

THE SCHOOL DISTRICT OF JENKINTOWN

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

THE SCHOOL DISTRICT OF JENKINTOWN

YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of School Directors
The School District of Jenkintown
Jenkintown, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement for the General Fund of the School District of Jenkintown (the "School District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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, the aggregate remaining fund information, and the budgetary comparison statement for the General Fund of the School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.



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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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, the schedule of the District's proportionate share of the net OPEB liability – PSERS plan, the schedule of the District's OPEB contributions – PSERS plan, the schedule of the District's proportionate share of the net pension liability, and the schedule of district pension contributions on pages 4-9 and 50-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board is the responsibility of management and, 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.



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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedule of revenues - budget and actual general fund and schedule of expenditures - budget and actual general fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

November 9, 2023
Jamison, Pennsylvania

JENKINTOWN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2023

Introduction

The School District of Jenkintown's (the "District") Management's Discussion and Analysis appears as a result of implementing the financial reporting requirements of Governmental Accounting Standards Board (GASB) Statement No. 34. The financial statements contained in this report are intended for interested user groups or individuals to help them assess the District's financial condition and performance based on management's decisions and implemented plan of action for the fiscal year ended June 30, 2023. This analysis should be used in conjunction with the additional information contained in the financial statements and notes to the financial statements, which begin immediately on the pages following this discussion.

General Overview

The District is located in eastern Montgomery County, encompassing an area of approximately ½ square mile and provides basic educational services to a student population of approximately 715 students. Currently the District owns two buildings (a Middle/High School and an Elementary School) where the student population is educated. Special education services are provided to the students by the District and the Montgomery County Intermediate Unit #23. Vocational and technical education is provided by the District and the Eastern Center for Arts and Technology. A few students are enrolled in various charter schools.

Overview of Financial Statements

This financial report consists of a series of financial statements and other financial information. The first component is the Management's Discussion and Analysis, which serves as an introduction to the District's basic financial statements. These basic financial statements include government-wide financial statements, fund financial statements, and financial statement notes. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These statements provide information about the activities of the District as a whole and present a longer-term view of the District's finances, and are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Fund financial statements detail how the District financed its activities in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's funds. This report, in addition to the basic financial statements, contains other supplementary information, which provides a more detailed explanation of the information contained in the financial statements.

Government-Wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private industry entities. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenue and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

Governmental activities: Basic services of the District such as instruction, support services, non-instructional services, and debt service are included in this category. These activities are financed by the local tax effort, state and federal subsidies, reimbursements, and grants.

Business type activities: The District contracted with Metz Culinary Management to operate a food service program which charges fees to students and staff to help cover the costs of its food service operation. The District also operates a Child Care Program in order to generate additional revenue.

JENKINTOWN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2023

Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds, not the District as a whole.

Governmental funds: Most of the District's activities are reported in governmental funds, which concentrate on the determination of financial position and change in financial position. They are reported on the modified accrual accounting basis, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations.

Proprietary funds: These funds are used to account for the District activities