments.

Unassigned Fund Balance

This category of fund balance represents the residual classification for the general fund after segregating resources used in the other categories listed above. Unassigned fund balance will only be shown in other governmental funds if those governmental funds have a negative net fund balance.

The District's policy on fund balance does not dictate which category of unrestricted fund balance is spent first, when resources are available to be spent in various categories. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts. The District's policy also does not dictate whether restricted (nonspendable or restricted) or unrestricted (committed, assigned, and unassigned) is spent first when resources are available in both categories. As such, in these circumstances, restricted will be assumed to have been spent first followed by the unrestricted categories.

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds did not receive any contributions during this fiscal year.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Note 3 - Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between "fund balance - total governmental funds" and "net position - governmental activities" as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$229,447,291 difference are:

Bonds/Notes payable	\$ 74,265,000
Less: Issuance discount (to be amortized as interest expense)	(9,057)
Add: Issuance premium (to be amortized as a contra to interest expense)	5,385,853
Lease Purchase Obligations	855,397
Net Pension Liability	137,369,483
Accrued Interest Payable	913,925
Compensated Absences	2,946,583
Net OPEB Liability - Single Employer Plan	2,066,014
Net OPEB Liability - Multiple Employer Plan	5,654,093
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	\$ 229,447,291

B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

- a) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.
- b) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording of depreciation expense on those items as recorded in the statement of activities.
- c) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Explanation of Differences between Governmental Fund Statements and District-Wide Statements

	TOTAL GOVERN- MENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANS- ACTIONS	TOTAL FOR STATEMENT OF ACTIVITIES
REVENUES AND OTHER SOURCES					
LOCAL SOURCES:					
Property Taxes	\$ 82,453,543	\$ (104,417)	\$ -	\$ -	\$ 82,349,126
Taxes levied for specific purposes	10,800,656	-	-	-	10,800,656
Interest and investment earnings	2,019,404	-	-	-	2,019,404
Miscellaneous	239,533	59,785	(839)	-	298,479
Contributions and Donations	202,340	-	-	-	202,340
Charges for Services	916,458	-	-	-	916,458
Grants, subsidies & contributions not restricted	10,401,676	-	-	-	10,401,676
STATE SOURCES:					
Operating and Capital grants and contributions	15,938,687	-	-	-	15,938,687
FEDERAL SOURCES:					
Operating and Capital grants and contributions	2,026,190	-	-	-	2,026,190
OTHER FINANCING USES:					
Proceeds from Leases	169,871	-	-	(169,871)	-
SPECIAL AND EXTRAORDINARY ITEMS:					
Insurance Recoveries	59,785	(59,785)	-	-	-
Gain or (Loss) on disposal of assets	7,953	-	(291,570)	-	(283,617)
TOTAL REVENUES	<u>125,236,096</u>	<u>(104,417)</u>	<u>(292,409)</u>	<u>(169,871)</u>	<u>124,669,399</u>
EXPENDITURES/EXPENSES					
Instruction	69,697,406	(5,416,171)	318,253	-	64,599,488
Instructional Student Support	11,806,789	(969,086)	(2,565)	-	10,835,138
Admin. & Fin'l Support Services	10,666,177	(815,589)	(76,360)	-	9,774,228
Oper. & Maint. Of Plant Svcs.	9,527,733	(753,035)	(67,193)	-	8,707,505
Pupil Transportation	7,308,889	(45,429)	-	-	7,263,460
Student activities	1,633,480	(126,782)	(9,344)	-	1,497,354
Community Services	7,349	-	-	-	7,349
Capital Outlay	7,795,668	-	(7,795,668)	-	-
Debt Service	10,870,594	-	-	(8,124,831)	2,745,763
Transfers Out	3,147	-	-	-	3,147
Depreciation - unallocated	-	-	4,301,294	-	4,301,294
TOTAL EXPENDITURES/EXPENSES	<u>129,317,232</u>	<u>(8,126,092)</u>	<u>(3,331,583)</u>	<u>(8,124,831)</u>	<u>109,734,726</u>
NET CHANGE FOR THE YEAR	<u>\$ (4,081,136)</u>	<u>\$ 8,021,675</u>	<u>\$ 3,039,174</u>	<u>\$ 7,954,960</u>	<u>\$ 14,934,673</u>

Note 4 - Stewardship, Compliance, and Accountability

A. Compliance with Finance Related Legal and Contractual Provisions

The District has no material violations of finance related legal and contractual provisions.

B. Deficit Fund Balance or Net Position of Individual Funds

No individual fund contains a deficit fund balance or net position at June 30, 2023, except the governmental activities reports a \$46,448,325 deficit.

C. Excess of Expenditures over Appropriations in Individual Funds

During the reported fiscal period, the General Fund, guided by its legally established budget, recorded expenditures that surpassed the budgeted appropriations by \$7,826,058. A notable contributor to this discrepancy was the unanticipated allocation of \$1,342,553 from Federal and State entities, tied to emergent COVID-19 related grants. Given these funds' post-budget inception, they were not accounted for in the original budget projections. Importantly, the PA School Code's Section 609 provides a provision allowing for such expenditure surpluses when additional, unbudgeted Federal and State funds are introduced.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

In addition, the District tapped into its committed fund balance, utilizing \$6,305,570. This fund deployment, although not itemized in the preceding budget, had been on the school board's radar for potential use in the 22-23 fiscal cycle. The residual over-expenditures stemmed from debt service obligations, a consequence of the accounting shifts prompted by GASB 87 and GASB 96. The PA School Code justifies budgetary overruns related to debt service commitments and other financing purposes.

D. Budgetary Compliance

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2023. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

Note 5 - Detailed Notes on All Funds and Account Groups

Assets

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2023, \$32,976,705, of the District's bank balance of \$34,131,660 was exposed to custodial credit risk, as follows:

Uninsured and uncollateralized	\$	-
Collateralized with securities held by the pledging financial institution		-
Uninsured and collateral held by the pledging bank's trust department not in the District's name		32,976,705
TOTAL		\$ 32,976,705

Reconciliation to Financial Statements

Uncollateralized Amount Above	\$	32,976,705
Plus: Insured Amount		1,154,955
Less: Outstanding Checks		(511,255)
Carrying Amount - Bank balances		33,620,405
Plus: Petty Cash		1,005
Deposits in Investment Pools Considered Cash Equivalents		3,242,037
Deposits in Money Market Mutual Funds Considered Cash Equivalents		-
Less: Certificates of Deposit considered Investment by School Code		-
Total Cash Per Financial Statements		\$ 36,863,447

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Investments

Permitted investments for Methacton School District are defined in the Public School Code of 1949, as amended by Act 10 of 2016 as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
5. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.
7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
8. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
9. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
 - The investments of the company are the authorized investments listed above.
 - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds.
 - The investment company is rated in the highest category by a nationally recognized rating agency.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

11. Savings or demand deposits placed in accordance with the following conditions:

- The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
- The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.
- The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
- On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

As of June 30, 2023, the District had the following investments:

Investment	Maturities	Fair Value
PA Local Government Investment Trust Class		\$ 1,916,234
PA Local Government Investment Trust Reserve Class		105,706
PA Local Government Investment Trust-Prime		1,220,035
PA School District Liquid Asset Fund		63
TOTAL		\$ 3,242,038

Interest Rate Risk

The District does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2023, the District's investments in the Pa. School Liquid Asset Fund was rated AAAM by Standard & Poor's. The District's investment in Pa. Local Government Investment Trust was rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. As of June 30, 2023, the District did not hold any investments which would subject itself to the concentration of credit risk.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investments subject to custodial credit risk.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Reconciliation to Financial Statements

Total Investments Above	\$ 3,242,038
Less: Deposits in Investment Pool Considered Cash Equivalents	(3,242,038)
Deposits in Money Market Funds Considered Cash Equivalents	-
Total Investments Per Financial Statements	\$ -

Fair Value Reporting

The 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 significant unobservable inputs.

The District did not have any recurring fair value investments at June 30, 2023. The District did have Cash Equivalents in 2a7-like external investment pools, which GASB Statement No. 72 allows to be recorded at amortized cost as provided in paragraph 16 of GASB Statement No. 31.

Property Taxes

Property taxes are levied on July 1, on the assessed value listed, as of that date, for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$2,890,596,182. In accordance with Act 1 of 2006, the District received \$9,016,433 in property tax reduction funds for the 2022-23 fiscal year. The tax rate for the year was \$3.16522 per \$100 of assessed valuation or 31.6522 mills.

The property tax calendar is:

- July 1 - Full year tax assessed for current year.
- July 1 - September 11 - Discount period during which a 2% discount is allowed.
- September 12 - November 11 - Face amount of tax is due.
- November 12 - February 11 - A 10% penalty is added to all payments.
- April 24 - All unpaid taxes become delinquent and are turned over to the County Tax Claim Bureau for collection.

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 30 days, was recognized as revenue and the balance deferred in the fund financial statements.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Receivables

Receivables as of year end for the government's individual major funds and non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are:

Schedule on Receivables for major, non-major, and fiduciary funds

	GENERAL FUND	CAPITAL PROJECTS FUND	FOOD SERVICE FUND	FIDUCIARY FUNDS	TOTAL
RECEIVABLES:					
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	1,376,612	-	-	-	1,376,612
Accounts	42,617	-	-	6,070	48,687
Intergovernmental	4,264,859	-	40,687	-	4,305,546
GROSS RECEIVABLES	5,684,088	-	40,687	6,070	5,730,845
Less: Allowance for Uncollectibles	(113,650)	-	-	-	(113,650)
NET RECEIVABLES	\$ 5,570,438	\$ -	\$ 40,687	\$ 6,070	\$ 5,617,195

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were:

Schedule on Deferred Inflows of Resources - Unavailable and Unearned

	UNAVAILABLE	UNEARNED
Delinquent Property Taxes - General Fund	\$ 821,241	\$ -
Leases	-	-
TOTAL	\$ 821,241	\$ -

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Capital Assets

Capital asset balances and activity for the year ending June 30, 2023, were:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being depreciated:				
Land	\$ 1,564,425	\$ -	\$ -	\$ 1,564,425
Construction in Progress	32,586,120	7,810,900	(3,628,421)	36,768,599
Total Capital Assets not being depreciated	<u>34,150,545</u>	<u>7,810,900</u>	<u>(3,628,421)</u>	<u>38,333,024</u>
Capital Assets being depreciated/amortized:				-
Site Improvements	10,093,435	130,625	(286,055)	9,938,005
Buildings and Bldg. Improvements	158,966,866	3,359,869	(2,144,038)	160,182,697
Furniture and Equipment	19,770,231	302,410	(313,088)	19,759,553
Intangible Right-To-Use Equipment	1,639,805	169,870	-	1,809,675
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED	<u>190,470,337</u>	<u>3,962,774</u>	<u>(2,743,181)</u>	<u>191,689,930</u>
Less accumulated depreciation/amortization for:				
Site Improvements	(4,200,366)	(474,734)	156,970	(4,518,130)
Buildings and Bldg. Improvements	(65,791,444)	(3,144,916)	1,995,181	(66,941,179)
Furniture and Equipment	(15,885,580)	(706,200)	299,460	(16,292,320)
Intangible Right-To-Use Equipment	(320,113)	(488,658)	-	(808,771)
TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION	<u>(86,197,503)</u>	<u>(4,814,508)</u>	<u>2,451,611</u>	<u>(88,560,400)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	<u>104,272,834</u>	<u>(851,734)</u>	<u>(291,570)</u>	<u>103,129,530</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	<u>\$ 138,423,379</u>	<u>\$ 6,959,166</u>	<u>\$ (3,919,991)</u>	<u>\$ 141,462,554</u>
BUSINESS-TYPE ACTIVITIES:				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 177,044	\$ 815,683	\$ -	\$ 992,727
Less accumulated depreciation	(66,254)	(58,488)	-	(124,742)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 110,790</u>	<u>\$ 757,195</u>	<u>\$ -</u>	<u>\$ 867,985</u>

DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:

Instruction	\$ 472,462
Instructional Student Support	285
Admin. & Fin'l Support Services	23,530
Oper. & Maint. of Plant Svcs.	16,309
Student Activities	628
Depreciation - unallocated	4,301,294
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	<u>\$ 4,814,508</u>

The District's governmental activities disposed or scrapped \$2,743,181 of capital assets during the year, with accumulated depreciation of \$2,451,611. The district was able to recoup \$7,953 from the sale of certain equipment, this resulted in a net loss on disposition of \$283,617 for the year. The business-type activities did not dispose of any capital assets during the year.

**Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Commitments

Encumbrances

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The General Fund Budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

The actual results of operations are presented in accordance with GAAP and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the District's legally adopted budget.

Long-term Construction Commitments

The District has the following construction commitments in the Capital Projects Fund:

**Methacton School District
Construction Commitments**

	<u>CONTRACT AMOUNT</u>	<u>EXPENDED TO 6/30/23</u>	<u>OUTSTANDING COMMITMENTS</u>
Arrowhead ES Replacement			
E. R. Steubner - Constructon Contractor	\$ 16,227,237	\$ 15,937,960	\$ 289,277
Trefz Mechanical - Mechanical Contractor	5,093,093	4,837,893	255,200
Eagleville Entrance			
Five Star Inc - Construction Contractor	2,377,252	2,309,046	68,206
Planetarium			
Spitz - Dome Contractor	734,700	439,920	294,780
Willer Brucker - General Contractor	132,394	88,948	43,446
GRAND TOTAL	<u>\$ 24,564,676</u>	<u>\$ 23,613,767</u>	<u>\$ 950,909</u>

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Short-term Debt

Interfund balances between funds represent temporary loans recorded at year end subsequent to a final allocation of expenses. The balances generally are paid shortly after year end. Transfers represent funds set aside for the anticipation of future capital needs.

Interfund receivables and payables

The following interfund receivables and payables were in existence on June 30, 2023:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ -	3,705,985
Capital Projects Fund	3,675,807	-
Enterprise (Food Service) Fund	13,845	-
Custodial (Activity) Funds	16,333	-
TOTAL	\$ 3,705,985	\$ 3,705,985

Interfund transfers

The District also made the following interfund transfers during the year ended June 30, 2023:

	TRANSFER IN	TRANSFER OUT
General Fund	\$ -	\$ 4,358,631
Enterprise (Food Service) Fund	3,147	
Capital Projects Fund	4,355,484	-
TOTAL	\$ 4,358,631	\$ 4,358,631

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2023, were:

CHANGES IN LONG-TERM LIABILITIES

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
GOVERNMENTAL ACTIVITIES					
<i>General Obligation Debt:</i>					
Bonds	\$ 82,572,152	\$ 755	\$ 8,136,111	\$ 74,436,796	\$ 7,240,000
Notes	5,205,000	-	-	5,205,000	-
Total general obligation debt	87,777,152	755	8,136,111	79,641,796	7,240,000
<i>Other liabilities:</i>					
Lease Obligations	1,176,960	169,871	491,433	855,398	461,017
<i>Vested employee benefits:</i>					
Compensated Absences	3,109,244	-	7,579	3,101,665	155,083
Net Defined Benefit Pension	130,573,467	6,796,016	-	137,369,483	-
Net OPEB Liability - Single Employer Plan	3,518,731	-	1,452,717	2,066,014	-
Net OPEB Liability - Multiple Employer Plan	7,499,488	-	1,845,395	5,654,093	-
Total other liabilities	145,877,890	6,965,887	3,797,124	149,046,653	616,100
TOTAL GOVERNMENTAL ACTIVITY					
LONG-TERM LIABILITIES	\$ 233,655,042	\$ 6,966,642	\$ 11,933,235	\$ 228,688,449	\$ 7,856,100

Payments on bonds and notes are made by the general fund. Vested employee benefits will be liquidated by governmental and proprietary funds. The School District currently does not have any bonds or notes payable in business-type activities.

Total Interest paid and accrued during the year:

	<u>EXPENSE</u>	<u>PAID</u>
GOVERNMENTAL ACTIVITIES		
General obligation debt	\$ 2,717,679	\$ 3,031,077
Lease Obligations	19,137	19,137
Refund of Prior Year Receipts	8,947	8,947
TOTAL INTEREST PAID BY GOVERNMENTAL ACTIVITIES	\$ 2,745,763	\$ 3,059,161

Compensated Absences

Sick Leave

Under the District's various bargaining agreements and plans, professional and eligible support personnel accumulate unused sick days from year to year based on their classification. These accumulated sick days are vesting during the employee's tenure. Upon retirement, these employees are also eligible for remuneration for unused sick days under the following bargaining agreements:

- Methacton Education Association - \$75 per day up to a maximum 160 days
- Methacton Education Support Personnel Association - \$50 per day up to a maximum 115 days
- Teamster Local 384 - \$45 per day up to a maximum of 120 days
- Methacton Administrators agreement \$100 per day up to a maximum of 185 days

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

To be eligible for this benefit, the employee must be eligible to receive superannuation, early retirement or disability pension from the Public School Employees Retirement System (PSERS), and the employee must have at least ten (10) years of service in the Methacton School District, including previous subdivisions. The employee must be retiring from a full-time position and complete full-time service.

The District maintains records of each employee's accumulated sick days that are vested with employees who are eligible to retire and those under the administrators plan.

Vacation Leave

The District maintains records of each employee's accumulated vacation days, and has valued the accumulated vacation days earned at June 30, 2023.

Lease – Vantage #A10 – Dell Laptops

On July 1, 2021, The District entered into a three-year lease as lessee for the acquisition and use of Dell laptops. An initial lease liability was recorded in the amount of \$102,248. As of June 30, 2023, the value of the lease liability was \$34,758. The District is required to make yearly fixed payments of \$34,759. The lease has an interest rate of 1.98%. The Equipment has a three-year estimated useful life. The value of the right to use asset as of June 30, 2023 was \$102,248 with accumulated amortization of \$34,083.

The future principal and interest lease payments as of June 30, 2023, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 34,078	\$ 681
TOTAL OUTSTANDING	\$ 34,078	\$ 681

Lease – Vantage #L01R – Dell Laptops

On July 1, 2021, The District entered into a four-year lease as lessee for the acquisition and use of Dell laptops. An initial lease liability was recorded in the amount of \$167,636. As of June 30, 2023, the value of the lease liability was \$83,807. The District is required to make yearly fixed payments of \$42,913. The lease has an interest rate of 1.59%. The Equipment has a four-year estimated useful life. The value of the right to use asset as of June 30, 2023 was \$167,636 with accumulated amortization of \$83,818.

The future principal and interest lease payments as of June 30, 2023, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 41,571	\$ 1,342
2024-25	42,237	676
TOTAL OUTSTANDING	\$ 83,808	\$ 2,018

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Lease – Vantage #A08 – Chromebooks

On July 1, 2021, The District entered into a three-year lease as lessee for the acquisition and use of Chromebooks. An initial lease liability was recorded in the amount of \$274,591. As of June 30, 2023, the value of the lease liability was \$67,770. The District is required to make yearly fixed payments of \$104,950 for the first two years and a payment of \$69,000 in the final year. The lease has an interest rate of 1.80%. The Equipment has a four-year estimated useful life. The value of the right to use asset as of June 30, 2023 was \$274,591 with accumulated amortization of \$183,061.

The future principal and interest lease payments as of June 30, 2023, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 67,770	\$ 1,230
TOTAL OUTSTANDING	\$ 67,770	\$ 1,230

Lease – Vantage #C01R – Chromebooks

On July 1, 2021, The District entered into a four-year lease as lessee for the acquisition and use of Chromebooks. An initial lease liability was recorded in the amount of \$566,277. As of June 30, 2023, the value of the lease liability was \$283,094. The District is required to make yearly fixed payments of \$145,390. The lease has an interest rate of 1.79%. The Equipment has a four-year estimated useful life. The value of the right to use asset as of June 30, 2023 was \$566,277 with accumulated amortization of \$283,139.

The future principal and interest lease payments as of June 30, 2023, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 140,281	\$ 5,109
2024-25	142,813	2,577
TOTAL OUTSTANDING	\$ 283,094	\$ 7,686

Lease – Vantage #C02 – Chromebooks

On June 1, 2022, The District entered into a four-year lease as lessee for the acquisition and use of Chromebooks. An initial lease liability was recorded in the amount of \$529,053. As of June 30, 2023, the value of the lease liability was \$264,505. The District is required to make yearly fixed payments of \$134,832. The lease has an interest rate of 1.29%. The Equipment has a four-year estimated useful life. The value of the right to use asset as of June 30, 2023 was \$529,053 with accumulated amortization of \$143,285.

The future principal and interest lease payments as of June 30, 2023, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 131,400	\$ 3,432
2024-25	133,105	1,727
TOTAL OUTSTANDING	\$ 264,505	\$ 5,159

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Lease – Vantage #L02R – Dell Laptops

On July 1, 2022, Methacton School District entered into a 4 year lease as lessee for the acquisition and use of Dell laptops. An initial lease liability was recorded in the amount of \$111,840. As of June 30, 2023, the value of the lease liability was \$83,117. Methacton School District is required to make yearly fixed payments of \$28,723. The lease has an interest rate of 1.81%. The Equipment has a four-year estimated useful life. The value of the right to use asset as of June 30, 2023 was \$111,840 with accumulated amortization of \$27,960.

The future principal and interest lease payments as of June 30, 2023, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 27,206	\$ 1,020
2024-25	27,703	515
2025-26	28,208	-
TOTAL OUTSTANDING	\$ 83,117	\$ 1,535

SBITA – Sapphire K12 – Nursing System of Record HIS

On July 1, 2022, the District entered into a 3 year subscription for the licensing of health information systems. An initial subscription liability was recorded in the amount of \$58,031. As of June 30, 2023, the value of the subscription liability was \$39,028. The District is required to make yearly fixed payments. The subscription has an interest rate of 2.18%. The value of the right to use asset as of June 30, 2023 was \$58,031 with accumulated amortization of \$19,344.

The future principal and interest lease payments as of June 30, 2023, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 18,712	\$ 861
2024-25	20,316	448
TOTAL OUTSTANDING	\$ 39,028	\$ 1,309

General Obligation Bonds - Series of 2016

On March 30, 2016, The District issued General Obligations Bond Series of 2016. The purpose of this issue is to advance refund the outstanding principal of the General Obligation Bonds Series of 2009. The Bonds had an original principal amount of \$28,080,000, matures on March 1, 2025, and bears interests from .70% to 5.00%. Interest is paid semi-annually on March 1 and September 1.

The outstanding debt service requirements at June 30, 2023 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 4,200,000	\$ 210,000
SUB-TOTAL	\$ 4,200,000	\$ 210,000
Unamortized Premium	251,185	
TOTAL OUTSTANDING	\$ 4,451,185	

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

General Obligation Bonds - Series A of 2017

On October 31, 2017, The District issued General Obligation Bond Series A of 2017. The purpose of this issue is to currently refund the outstanding principal of the General Obligation Bonds Series 2011. The Bond has an original principal amount of \$6,075,000, matures on September 15, 2023, and bears interest from 1.0% to 4.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2023, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 1,110,000	\$ 18,300
SUB-TOTAL	\$ 1,110,000	\$ 18,300
Unamortized Premium	39,425	
TOTAL OUTSTANDING	\$ 1,149,425	

General Obligation Bonds - Series B of 2017

On December 5, 2017, The District issued General Obligation Bond Series B of 2017. The purpose of this issue is to provide funds for the acquisition, construction and improvement of facilities. The Bond has an original principal amount of \$8,500,000, matures on September 15, 2034, and bears interest from 1.35% to 3.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2023, are:

GOB 2017b

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 5,000	\$ 239,428
2024-25	30,000	239,055
2025-26	405,000	234,379
2026-27	730,000	221,813
2027-28	765,000	202,125
2028-33	5,215,000	586,650
2033-38	1,265,000	22,125
SUB-TOTAL	\$ 8,415,000	\$ 1,745,575
Unamortized discounts	(9,057)	
TOTAL OUTSTANDING	\$ 8,405,943	

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

General Obligation Bonds - Series of 2018

On May 10, 2018, The District issued General Obligation Bond Series of 2018. The purpose of this issue is to currently refund the outstanding principal of the General Obligation Bonds Series A 2011 and General Obligation Notes Series 2015. The Bond has an original principal amount of \$5,915,000, matures on September 15, 2027, and bears interest from 1.85% to 4.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2023, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 795,000	\$ 189,244
2024-25	5,000	176,259
2025-26	1,640,000	143,400
2026-27	1,695,000	76,700
2027-28	1,070,000	21,400
SUB-TOTAL	\$ 5,205,000	\$ 607,003
Unamortized Premium	180,807	
TOTAL OUTSTANDING	\$ 5,385,807	

General Obligation Bonds - Series A of 2018

On May 10, 2018, The District issued General Obligation Bond Series A of 2018. The purpose of this issue is to currently refund the outstanding principal of the General Obligation Notes Series 2013. The Bond has an original principal amount of \$5,400,000, matures on September 15, 2025, and bears interest from 2.20% to 4.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2023, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 95,000	\$ 178,093
2024-25	4,515,000	99,975
2025-26	765,000	11,475
SUB-TOTAL	\$ 5,375,000	\$ 289,543
Unamortized Premium	80,048	
TOTAL OUTSTANDING	\$ 5,455,048	

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

General Obligation Bonds - Series of 2019

On July 18, 2019, The District issued General Obligation Bond Series of 2019. The purpose of this issue is for the alterations, renovations, and additions to the Arrowhead Elementary School, Eagleville Elementary School, Woodland Elementary School, Worcester Elementary School, Skyview Upper Elementary School, Arcola Intermediate School, and the Methacton High School. The Bond has an original principal of \$4,475,000, matures on September 15, 2033, and bears interest from 1.45% to 4.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2023, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 5,000	\$ 170,073
2024-25	5,000	169,991
2025-26	15,000	169,800
2026-27	335,000	164,625
2027-28	440,000	153,000
2028-33	3,060,000	440,000
2033-37	600,000	12,000
SUB-TOTAL	\$ 4,460,000	\$ 1,279,489
Unamortized Premium	272,507	
TOTAL OUTSTANDING	\$ 4,732,507	

General Obligation Bonds - Series A of 2019

On November 21, 2019, The District issued General Obligation Bond Series A of 2019. The purpose of this issue is to provide funds for the alterations, renovations, and additions to Eagleville Elementary School, Worcester Elementary School, Skyview Upper Elementary School, Arcola Intermediate School, Methacton High School, Farina Educational Center, the District Facilities building, and the District Transportation building. The bond has an original principal amount of \$4,020,000, matures on March 1, 2034, and bears interest from 1.375% to 4.00%. Interest is paid semi-annually on March 1 and September 1.

The outstanding debt service requirements at June 30, 2023, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 5,000	\$ 141,865
2024-25	5,000	141,789
2025-26	145,000	140,300
2026-27	195,000	136,900
2027-28	320,000	131,750
2028-33	2,635,000	409,675
2033-37	700,000	14,000
SUB-TOTAL	\$ 4,005,000	\$ 1,116,279
Unamortized Premium	215,531	
TOTAL OUTSTANDING	\$ 4,220,531	

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

General Obligation Bonds - Series AA of 2019

On December 30, 2019, The District issued General Obligation Bond Series AA of 2019. The purpose of this issue is to refund the outstanding principal of the General Obligation Bond Series A of 2012 and General Obligation Bond Series of 2013. The Bond has an original principal amount of \$7,495,000, matures on February 1, 2026, and bears interest from 1.30% to 4.00%. Interest is paid semiannually on February 1 and August 1.

The outstanding debt service requirements at June 30, 2023, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 1,010,000	\$ 168,300
2024-25	2,540,000	101,800
2025-26	1,575,000	25,500
SUB-TOTAL	\$ 5,125,000	\$ 295,600
Unamortized Premium	227,375	
TOTAL OUTSTANDING	\$ 5,352,375	

General Obligation Bonds - Series of 2020

On July 9, 2020, The District issued General Obligation Bond Series of 2020. The purpose of this issue is to refund the outstanding principal of the General Obligation Bond Series A of 2013. The Bond has an original principal amount of \$2,255,000, matures on March 15, 2026, and bears interest from .62% to 4.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2023, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 5,000	\$ 87,763
2024-25	75,000	87,163
2025-26	2,165,000	43,300
SUB-TOTAL	\$ 2,245,000	\$ 218,226
Unamortized Premium	192,560	
TOTAL OUTSTANDING	\$ 2,437,560	

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

General Obligation Bonds - Series A of 2020

On July 9, 2020, The District issued General Obligation Bond Series A of 2020. The purpose of this issue is to provide funds for the acquisition, design, construction, furnishing, and other expenses related to various School District facilities and other capital project needs. The Bond has an original principal amount of \$15,815,000, matures on March 15, 2046, and bears interest from 1.00% to 4.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2023, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 5,000	\$ 628,300
2024-25	5,000	628,250
2025-26	5,000	628,200
2026-27	5,000	628,138
2027-28	5,000	628,063
2028-33	3,365,000	2,823,063
2033-38	4,050,000	2,090,000
2038-43	4,915,000	1,198,300
2043-46	3,455,000	211,100
SUB-TOTAL	\$ 15,810,000	\$ 9,463,414
Unamortized Premium	1,965,136	
TOTAL OUTSTANDING	\$ 17,775,136	

General Obligation Notes - Series of 2020

On July 9, 2020, The District issued General Obligation Note Series of 2020. The purpose of this issue is to partially refund a portion of the outstanding principal of General Obligation Bond Series of 2016. The Note has an original principal amount of \$5,205,000, matures on March 15, 2028, and bears interest from 1.77% to 1.87%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2023, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ -	\$ 93,519
2024-25	-	93,519
2025-26	-	93,519
2026-27	3,815,000	59,756
2027-28	1,390,000	12,997
TOTAL OUTSTANDING	\$ 5,205,000	\$ 353,310

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

General Obligation Bonds - Series of 2021

On December 2, 2021, The District issued General Obligation Bonds Series of 2021. The purpose of this issue is to provide funds for the acquisition, design, construction, furnishing and any other expenses related to various School District facilities. The Bond has an original principal amount of \$13,110,000, matures on July 15, 2045, and bears interest from 1.00% to 4.00%. Interest is paid semi-annually on July 15 and January 15.

The outstanding debt service requirements at June 30, 2023, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 5,000	\$ 523,650
2024-25	5,000	523,600
2025-26	5,000	523,550
2026-27	5,000	523,500
2027-28	5,000	523,438
2028-33	3,055,000	2,313,300
2033-38	3,205,000	1,697,100
2038-43	4,005,000	977,300
2043-46	2,820,000	172,000
SUB-TOTAL	\$ 13,110,000	\$ 7,777,438
Unamortized Premium	1,961,278	
TOTAL OUTSTANDING	\$ 15,071,278	

The School District general obligation bonds and notes contain a provision that in the event of default for nonpayment of principal and interest, the School Code allows for the Commonwealth of Pennsylvania to withhold monies from the School District's subsidies and pay any past due amounts directly to the paying agent for payment to the bond or note holders.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Combined General Obligation Debt

The combined general debt obligations for subsequent years are:

Bonds										
Fiscal Year Ended June 30	GO Bonds - 2016		GO Bonds - 2017A		GO Bonds - 2017B		GO Bonds - 2018		GO Bonds 2018A	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2024	\$ 210,000	\$ 4,200,000	\$ 18,300	\$ 1,110,000	\$ 239,428	\$ 5,000	\$ 189,244	\$ 795,000	\$ 178,093	\$ 95,000
2025	-	-	-	-	239,055	30,000	176,259	5,000	99,975	4,515,000
2026	-	-	-	-	234,379	405,000	143,400	1,640,000	11,475	765,000
2027	-	-	-	-	221,813	730,000	76,700	1,695,000	-	-
2028	-	-	-	-	202,125	765,000	21,400	1,070,000	-	-
2029-2033	-	-	-	-	586,650	5,215,000	-	-	-	-
2034-2038	-	-	-	-	22,125	1,265,000	-	-	-	-
2039-2043	-	-	-	-	-	-	-	-	-	-
2043-2046	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 210,000	\$ 4,200,000	\$ 18,300	\$ 1,110,000	\$ 1,745,575	\$ 8,415,000	\$ 607,003	\$ 5,205,000	\$ 289,543	\$ 5,375,000

Bonds - continued

Fiscal Year Ended June 30	GO Bonds 2019		GO Bonds 2019A		GO Bonds 2019AA		GO Bonds 2020		GO Bonds 2020A	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2024	\$ 170,073	\$ 5,000	\$ 141,865	\$ 5,000	\$ 168,300	\$ 1,010,000	\$ 87,763	\$ 5,000	\$ 628,300	\$ 5,000
2025	169,991	5,000	141,789	5,000	101,800	2,540,000	87,163	75,000	628,250	5,000
2026	169,800	15,000	140,300	145,000	25,500	1,575,000	43,300	2,165,000	628,200	5,000
2027	164,625	335,000	136,900	195,000	-	-	-	-	628,138	5,000
2028	153,000	440,000	131,750	320,000	-	-	-	-	628,063	5,000
2029-2033	440,000	3,060,000	409,675	2,635,000	-	-	-	-	2,823,063	3,365,000
2034-2038	12,000	600,000	14,000	700,000	-	-	-	-	2,090,000	4,050,000
2039-2043	-	-	-	-	-	-	-	-	1,198,300	4,915,000
2043-2046	-	-	-	-	-	-	-	-	211,100	3,455,000
TOTAL	\$ 1,279,489	\$ 4,460,000	\$ 1,116,279	\$ 4,005,000	\$ 295,600	\$ 5,125,000	\$ 218,226	\$ 2,245,000	\$ 9,463,414	\$ 15,810,000

Bonds - Continued

Direct Borrowing

Bonds and Direct Borrowing

Fiscal Year Ended June 30	GO Bonds 2021		Total Bonds		GO Notes 2020		Totals	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2024	\$ 523,650	\$ 5,000	\$ 2,555,016	\$ 7,240,000	\$ 93,519	-	\$ 2,648,535	\$ 7,240,000
2025	523,600	5,000	2,167,882	7,185,000	93,519	-	2,261,401	7,185,000
2026	523,550	5,000	1,919,904	6,720,000	93,519	-	2,013,423	6,720,000
2027	523,500	5,000	1,751,676	2,965,000	59,756	3,815,000	1,811,432	6,780,000
2028	523,438	5,000	1,659,776	2,605,000	12,997	1,390,000	1,672,773	3,995,000
2029-2033	2,313,300	3,055,000	6,572,688	17,330,000	-	-	6,572,688	17,330,000
2034-2038	1,697,100	3,205,000	3,835,225	9,820,000	-	-	3,835,225	9,820,000
2039-2043	977,300	4,005,000	2,175,600	8,920,000	-	-	2,175,600	8,920,000
2043-2046	172,000	2,820,000	383,100	6,275,000	-	-	383,100	6,275,000
TOTAL	\$ 7,777,438	\$ 13,110,000	\$ 23,020,867	\$ 69,060,000	\$ 353,310	\$ 5,205,000	\$ 23,374,177	\$ 74,265,000

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Defined Benefit Pension Plan

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

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 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.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of three years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between to 1% to 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

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:

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Employer Contributions:

The School Districts' 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 pension plan from the District were \$16,597,018 for the year ended 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 District reported a liability of \$137,369,483 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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 District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023, the District's proportion was 0.3092%, which was a decrease of 0.0086% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$9,080,770. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	\$ 37,138	\$ -
Changes in Assumptions	4,105,000	-
Net difference between projected and actual contributions made	-	87,748
Net difference between projected and actual earnings on pension plan investments	-	2,333,000
Difference between expected and actual experience	-	1,127,000
Changes in proportion of the Net Pension Liability	-	2,724,000
District contributions subsequent to the measurement date	<u>16,597,018</u>	<u>-</u>
Total	<u>\$ 20,739,156</u>	<u>\$ 6,271,748</u>

\$16,597,018 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Year ended June 30:	<u>Amount</u>
2023	\$ (223,000)
2024	(548,230)
2025	(4,583,230)
2026	3,244,772
Thereafter	<u>(19,922)</u>
Total	<u>\$ (2,129,610)</u>

Changes in Actuarial Assumptions

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

- Valuation Date - June 30, 2021
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.75%.
- 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 discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2021 and as of June 30, 2022.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

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

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	28.0%	5.3%
Private Equity	12.0%	8.0%
Fixed Income	33.0%	2.3%
Commodities	9.0%	2.3%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Absolute return	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	-11.0%	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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 177,803,000	\$ 137,466,000	\$ 103,457,000

Pension Plan Fiduciary Net Position

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

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

State Funding

The Commonwealth of Pennsylvania generally reimburses the School District for 50%-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2023, the School District recognized revenue of \$8,485,367 as reimbursement from the State for its current year pension payments.

Payables to the Pension Plan

As of June 30, 2023, the School District had \$5,710,861 included in accrued wages liability, of which \$4,412,441 is for the contractually required contribution for the second quarter of 2023 and \$1,298,420 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

Other Post-Employment Benefits

Public School Employees' Retirement System (PSERS) Multiple Employer OPEB Plan on Health Insurance Premium Assistance Program

Summary of Significant Accounting Policies

Other Postemployment Benefits

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

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 in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 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, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

For Class DC members to become eligible for premium assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions

Pension Plan Description

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

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.

Contributions

Employer Contributions:

The school 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 \$362,803 for the year ended 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 \$5,654,093 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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 proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.3081%, which was a decrease of 0.0088% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$90,367. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	\$ 1,256	\$ -
Changes in Assumptions	-	709,000
Net difference between projected and actual contributions made	-	5,483
Net difference between projected and actual investment earnings	15,000	-
Difference between expected and actual experience	22,000	-
Changes in proportion of the Net OPEB Liability	-	206,000
District contributions subsequent to the measurement date	<u>362,803</u>	<u>-</u>
Total	<u>\$ 401,059</u>	<u>\$ 920,483</u>

\$362,803 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	<u>Amount</u>
2023	\$ (218,000)
2024	(144,633)
2025	(145,633)
2026	(172,633)
2027	(199,635)
Thereafter	<u>(1,693)</u>
Total	<u>\$ (882,227)</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.

**Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023**

- 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.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the 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: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	0.5%
	100%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 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 third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

you-go” plan. A discount rate of 4.09% which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, 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. As of June 30, 2022, 93,293 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2022, 582 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the System net OPEB liability for June 30, 2022, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if the 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>
System net OPEB liability	\$ 5,671,000	\$ 5,671,000	\$ 5,672,000

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

	<u>1% Decrease 3.09%</u>	<u>Current Discount Rate 4.09%</u>	<u>1% Increase 5.09%</u>
District's proportionate share of the net OPEB liability	\$ 6,414,000	\$ 5,671,000	\$ 5,050,000

OPEB Plan Fiduciary Net Position

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

Payables to the Multiple Employer OPEB Plan

As of June 30, 2023, the School District had \$124,113 included in accrued wages liability, of which \$95,895 is for the contractually required contribution for the second quarter of 2023 and \$28,218 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Single Employer OPEB Plan

In accordance with the PA School Code of 1949, as amended, medical coverage is provided to eligible retirees and spouses with the retiree paying the full active premium rate for coverage until age 65.

Plan Description: Methacton School District has one single employer defined benefit plan with the pertinent descriptions shown on the tables on the following pages:

**Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023**

<u>Summary of Plan Provisions</u>									
Group	Eligibility	Coverage and Premium Sharing	Duration						
<u>I. ADMINSTRATORS</u>	Must be eligible for PSERS retirement	<ul style="list-style-type: none"> ● Coverage: Medical, Prescription Drug, Dental, and Vision ● Premium Sharing: If member retired as of June 30, 2018, member receives contributions directly into a health reimbursement account based on year of retirement as outlined below. Member must pay full premium for medical, Prescription Drug, Dental and Vision. <table style="width: 100%; border: none;"> <tr> <td style="text-align: center;"><u>Year of Retirement*</u></td> <td style="text-align: center;"><u>Employer Payment</u></td> </tr> <tr> <td style="text-align: center;">2017-2018</td> <td style="text-align: center;">\$20,000 for 2years</td> </tr> </table> <p>* Years are based on school years starting July 1 and ending June 30.</p> <p>If the member does not meet the requirements for any district subsidy but requirements are met for PSERS retirement, the member and spouse may continue coverage by paying the full premium.</p> ● Dependents: Spouses and Family are covered. Upon the death of a retiree, the spouse and any eligible dependents receive a COBRA offer to continue Medical, Prescription Drug, Dental and Vision. 	<u>Year of Retirement*</u>	<u>Employer Payment</u>	2017-2018	\$20,000 for 2years	<ul style="list-style-type: none"> ● Retiree is covered until age 65. ● Spouse is covered until the earlier of the retiree reaching 65 or the spouse reaching 65. 		
<u>Year of Retirement*</u>	<u>Employer Payment</u>								
2017-2018	\$20,000 for 2years								
<u>II. TEACHERS</u>									
A) Retire between July1, 2005 and June 30, 2017.	Same as I	<ul style="list-style-type: none"> ● Coverage: Medical, Prescription Drug, Dental, and Vision ● Premium Sharing: If member retired with at least 10 years of district service, member receives payments into a health reimbursement account or 403(b) plan based on year of retirement as outlined below. Member must pay full premium for Medical, Prescription Drug, Dental and Vision. <table style="width: 100%; border: none;"> <tr> <td style="text-align: center;"><u>Year of Retirement*</u></td> <td style="text-align: center;"><u>Employer Payment</u></td> </tr> <tr> <td style="text-align: center;">2005-2010</td> <td style="text-align: center;">\$20,000 for 5 years</td> </tr> <tr> <td style="text-align: center;">2014-2016</td> <td style="text-align: center;">\$15,000 for 2 years</td> </tr> </table> <p>* Years are based on school years starting July 1 and ending June 30. If a school year is not listed, then no payment was offered. For example, no payment was offered for school years 2001-2012 of 20113-2014 or 2016-2017.</p> <p>If the member does not meet the requirements for any district subsidy but requirements are met PSERS retirements, the member and spouse may continue coverage by paying the full premium.</p> <p>Dependents: Spouse and Family are covered. Upon the death of a retiree, the spouse and any eligible dependents receive a COBRA offer to continue Medical, Prescription Drug, Dental and Vision.</p> 	<u>Year of Retirement*</u>	<u>Employer Payment</u>	2005-2010	\$20,000 for 5 years	2014-2016	\$15,000 for 2 years	<ul style="list-style-type: none"> ● Retired Member and Dependents are covered until the last of the month that the Member reaches the age of 65. ● An older spouse may continue coverage until the retiree reached 65; in this case, the District's plan pays primary.
<u>Year of Retirement*</u>	<u>Employer Payment</u>								
2005-2010	\$20,000 for 5 years								
2014-2016	\$15,000 for 2 years								

**Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023**

<u>Summary of Plan Provisions</u>							
Group	Eligibility	Coverage and Premium Sharing	Duration				
B) Retire between July 1, 2017 and June 30, 2018.	Same as I	<ul style="list-style-type: none"> ● Coverage: Medical, Prescription Drug, Dental, and Vision ● Premium Sharing: If member retired as of June 30, 2018, member receives contributions directly into a health reimbursement account if offer is provided by Employer. Member must pay full premium for Medical, Prescription Drug, Dental and Vision. <table style="margin-left: 40px; border: none;"> <tr> <td style="text-align: center;"><u>Year of Retirement*</u></td> <td style="text-align: center;"><u>Employer Payment</u></td> </tr> <tr> <td style="text-align: center;">2017-2018</td> <td style="text-align: center;">\$20,000 for 2 years</td> </tr> </table> <p>If the member does not meet the requirements for any district subsidy but requirements are met PSERS retirement, the member and spouse may continue coverage by paying the full premium.</p> <ul style="list-style-type: none"> ● Dependents: Spouse and Family are covered. Upon the death of a retiree, the spouse and any eligible dependents receive a COBRA offer to continue Medical, Prescription Drug, Dental and Vision. 	<u>Year of Retirement*</u>	<u>Employer Payment</u>	2017-2018	\$20,000 for 2 years	<ul style="list-style-type: none"> ● Same as IIA
<u>Year of Retirement*</u>	<u>Employer Payment</u>						
2017-2018	\$20,000 for 2 years						
C) Retire on or after July 1, 2018	Same as I	<ul style="list-style-type: none"> ● Coverage: Medical, Prescription Drug, Dental, and Vision. ● Premium Sharing: If the member meets the requirements for PSERS retirement, the member and spouse may continue coverage by paying the full premium. ● Dependents: Spouses and Family are covered. Upon the death of a retiree, the spouse and any eligible dependents receive a COBRA offer to continue Medical, Prescription Drug, Dental and Vision. 	<ul style="list-style-type: none"> ● Same as I 				
<u>III. SUPPORT STAFF</u>	Same as I	<ul style="list-style-type: none"> ● If PSERS retirement requirements are met, and member is under the age of 65, the member and spouse may continue coverage by paying the full premium. 	<ul style="list-style-type: none"> ● Same as I 				

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Notes: Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for 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.

PSERS Superannuation Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 years of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: 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. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2018.
- 3) Pension Class T-G: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, this pension class applies to the individuals who became members of PSERS on or after July 1, 2019.

PSERS Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either i) PSERS early retirement while under 62 with 5 year of PSERS service or ii) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either i) PSERS early retirement while under 65 with 10 years of PSERS service or ii) 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. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS retirement if he (or she) is eligible for either i) PSERS early retirement while under 67 with 10 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS retirement if he (or she) is eligible for either i) PSERS early retirement while under the age of 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 5) All individuals except those in Pension Class T-G are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service. Individuals in Pension Class T-G are eligible for a special early retirement upon reaching age 57 with 25 years of PSERS service.

Note regarding benefit options involving choice between HRA, (403(b)), or Cash Payments- For any options where a choice is offered between HRA, 403(b), cash payment, etc., the liability associated with such as option is not considered a GASB 75 liability. This liability is not included in the report and should be reflected elsewhere on the district's financial statements. Any benefit option involving an employer contribution directly into HRA with no other choice available is considered a GASB 75 liability and is included in this report. The liability associated with any "hidden subsidy" (retirees' healthcare costs generally exceed premiums charged) is valued in this report, for any benefit option where it applies.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Active Participants	580
Vested Former Participants	0
Retired Participants	<u>14</u>
Total	594

Total OPEB Liability

The School's total OPEB liability under this single employer plan of \$2,066,014, was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Inputs

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the benefits and the annual required contributions of the employer are subject to continual revision, actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, provides multiyear trend information that shows whether the actuarial value of plan Net Position is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the district and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	Single Employer OPEB Healthcare Benefit
Actuarial Valuation Date	7/1/2022
Actuarial Cost Method	Entry Age Normal
Interest Rate	4.06%
Projected salary increases	4.00% to 6.75%
Healthcare inflation rate	6.5% in 2022, 6.0% in 2023, 5.5% in 2024-2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Asset Valuation Method	pay as you go basis

The discount rate is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2022.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Mortality rates are assumed pre-retirement and post-retirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Changes in the Total OPEB Liability

	<u>2022-23</u>
Total OPEB Liability	
Service Cost	\$ 282,643
Interest	85,099
Changes in Benefit Terms	-
Difference between Expected and Actual Experience	(849,615)
Changes in Assumptions	(843,510)
Benefit Payments	<u>(127,334)</u>
Net Change in Total OPEB Liability	(1,452,717)
Total OPEB Liability - beginning	<u>3,518,731</u>
Total OPEB Liability - ending	<u><u>\$ 2,066,014</u></u>
Covered Employee Payroll	<u><u>\$ 41,750,481</u></u>

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

For the year ended June 30, 2023, the School recognized OPEB expense of \$36,750. At June 30, 2023, the School reported deferred outflows of resource and deferred inflows of resources related to this single employer OPEB plan from the following sources:

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ -	\$ 1,845,578
Net difference between Projected and Actual Investment Earnings	-	-
Difference between Expected and Actual Experience	-	982,380
Changes in proportion of the Net OPEB Liability	-	-
District contributions subsequent to the measurement date	<u>98,665</u>	<u>-</u>
Total	<u><u>\$ 98,665</u></u>	<u><u>\$ 2,827,958</u></u>

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Amounts reported as deferred outflows of resources and deferred inflows of resources related to this single employer OPEB plan will be recognized in OPEB expense as follows:

Year ended June 30:	<u>Amount</u>
2024	\$ (330,992)
2025	(330,992)
2026	(330,995)
2027	(306,985)
2028	(306,985)
Thereafter	<u>(1,221,009)</u>
Total	<u>\$ (2,827,958)</u>

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

The following presents the total OPEB liability of the School's single employer OPEB plan, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.06%) or 1-percentage point higher (5.06%) than the current discount rate:

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
District's proportionate share of the net OPEB liability	\$ 2,212,180	\$ 2,066,014	\$ 1,926,336

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

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

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 1,857,138	\$ 2,066,014	\$ 2,307,768

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Combined Deferred Outflows/Inflows on Pensions and OPEB

As a result of having multiple pension and other post-employment benefit plans, the following schedule is prepared to illustrate the individual components reflected on the Statement of Net Position:

GOVERNMENTAL ACTIVITIES					
	<i>Single Employer</i>		<i>Multiple Employer</i>		<i>Pension & OPEB</i>
	<i>Pension - GASB 68</i>		<i>OPEB - GASB 75</i>		<i>Total</i>
	DR OR (CR)	DR OR (CR)	DR OR (CR)	DR OR (CR)	DR OR (CR)
RECONCILIATION OF NET CHANGE	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ (2,724,000)	\$ -	\$ (206,000)	\$ (2,930,000)	\$ (2,930,000)
Current Year Contributions	16,597,018	98,665	362,803	17,058,486	17,058,486
Change in Assumption	4,105,000	(1,845,578)	(709,000)	1,550,422	1,550,422
Diff in Projected Vs Actual Contributions	(87,748)	-	(5,483)	(93,231)	(93,231)
Difference in Investment Earnings	(2,333,000)	-	15,000	(2,318,000)	(2,318,000)
Diff. between Expected vs Actual Experience	(1,127,000)	(982,380)	22,000	(2,087,380)	(2,087,380)
Diff. between Prop. Share vs Actual POS	37,138	-	1,256	38,394	38,394
Net Pension Liability	\$ 137,369,483	\$ -	\$ -	\$ 137,369,483	\$ 137,369,483
Net OPEB Liability	\$ -	\$ 2,066,014	\$ 5,654,093	\$ 7,720,107	\$ 7,720,107

STATEMENT OF NET POSITION	
<i>Governmental & Business-Type Activities</i>	<i>Total</i>
RECONCILIATION OF NET CHANGE	DR OR (CR)
IN DEFERRED OUTFLOWS/INFLOWS	CURRENT YR
	BALANCE
Change in Proportion	\$ (2,930,000)
Current Year Contributions	17,058,486
Change in Assumption	1,550,422
Diff in Projected Vs Actual Contributions	(93,231)
Difference in Investment Earnings	(2,318,000)
Diff. between Expected vs Actual Experience	(2,087,380)
Diff. between Prop. Share vs Actual POS	38,394
Net Pension Liability	\$ 137,369,483
Net OPEB Liability	\$ 7,720,107

BUSINESS-TYPE ACTIVITIES					
	<i>Single Employer</i>		<i>Multiple Employer</i>		<i>Pension & OPEB</i>
	<i>Pension - GASB 68</i>		<i>OPEB - GASB 75</i>		<i>Total</i>
	DR OR (CR)	DR OR (CR)	DR OR (CR)	DR OR (CR)	DR OR (CR)
RECONCILIATION OF NET CHANGE	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ -	\$ -	\$ -	\$ -	\$ -
Current Year Contributions	-	-	-	-	-
Change in Assumption	-	-	-	-	-
Diff in Projected Vs Actual Contributions	-	-	-	-	-
Difference in Investment Earnings	-	-	-	-	-
Diff. between Expected vs Actual Experience	-	-	-	-	-
Diff. between Prop. Share vs Actual POS	-	-	-	-	-
Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -

RECONCILIATION TO FINANCIAL STATEMENTS		
	Governmental	Business-Type
<i>Pension Plan</i>	<i>Activities</i>	<i>Activities</i>
Net Pension Liability	\$ 137,369,483	\$ -
Deferred Outflow Related to Pension	(20,739,156)	-
Deferred Inflows Related to Pension	6,271,748	-
Total liab. Net deferred inflows/outflows	\$ 122,902,075	\$ -
<i>OPEB - Single & Multiple Employer Plans</i>		
Net OPEB Liability	\$ 7,720,107	\$ -
Deferred Outflows Related to OPEB	(499,724)	-
Deferred Inflows Related to OPEB	3,748,441	-
Total liab. Net deferred inflows/outflows	\$ 10,968,824	\$ -

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Note 6 - Risk Management

The 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. Significant losses are covered by commercial insurance. There were no significant reduction in insurance coverages for the fiscal year June 30, 2023.

The District is a participant in Bucks and Montgomery County Schools Healthcare Consortium, which is pooled trust fund for the purpose of providing health and related benefits up to \$200,000 per participant. The school pays the Consortium a monthly contribution as determined by the trustees. The pool is self-sustaining through member premiums. The District reinsured through a commercial company for claims in excess of the amount covered by the pool.

Note 7 - Fund Balance Allocations

Nonspendable Fund Balance

The General Fund had \$1,826,892, in nonspendable fund balance at June 30, 2023, comprised of \$1,826,892, of prepaid expenditures.

Restricted Fund Balance

The General Fund holds a restricted fund balance totaling \$140,248. Within this, \$46,678 is earmarked for the Backpack Program, representing contributions received but unspent as of year-end. Additionally, \$29,087 is allocated for Compensatory Education settlements, and the remaining \$64,482 pertains to other specific restricted donations.

The Capital Project Fund has \$17,214,814 of restrictions on the use of the resources at year end; because of debt covenants for the bond Issues restrict the proceeds shown in the Capital Project Fund for the purposed outlined in the bond resolutions.

Note 8 - Restricted Net Position

Net Investment in Capital Assets

The components of this restriction in the governmental activities column are total capital assets of \$141,462,554 with related debt of \$84,753,906, which includes unamortized bonds discounts, and premiums. The governmental activities also has \$17,214,814 restricted for capital projects. The business-type activities column reflects \$867,985 invested in capital assets with no related debt.

Note 9 - Contingencies

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2023.

Litigation

In accordance with legal counsel, there are no legal matters that could materially affect the financial situation of the District as of June 30, 2023.

Methacton School District
Notes to The Basic Financial Statements
Fiscal Year Ended June 30, 2023

Note 10 – New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following standards, which have not yet been implemented:

- Statement No. 100, *Accounting Changes and Error Corrections* - *an amendment of GASB Statement No. 62* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Effective Date: for fiscal years beginning after June 15, 2023.
- Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Effective Date: for fiscal years beginning after December 15, 2023.

R E Q U I R E D
S U P P L E M E N T A L I N F O R M A T I O N

METHACTON SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
District's proportion of the net pension liability (asset)	0.3092%	0.3178%	0.3181%	0.3154%	0.3146%	0.3226%	0.3309%	0.3274%	0.3577%
District's proportionate share of the net pension liability (asset)	\$ 137,466,000	\$ 130,478,000	\$ 156,629,000	\$ 147,124,000	\$ 151,024,000	\$ 159,327,000	\$ 163,984,000	\$ 141,814,000	\$ 141,580,000
District's covered employee payroll	48,373,705	45,528,324	45,050,959	43,493,472	42,361,438	42,946,943	42,860,302	41,299,971	45,644,540
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	284.18%	286.59%	347.67%	338.27%	356.51%	370.99%	382.60%	343.38%	310.18%
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%

METHACTON SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
Contractually required contribution	\$ 16,597,018	\$ 15,543,370	\$ 15,078,000	\$ 15,029,000	\$ 14,287,000	\$ 13,381,000	\$ 12,431,368	\$ 10,567,279	\$ 8,466,494	\$ 7,084,130
Contributions in relation to the contractually required contribution	<u>16,597,018</u>	<u>15,543,370</u>	<u>15,078,000</u>	<u>15,029,000</u>	<u>14,287,000</u>	<u>13,381,000</u>	<u>12,431,368</u>	<u>10,567,279</u>	<u>8,466,494</u>	<u>7,084,130</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 48,373,705	\$ 45,528,324	\$ 44,995,524	\$ 45,050,959	\$ 43,493,472	\$ 42,361,438	\$ 42,946,943	\$ 42,860,302	\$ 41,299,971	\$ 45,644,540
Contributions as a percentage of covered employee payroll	34.31%	34.14%	33.51%	33.36%	32.85%	31.59%	28.95%	24.66%	20.50%	15.52%

**METHACTON SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
District's proportion of the net OPEB liability	0.3081%	0.3169%	0.3176%	0.3154%	0.3146%	0.3226%
District's proportionate share of the net OPEB liability (asset)	\$ 5,671,000	\$ 7,510,000	\$ 6,862,000	\$ 6,708,000	\$ 6,559,000	\$ 6,573,000
District's covered-employee payroll	45,310,068	44,921,973	45,050,959	43,493,472	42,361,438	42,946,943
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	12.52%	16.72%	15.23%	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

**METHACTON SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Contractually required contribution	\$ 362,803	\$ 364,227	\$ 375,000	\$ 374,000	\$ 364,000	\$ 351,615
Contributions in relation to the contractually required contribution	<u>362,803</u>	<u>364,227</u>	<u>375,000</u>	<u>374,000</u>	<u>364,000</u>	<u>351,615</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 48,373,705	\$ 45,528,324	\$ 45,731,707	\$ 45,050,959	\$ 43,493,472	\$ 42,361,438
Contributions as a percentage of covered employee payroll	0.75%	0.80%	0.82%	0.83%	0.84%	0.83%

METHACTON SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
SINGLE EMPLOYER HEALTH INSURANCE PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Total OPEB Liability						
Service Cost	\$ 282,643	\$ 285,731	\$ 201,768	\$ 202,225	\$ 949,467	\$ 952,607
Interest	85,099	67,258	129,815	114,707	574,806	441,559
Changes in Benefit Terms	-	-	-	-	(13,830,406)	-
Difference between expected and actual experience	(849,615)	-	76,585	-	(460,995)	-
Changes in assumptions	(843,510)	(84,675)	(555,534)	(104,354)	(751,158)	(216,066)
Benefit payments	<u>(127,334)</u>	<u>(174,321)</u>	<u>(195,640)</u>	<u>(200,394)</u>	<u>(307,893)</u>	<u>(822,690)</u>
Net change in total OPEB Liability	(1,452,717)	93,993	(343,006)	12,184	(13,826,179)	355,410
Total OPEB Liability - beginning	<u>3,518,731</u>	<u>3,424,738</u>	<u>3,767,744</u>	<u>3,755,560</u>	<u>17,581,739</u>	<u>17,226,329</u>
Total OPEB Liability - ending	<u>\$ 2,066,014</u>	<u>\$ 3,518,731</u>	<u>\$ 3,424,738</u>	<u>\$ 3,767,744</u>	<u>\$ 3,755,560</u>	<u>\$ 17,581,739</u>
Covered employee payroll	<u>\$ 41,750,481</u>	<u>\$ 43,496,055</u>	<u>\$ 43,496,055</u>	<u>\$ 41,535,060</u>	<u>\$ 41,535,060</u>	<u>\$ 39,529,955</u>
Total OPEB Liability as a percentage of covered employee payroll	4.95%	8.09%	7.87%	9.07%	9.04%	44.48%

Methacton School District
Notes To Required Supplemental Information
Fiscal Year Ended June 30, 2023

Public School Employees' Retirement System

Changes of Benefit Terms

None.

Changes in Assumptions

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

- Valuation Date – June 30, 2021
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.75%.
- 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 discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2021 and as of June 30, 2022.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Proportionate Share of the Net Pension Liability

The amount reported as the District's proportionate share of the net pension liability (asset) does not include the adjustment for the difference between projected vs actual contributions made and the adjustment for the difference between proportionate share vs actual paid separately financed liabilities.

Other Postemployment Benefits – Teachers Health Insurance Assistance

Changes of Benefit Terms

None.

Changes in Assumptions

The discount rate used to measure the Total OPEB liability increased from 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022.

Methacton School District
Notes To Required Supplemental Information
Fiscal Year Ended June 30, 2023

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contributions, by PSERS, are calculated as of the June 30 preceding the fiscal year in which contributions are made. It does not include an adjustment made for the difference between projected vs actual contributions or separately financed liabilities. The following methods and assumptions were used to determine contribution rates reported:

- Investment return – 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary increases – Effective average of 4.50%, which reflects an allowance for inflation of 2.50%, and 2.00% for real wage growth and 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.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The following Assumptions were Used to Determine the Contribution Rate:

- The results of the 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: The actual data for retirees benefiting under the plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015.

Proportionate Share of the Net OPEB Liability

The amount reported as the District's proportionate share of the net OPEB liability (asset) does not include the adjustment for the difference between projected vs actual contributions made and the adjustment for the difference between proportionate share vs actual paid separately financed liabilities.

Methacton School District
Notes To Required Supplemental Information
Fiscal Year Ended June 30, 2023

Other Postemployment Benefits – Single Employer Healthcare Plan

Changes of Benefit Terms

None.

Changes in Assumptions

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 assumptions.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

- Actuarial Cost Method – Entry Age Normal.
- Salary Increases – 4.00% to 6.75%.
- Healthcare cost trend rate – 6.5% in 2022, 6% in 2023, 5.5% in 2024 through 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Asset Valuation Method – Pay as you go basis.
- Discount Rate – The rate of 4.06% is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2022.

S U P P L E M E N T A L I N F O R M A T I O N S E C T I O N

**Methacton School District
General Fund
Schedule on Tax Collectors' Receipts
For the Year Ended June 30, 2023**

	LOWER PROVIDENCE TOWNSHIP	WORCESTER TOWNSHIP	TOTAL
CURRENT REAL ESTATE TAXES			
Assessed Value	\$ 1,880,398,706	\$ 1,010,197,476	\$ 2,890,596,182
Millage Rate	<u>0.0316522</u>	<u>0.0316522</u>	<u>0.03165</u>
Total Tax to be Collected	\$ 59,518,756	\$ 31,974,972	\$ 91,493,728
Less: Act 1 Deduction	<u>8,191,707</u>	<u>824,726</u>	<u>9,016,433</u>
Total Tax per Duplicate	\$ 51,327,049	\$ 31,150,246	\$ 82,477,295
Plus : Additions	-	-	-
Penalties	<u>53,346</u>	<u>57,036</u>	<u>110,382</u>
Total Taxes to be Collected	51,380,395	31,207,282	82,587,677
Less: Discounts	930,204	555,936	1,486,140
Refunds	1,640	10,220	11,860
Deletions	359,840	-	359,840
Returned to County	<u>591,083</u>	<u>278,367</u>	<u>869,450</u>
NET CURRENT REAL ESTATE TAXES COLLECTED	<u>\$ 49,497,628</u>	<u>\$ 30,362,759</u>	<u>\$ 79,860,387</u>
CURRENT INTERIM REAL ESTATE TAXES COLLECTED	<u>\$ 479,288</u>	<u>\$ 735,984</u>	<u>\$ 1,215,272</u>

Methacton School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2023

6000 - Revenue from Local Sources		Budget	Actual	Variance
6111	Current Real Estate Taxes	\$ 79,973,163	\$ 79,860,387	\$ (112,776)
6112	Interim Real Estate Taxes	650,000	1,215,272	565,272
6113	Public Utility Realty Tax	82,000	84,826	2,826
6114	Payment in Lieu of Taxes	61,125	62,652	1,527
6142	Occupation Taxes	105,000	120,020	15,020
6151	Earned Income Tax	7,950,000	8,971,300	1,021,300
6153	Real Estate Transfer Tax	1,500,000	1,548,227	48,227
6154	Amusement Tax	-	10,811	10,811
6411	Delinquent Real Estate Taxes	869,395	1,377,884	508,489
6420	Delinquent per Capita Taxes, Section 679	-	2,820	2,820
6441	Delinquent Act 511 Per Capita Taxes	-	2,820	2,820
6510	Interest	460,298	1,614,964	1,154,666
6710	Admissions	30,000	36,398	6,398
6740	Fees	95,000	194,605	99,605
6750	Student Activity - Special Events	-	59,147	59,147
6790	Other Student Activity Income	-	150,282	150,282
6831	Federal Revenue Received From Other PA Public Schools	11,617	8,250	(3,367)
6832	Federal IDEA Revenue Received as Pass Through	895,000	868,259	(26,741)
6833	Federal ARP IDEA Revenue Received as Pass Through	-	128,672	128,672
6910	Rentals	76,500	129,154	52,654
6920	Contributions	-	201,790	201,790
6942	Summer School	40,000	24,945	(15,055)
6943	Adult Education Tuition	116,770	137,326	20,556
6944	Receipts From Other LEAs in PA - Education	300,000	303,275	3,275
6962	Other Services Provided other PA LEASs	-	7,660	7,660
6990	Miscellaneous Revenue	15,000	16,926	1,926
6991	Refunds of Prior Yr. Expenditures	20,000	72,411	52,411
6992	Energy Efficiency Revenues	40,000	20,203	(19,797)
TOTAL REVENUE FROM LOCAL SOURCES		93,290,868	97,231,286	3,940,418
7000 - Revenue from State Sources				
7111	Basic Ed Funding - Formula	7,233,555	7,881,757	648,202
7112	Basic Ed Funding - Social Security	1,846,450	1,709,273	(137,177)
7160	Orphan Tuition	45,000	82,052	37,052
7271	Special Education	2,671,609	2,730,392	58,783
7311	Transportation (Regular and Additional)	1,175,878	1,611,943	436,065
7312	Transportation (Nonpublic and Charter Schools)	302,610	318,010	15,400
7320	Rentals	400,000	527,309	127,309
7330	Health Services	85,000	84,041	(959)
7340	State Property Tax Reduction	2,519,919	2,519,919	-
7369	Other Safe Schools Grants	-	45,000	45,000
7505	Ready to Learn Grant	252,829	252,829	-
7599	Other State revenue not listed elsewhere	-	92,471	92,471
7820	Retirement Revenue	8,462,656	8,485,367	22,711
TOTAL REVENUE FROM STATE SOURCES		24,995,506	26,340,363	1,344,857
8000 - Revenue from Federal Sources				
8514	ESEA Title I	214,046	208,265	(5,781)
8515	Title IIA and Title IID	81,664	82,634	970
8517	Title IV	17,320	17,057	(263)
8743	ESSER II	-	74,641	74,641
8744	ARP ESSER (ESSER III)	-	601,004	601,004
8751	ARP ESSER Learning Loss	-	12,118	12,118
8752	ARP ESSER Summer Program	-	2,572	2,572
8753	ARP ESSER Afterschool Programs	-	4,016	4,016
8810	Medical Assistance Reimbursements (Access)	265,727	-	(265,727)
8820	Medical Assistance Reimbursement for Health-Related	4,000	18,702	14,702
TOTAL REVENUE FROM FEDERAL SOURCES		\$ 582,757	\$ 1,021,009	\$ 438,252

Methacton School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2023

9000 - Other Financing Sources

9220	Proceeds from Leases	\$	-	\$	169,871	\$	169,871
9400	Sale of Fixed Assets		-		7,953		7,953
	TOTAL OTHER FINANCING SOURCES		-		177,824		177,824
	TOTAL REVENUES AND OTHER FINANCING SOURCES	\$	118,869,131	\$	124,770,482	\$	5,901,351

1000 - Instruction

	Budget	Actual	Variance	
1110	Regular Programs - Elem./Secondary	\$ 46,922,823	\$ 47,225,907	\$ (303,084)
1190	Federally Funded Regular Programs	258,231	218,008	40,223
1200	Special Programs - Elementary/ Secondary	801,296	853,842	(52,546)
1210	Life Skills Support	282,022	32,601	249,421
1211	Life Skills Support - Public	161,623	341,882	(180,259)
1221	Deaf or Hearing Impaired Support	117,646	121,405	(3,759)
1224	Blind or Visually Impaired Support	94,065	100,513	(6,448)
1225	Speech & Language Impaired	970,047	1,006,041	(35,994)
1230	Emotional Support	9,171	5,798	3,373
1231	Emotional Support - Public	3,137,885	2,292,247	845,638
1232	Emotional Support - PRRI	6,778	6,778	-
1233	Autistic Support	2,922,811	4,049,687	(1,126,876)
1240	Academic Support	9,335	4,577	4,758
1241	Learning Support - Public	6,111,423	9,365,128	(3,253,705)
1243	Gifted Support	1,346,507	964,740	381,767
1270	Multi-handicapped Support	114,408	261,726	(147,318)
1280	Early Intervention Support	28,819	28,645	174
1290	Other Support	1,288,357	722,272	566,085
1370	Technical Education	422,209	421,139	1,070
1390	Other Vocational Education Programs	1,343,654	1,343,654	-
1410	Summer School	237,104	206,643	30,461
1420	Summer School	19,359	1,629	17,730
1430	Homebound Instruction	1,750	4,610	(2,860)
1441	Adjudicated/Court Placed Programs	20,562	15,562	5,000
1442	Alternative Education Program	500	-	500
1500	Nonpublic School Programs	4,803	4,119	684
1600	Adult Education Programs	120,393	95,210	25,183
	Total Instruction	66,753,581	69,694,363	(2,940,782)

2000 - Support Services

2111	Supervision Student Svs	499,402	408,910	90,492
2119	Supervision of Student Services - All Other	649,437	652,643	(3,206)
2120	Guidance Services	2,521,673	2,617,454	(95,781)
2122	Counseling Services	97,893	110,622	(12,729)
2126	Placement Services	167,100	154,200	12,900
2130	Attendance Services	272,580	264,846	7,734
2140	Psychological Services	1,164,872	1,172,800	(7,928)
2160	Social Work Services	504,812	408,692	96,120
2200	Support Services - Instructional Staff	-	16,549	(16,549)
2220	Technology Support Services	537,136	517,940	19,196
2250	School Library Services	1,328,965	1,311,764	17,201
2260	Instructional & Curriculum Dev. Service	986,952	799,494	187,458
2270	Instructional Staff Professional Development Services	326,344	687,715	(361,371)
2271	Instructional Staff Development Services (Certified)	262,835	139,063	123,772
	Sub-Total - Support Services	\$ 9,320,001	\$ 9,583,807	\$ (263,806)

Methacton School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Sub-Total - Support Services (carried forward)	\$ 9,320,001	\$ 9,583,807	\$ (263,806)
2272 Instructional Staff Development Services (Non-Certified)	4,363	2,030	2,333
2310 Board Services	89,371	20,104	69,267
2330 Tax Assessment & Collection Service	302,575	217,534	85,041
2340 Staff Relations	220,380	330,543	(110,163)
2350 Legal Services	583,772	466,175	117,597
2360 Office of the Superintendent Services	908,576	824,037	84,539
2370 Community Relations Services	293,451	294,966	(1,515)
2380 Office of the Principal Services	4,591,924	4,688,598	(96,674)
2390 Other Administration Services	47,796	60,797	(13,001)
2420 Medical Services	622,235	639,738	(17,503)
2430 Dental Services	600	178	422
2440 Nursing Services	1,581,502	1,578,505	2,997
2490 Nonpublic Health Services	5,480	2,531	2,949
2510 Fiscal Services	12,404	-	12,404
2511 Supervision of Fiscal Services	258,855	290,148	(31,293)
2513 Receiving and Disbursing Funds Services	103,038	103,301	(263)
2514 Payroll Services	84,147	84,975	(828)
2515 Financial Accounting Services	209,722	211,897	(2,175)
2519 Other Fiscal Services	293,193	184,415	108,778
2590 Other Support Services - Business	285,131	295,136	(10,005)
2611 Supervision of Operation and Maintenance of Plant - Head	351,704	245,761	105,943
2619 Supervision & Maintenance Building Services - Other	176,117	183,117	(7,000)
2620 Operation of Building Services	7,739,967	7,692,249	47,718
2630 Care and Upkeep of grounds services	697,329	716,878	(19,549)
2640 Care and Upkeep of Equipment Services	95,827	90,269	5,558
2650 Vehicle Operation and Maint. Services	15,539	15,612	(73)
2660 Security Services	-	76,680	(76,680)
2690 Other Operation and Maint. of Plant Services	495,219	402,993	92,226
2700 Supervision of Student Transportation Services - Head	-	60,389	(60,389)
2719 Supervision of Student Transportation Services - Other	106,983	103,558	3,425
2720 Vehicle Operation Services	7,024,915	7,109,885	(84,970)
2730 Monitoring Services	22,777	30,062	(7,285)
2740 Vehicle Servicing and Maint. Services	3,600	-	3,600
2790 Other Student Transportation Services	378,757	4,995	373,762
2818 System-Wide Technology Services	1,935,449	1,966,593	(31,144)
2831 Supervision of Staff Services	252,845	259,892	(7,047)
2834 Staff Development Services - Non-Instructional, Certified	82,500	85,529	(3,029)
2836 Staff Development Services - Non-Instructional, Non-Certified	2,000	3,165	(1,165)
2844 Operations Services	150,000	147,507	2,493
2890 Other Support Services Central	77,500	64,492	13,008
2900 Other Support Services	75,500	66,373	9,127
	<hr/>	<hr/>	<hr/>
Total Support Services	39,503,044	39,205,414	297,630
 <u>3000 - Operation of Non-Instructional Services</u>			
3210 Student Activities	488,017	465,927	22,090
3250 School Sponsored Athletics	1,072,911	1,167,553	(94,642)
3300 Community Services	500	7,349	(6,849)
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Total Non-Instructional Services	1,561,428	1,640,829	(79,401)
 <u>4000 - Facilities Acquisition, Construction, and Improvement Svs.</u>			
4200 Existing Site Improvement Services	-	20,323	(20,323)
4500 Building Acquisition and Construction Services	-	2,997,726	(2,997,726)
4600 Existing Building Improvement Services	-	1,565,940	(1,565,940)
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Total Facilities Acquisition, Construction, and Improvement Services	\$ -	\$ 4,583,989	\$ (4,583,989)

Methacton School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2023

<u>5000 - Other Expenditures and Financing Uses</u>		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
5110	Debt Service	\$ 10,344,929	\$ 10,351,077	\$ (6,148)
5130	Refund of Prior Yr. Receipts	6,149	8,947	(2,798)
5140	Lease Payments	-	510,570	(510,570)
5230	Capital Projects Fund Transfers	700,000	4,303,889	(3,603,889)
5900	Budgetary Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	Total Other Expenditures and Financing Uses	<u>11,051,078</u>	<u>15,174,483</u>	<u>(4,123,405)</u>
	TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 118,869,131</u>	<u>\$ 130,299,078</u>	<u>\$ (11,429,947)</u>
	TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 118,869,131	\$ 124,770,482	\$ 5,901,351
	TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>118,869,131</u>	<u>130,299,078</u>	<u>(11,429,947)</u>
	NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ (5,528,596)	\$ (5,528,596)
	Special Items	-	-	-
	Extraordinary Items - Insurance Recoveries	<u>-</u>	<u>59,785</u>	<u>59,785</u>
	NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AFTER SPECIAL ITEMS AND EXTRAORDINARY ITEMS	-	(5,468,811)	(5,468,811)
	FUND BALANCE - JULY 1, 2022	<u>14,022,781</u>	<u>16,296,908</u>	<u>2,274,127</u>
	FUND BALANCE - JUNE 30, 2023	<u>\$ 14,022,781</u>	<u>\$ 10,828,097</u>	<u>\$ (3,194,684)</u>

**Methacton School District
Capital Projects Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2023**

REVENUES AND OTHER FINANCING SOURCES

Interest Revenue	\$ 404,440
Contributions & Donations	550
Refund of Prior Year Expenditures	840
Transfer from General Fund	<u>4,303,889</u>

TOTAL REVENUES AND OTHER FINANCING SOURCES \$ 4,709,719

EXPENDITURES AND OTHER FINANCING USES

Supplies	3,043
SUPPORT SERVICES:	
Supplies	2,542
Equipment	104,780
FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENT:	
Professional Services	255,986
Construction	2,841,655
Equipment	<u>114,038</u>

TOTAL EXPENDITURES AND OTHER FINANCING USES 3,322,044

**EXCESS REVENUES AND OTHER FINANCING
SOURCES OVER (UNDER) EXPENDITURES AND OTHER
FINANCING USES** 1,387,675

FUND BALANCE - JULY 1, 2022 15,827,139

FUND BALANCE - JUNE 30, 2023 \$ 17,214,814

Methacton School District
Food Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2023

REVENUES		
Sales - Lunch	\$ 547,854	
Ala Carte Sales	726,087	
Special Events	44,177	
State Subsidies	163,911	
Federal Subsidies	779,144	
Donated Commodities	94,395	
Capital Contributions	3,147	
Interest	<u>23,936</u>	
TOTAL REVENUES		\$ 2,382,651
COST OF GOODS SOLD		
Opening Inventory	34,528	
Purchases - Supplies	2,822	
Purchases - Donated Commodities	87,588	
Food Management Services - Food	1,829,941	
Ending Inventory	<u>(27,721)</u>	<u>1,927,158</u>
GROSS PROFIT		455,493
OPERATING EXPENSES		
Advertising	779	
Repairs and Maintenance	2,285	
Depreciation	<u>58,488</u>	<u>61,552</u>
CHANGES FUND IN NET POSITION		393,941
FUND NET POSITION - JULY 1, 2022		<u>671,125</u>
FUND NET POSITION - JUNE 30, 2023		<u>\$ 1,065,066</u>

Food Service Fund
Reconciliation of Fund Net Position
For the Year Ended June 30, 2023

RECONCILIATION OF FUND NET POSITION		
Cash and Equivalents	\$ 678,488	
State and Federal Subsidies Receivable	40,687	
Inventories	27,721	
Due from Other Funds	13,845	
Equipment, net of accumulated depreciation	867,985	
Accounts Payable	(514,380)	
Deferred Revenue	(4,386)	
Prepayments from Students	<u>(44,894)</u>	
TOTAL FUND NET POSITION		<u>\$ 1,065,066</u>

**Methacton School District
Student Activity Fund
Statement of Fiduciary Net Position
As of June 30, 2023**

ASSETS

Cash and Cash Equivalents	\$ 273,563	
Due From Other Funds	16,333	
Other Receivables	6,070	
Prepaid Expenses	<u>6,934</u>	
TOTAL ASSETS		<u>\$ 302,900</u>

LIABILITIES

Accounts Payable	\$ 12,740	
Other Current Liabilities	<u>2,311</u>	
TOTAL LIABILITIES		15,051

NET POSITION

Restricted for		
Individuals, Organizations, and Other Governments		<u>287,849</u>
TOTAL LIABILITIES AND FUND NET POSITION		<u>\$ 302,900</u>

Methacton School District
Schedule on General Obligation Bonds - Series of 2016
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	5.00%	\$ 210,000	\$ 4,200,000
TOTAL OUTSTANDING		\$ 210,000	\$ 4,200,000

Schedule on General Obligation Bonds - Series A of 2017
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	2.00-4.00%	\$ 18,300	\$ 1,110,000
TOTAL OUTSTANDING		\$ 18,300	\$ 1,110,000

Schedule on General Obligation Bonds - Series B of 2017
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	2.00%	\$ 239,428	\$ 5,000
2024-25	2.15%	239,055	30,000
2025-26	2.15%	234,379	405,000
2026-27	2.25%	221,813	730,000
2027-28	3.00%	202,125	765,000
2028-29	3.00%	176,025	975,000
2029-30	2.63%	148,275	1,000,000
2030-31	3.00%	119,625	1,035,000
2031-32	3.00%	87,900	1,080,000
2032-33	3.00%	54,825	1,125,000
2033-34	3.00%	20,550	1,160,000
2034-35	3.00%	1,575	105,000
TOTAL OUTSTANDING		\$ 1,745,575	\$ 8,415,000

Methacton School District
Schedule on General Obligation Bonds - Series of 2018
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	4.00-2.30%	\$ 189,244	\$ 795,000
2024-25	2.38%	176,259	5,000
2025-26	4.00%	143,400	1,640,000
2026-27	4.00%	76,700	1,695,000
2027-28	4.00%	21,400	1,070,000
TOTAL OUTSTANDING		\$ 607,003	\$ 5,205,000

Schedule on General Obligation Bonds - Series A of 2018
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	2.30%	\$ 178,093	\$ 95,000
2024-25	3.00-4.00%	99,975	4,515,000
2025-26	3.00%	11,475	765,000
TOTAL OUTSTANDING		\$ 289,543	\$ 5,375,000

Schedule on General Obligation Bonds - Series of 2019
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	1.60%	\$ 170,073	\$ 5,000
2024-25	1.65%	169,991	5,000
2025-26	2.00%	169,800	15,000
2026-27	3.00%	164,625	335,000
2027-28	3.00%	153,000	440,000
2028-29	4.00%	135,400	550,000
2029-30	4.00%	112,900	575,000
2030-31	4.00%	89,600	590,000
2031-32	4.00%	64,500	665,000
2032-33	4.00%	37,600	680,000
2033-34	4.00%	12,000	600,000
TOTAL OUTSTANDING		\$ 1,279,489	\$ 4,460,000

Methacton School District
Schedule on General Obligation Bonds - Series A of 2019
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	1.50%	\$ 141,865	\$ 5,000
2024-25	1.55%	141,789	5,000
2025-26	2.00%	140,300	145,000
2026-27	2.00%	136,900	195,000
2027-28	2.00%	131,750	320,000
2028-29	3.00%	121,275	485,000
2029-30	4.00%	103,900	505,000
2030-31	4.00%	83,300	525,000
2031-32	4.00%	61,800	550,000
2032-33	4.00%	39,400	570,000
2033-34	4.00%	14,000	700,000
TOTAL OUTSTANDING		\$ 1,116,279	\$ 4,005,000

Schedule on General Obligation Bonds - Series AA of 2019
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	2.00-4.00%	\$ 168,300	\$ 1,010,000
2024-25	4.00%	101,800	2,540,000
2025-26	2.00-4.00%	25,500	1,575,000
TOTAL OUTSTANDING		\$ 295,600	\$ 5,125,000

Schedule on General Obligation Bonds - Series of 2020
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	1.50%	\$ 87,763	\$ 5,000
2024-25	1.50%	87,163	75,000
2025-26	4.00%	43,300	2,165,000
TOTAL OUTSTANDING		\$ 218,226	\$ 2,245,000

Methacton School District
Schedule on General Obligation Bonds - Series A of 2020
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	1.00%	\$ 628,300	\$ 5,000
2024-25	1.00%	628,250	5,000
2025-26	1.00%	628,200	5,000
2026-27	2.00%	628,138	5,000
2027-28	2.00%	628,063	5,000
2028-29	4.00%	615,625	620,000
2029-30	4.00%	590,325	645,000
2030-31	2.50-4.00%	565,713	670,000
2031-32	4.00%	540,000	700,000
2032-33	4.00%	511,400	730,000
2033-34	4.00%	481,600	760,000
2034-35	4.00%	450,800	780,000
2035-36	4.00%	419,100	805,000
2036-37	4.00%	386,300	835,000
2037-38	4.00%	352,200	870,000
2038-39	4.00%	316,700	905,000
2039-40	4.00%	279,700	945,000
2040-41	4.00%	241,200	980,000
2041-42	4.00%	201,200	1,020,000
2042-43	4.00%	159,500	1,065,000
2043-44	4.00%	116,100	1,105,000
2044-45	4.00%	71,000	1,150,000
2045-46	4.00%	24,000	1,200,000
TOTAL OUTSTANDING		\$ 9,463,414	\$ 15,810,000

Schedule on General Obligation Notes - Series of 2020
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24		\$ 93,519	\$ -
2024-25		93,519	-
2025-26		93,519	-
2026-27	1.77%	59,756	3,815,000
2027-28	1.87%	12,997	1,390,000
TOTAL OUTSTANDING		\$ 353,310	\$ 5,205,000

Methacton School District
Schedule on General Obligation Bonds - Series of 2021
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	1.00%	\$ 523,650	\$ 5,000
2024-25	1.00%	523,600	5,000
2025-26	1.00%	523,550	5,000
2026-27	1.00%	523,500	5,000
2027-28	1.50%	523,438	5,000
2028-29	4.00%	511,600	590,000
2029-30	4.00%	487,600	610,000
2030-31	4.00%	462,600	640,000
2031-32	4.00%	437,900	595,000
2032-33	4.00%	413,600	620,000
2033-34	4.00%	388,300	645,000
2034-35	4.00%	365,000	520,000
2035-36	4.00%	341,600	650,000
2036-37	4.00%	315,000	680,000
2037-38	4.00%	287,200	710,000
2038-39	4.00%	258,200	740,000
2039-40	4.00%	228,100	765,000
2040-41	4.00%	196,800	800,000
2041-42	4.00%	164,100	835,000
2042-43	4.00%	130,100	865,000
2043-44	4.00%	94,700	905,000
2044-45	4.00%	57,800	940,000
2045-46	4.00%	19,500	975,000
TOTAL OUTSTANDING		\$ 7,777,438	\$ 13,110,000

S I N G L E A U D I T S E C T I O N

METHACTON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2023

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS THROUGH GRANTOR NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) 7/1/22	REVENUE	EXPEND.	ACCRUED OR (DEFERRED) 6/30/23	FOOTNOTES
U.S. DEPT. OF EDUCATION											
PASSED THROUGH THE PA DEPARTMENT OF EDUCATION (PDE)											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-22-0245	7/1/20 - 9/30/22	\$ 237,718	\$ 48,156	\$ 23,061	\$ 25,095	\$ 25,095	\$ -	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-23-0245	7/1/21 - 9/30/23	\$ 214,041	168,179	-	183,170	183,170	14,991	
TOTAL TITLE I PROGRAM						216,335	23,061	208,265	208,265	14,991	
PASSED THROUGH THE PDE											
TITLE IIIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-22-0245	7/1/21 - 9/30/22	\$ 98,298	1,168	1,168	-	-	-	2
TITLE IIIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-23-0245	7/1/22 - 9/30/23	\$ 82,634	75,831	-	82,634	82,634	6,803	
TOTAL TITLE II PROGRAM						76,999	1,168	82,634	82,634	6,803	
PASSED THROUGH THE PDE											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-22-0245	7/1/21 - 9/30/22	\$ 17,510	3,510	2,007	1,503	1,503	-	2
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-23-0245	7/1/22 - 9/30/23	\$ 18,182	13,609	-	15,554	15,554	1,945	
TOTAL TITLE IV PROGRAM						17,119	2,007	17,057	17,057	1,945	
PASSED THROUGH THE PDE											
COVID-19 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND - ESSER I	I	84.425D	FA-200-21-0245	3/13/20 - 9/30/23	\$ 859,835	139,973	65,332	74,641	74,641	-	2
COVID-19 AMERICAN RESCUE PLAN - ESSER (ARP-ESSER)	I	84.425U	223-21-0245	3/13/20 - 9/30/24	\$ 1,739,197	189,731	(103,764)	601,004	601,004	307,509	
COVID-19 ARP-ESSER - LEARNING LOSS SET ASIDE	I	84.425U	FA-225-21-0245	3/13/20 - 9/30/24	\$ 96,553	1,756	(7,022)	12,118	12,118	3,340	
COVID-19 ARP-ESSER - SUMMER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0245	3/13/20 - 9/30/24	\$ 19,311	351	(1,404)	2,572	2,572	817	
COVID-19 ARP-ESSER - AFTER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0245	3/13/20 - 9/30/24	\$ 19,311	351	(1,404)	4,016	4,016	2,261	
COVID-19 ARP-ESSER - HOMELESS CHILDREN AND YOUTH	I	84.425W	FA-181-21-2254	7/01/21 - 9/30/24	\$ 6,857	176	(527)	-	-	(703)	
TOTAL EDUCATION STABILIZATION FUND						332,338	(48,789)	694,351	694,351	313,224	
PASSED THROUGH THE MONTGOMERY COUNTY I.U.											
IDEA, PART B	I	84.027	N/A	7/1/20 - 9/30/21	\$ 900,973	613	613	-	-	-	2
IDEA, PART B	I	84.027	N/A	7/1/21 - 9/30/22	\$ 883,513	303,975	303,975	-	-	-	1
IDEA, PART B	I	84.027	N/A	7/1/22 - 9/30/23	\$ 865,787	502,349	-	865,787	865,787	363,438	1
COVID-19 ARP-IDEA	I	84.027X	062-22-0023	7/1/21 - 9/30/23	\$ 207,244	207,244	78,572	128,672	128,672	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/22 - 9/30/23	\$ 2,472	2,472	-	2,472	2,472	-	1
TOTAL IDEA CLUSTER						1,016,653	383,160	996,931	996,931	363,438	
PASSED THROUGH THE MONTGOMERY COUNTY I.U.											
TITLE III - LANGUAGE INSTRUCTION FOR ENGLISH LEARNERS AND IMMIGRANT STUDENTS	I	84.365	N/A	7/1/21 - 9/30/22	\$ 7,958	-	-	-	-	-	2
TITLE III - LANGUAGE INSTRUCTION FOR ENGLISH LEARNERS AND IMMIGRANT STUDENTS	I	84.365	N/A	7/1/22 - 9/30/23	\$ 8,250	8,250	-	8,250	8,250	-	1
TOTAL TITLE III PROGRAM						8,250	-	8,250	8,250	-	
TOTAL U. S. DEPARTMENT OF EDUCATION						1,667,694	360,607	2,007,488	2,007,488	700,401	

SOURCE: D -DIRECT; I -INDIRECT

METHACTON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2023

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS THROUGH GRANTOR NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) 7/1/22	REVENUE	EXPEND.	ACCRUED OR (DEFERRED) 6/30/23	FOOTNOTES
<u>U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u> <u>PASSED THROUGH THE PA. DEPARTMENT OF PUBLIC WELFARE</u> TITLE 19 MEDICAL REIMBURSEMENT	I	93.778	N/A	10/1/22 - 9/30/23	N/A	22,766	13,464	18,702	18,702	9,400	2
TOTAL U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES						22,766	13,464	18,702	18,702	9,400	
<u>U.S. DEPARTMENT OF TREASURY</u> <u>PASSED THROUGH MONTGOMERY COUNTY DEPARTMENT OF HEALTH & HUMAN SERVICES</u> CORONAVIRUS STATE & LOCAL FISCAL RECOVERY	I	21.027	N/A	3/3/21 - 12/31/26	\$ 225,710	225,710	-	-	-	(225,710)	2
TOTAL U.S. DEPARTMENT OF TREASURY						225,710	-	-	-	(225,710)	
<u>U. S. DEPARTMENT OF AGRICULTURE</u> <u>PASSED THROUGH THE PDE</u> NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/21 - 6/30/22	N/A	13,450	13,450	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/22 - 6/30/23	N/A	514,117	-	538,886	538,886	24,769	
COVID-19 NATIONAL SCHOOL LUNCH - SUPPLY CHAIN ASSISTANCE	I	10.555	N/A	N/A	N/A	136,419	-	136,419	136,419	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/21 - 6/30/22	N/A	1,762	1,762	-	-	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/22 - 6/30/23	N/A	97,031	-	103,211	103,211	6,180	
<u>PASSED THROUGH THE PA DEPT OF AGRICULTURE</u> NATIONAL SCHOOL LUNCH - USDA COMMODITIES	I	10.555	N/A	7/1/22 - 6/30/23	N/A	86,193	(12,588)	94,395	94,395	(4,386)	2 3
TOTAL CHILD NUTRITION CLUSTER						848,972	2,624	872,911	872,911	26,563	
<u>PASSED THROUGH THE PDE</u> COVID-19 STATE PANDEMIC ELECTRONIC BENEFIT TRANSFER (P-EBT) ADMIN. COSTS	I	10.649	N/A	N/A	N/A	628	-	628	628	-	2
TOTAL U.S. DEPARTMENT OF AGRICULTURE						849,600	2,624	873,539	873,539	26,563	
TOTAL FEDERAL FINANCIAL AWARDS						\$ 2,540,061	\$ 376,696	\$ 2,899,729	\$ 2,899,729	\$ 736,364	

SOURCE: D -DIRECT; I -INDIRECT

Methacton School District
Notes to the Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Methacton School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Methacton School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Methacton School District.

Note 2 - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting for all federal awards charged to governmental funds and on the accrual basis of accounting for all federal awards charged to proprietary funds, as contemplated by accounting principles, generally accepted in the United States of America.

Note 3 - Organization and Scope

The District recognized 1.6% of its total general fund revenue in federal awards, and 36.7% of its total enterprise fund revenue.

Note 4 - Indirect Costs

The District did not charge any indirect costs to any of their federal grants and programs during this fiscal year. As such, the District did not use the 10% de minimis cost rate.

Note 5 - Program Disclosure - Footnotes

1. The federal awards passed through the Montgomery County I.U., under the U.S. Department of Education heading, is part of a consortium of participating school districts. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenue.
2. The Federal Grants were passed through the following entities in the totals below:

<u>Passed through</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
PA Department of Education	3,409,447	1,781,451
Montgomery County I.U.	2,876,197	1,005,181
PA Department of Public Welfare	N/A	18,702
PA Department of Agriculture	N/A	94,395
Montgomery County Department of Health & Human Services	225,710	-
Totals	\$ 6,511,354	\$ 2,899,729

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$86,193, in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2022-23 fiscal-year, the District used \$94,395 in commodities and established a year-end inventory of \$4,386 at June 30, 2023.

Methacton School District
Notes to the Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2023

4. The Medical Access grant passed through the PA Department of Education is reflected as federal source revenue on the basic financial statements; however pursuant to instructions from the commonwealth of PA, it is not reported as revenue on the Schedule of Expenditures of Federal Awards.

FINANCIAL STATEMENT RECONCILIATION

General Fund Federal Source Revenues	\$ 1,021,009
Federal Grants in Local Sources	1,005,181
Food Service Fund Federal Revenue	<u>873,539</u>
Total Federal Revenue, per financial statements	2,899,729
Less: Medical Access Reimbursement	<u>-</u>
Total Federal Revenue Reported on SEFA	<u>\$ 2,899,729</u>



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

Board of School Directors
Methacton School District
1001 Kriebel Mill Road
Eagleview, PA 19403

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Methacton School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Methacton School District's basic financial statements, and have issued our report thereon dated November 14, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Methacton School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Methacton School District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Northampton, Pennsylvania
November 14, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of School Directors
Methacton School District
1001 Kriebel Mill Road
Eagleville, PA 19403

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Methacton School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Methacton School District's major federal programs for the year ended June 30, 2023. Methacton School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Methacton School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

METHACTON SCHOOL DISTRICT

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

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

Respectfully submitted,

Norman Associates, P.C.

Northampton, Pennsylvania
November 14, 2023

**Methacton School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Section I - Summary of Auditor Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance? yes no

Identification of major program:

AL Number(s)	Name of Federal Program or Cluster
10,553, 10.555	Child Nutrition Cluster

Percentage of programs tested to total awards 30.1%

Dollar threshold used to distinguish between type A and type B program: \$ 750,000
Auditee qualified as low-risk auditee? yes no

**Methacton School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Section II - Financial Statement Findings

There are no findings discovered relating to the financial statements, which are required to be reported in accordance with generally accepted government auditing standards.

Section III - Findings and Questioned Costs for Federal Awards

We did not discover any findings or questioned costs on federal awards, in accordance with Uniform Guidance Section 200.516.

Audit Follow-Up Procedures

We did not perform any follow-up procedures on last year findings since there were no prior year findings to report.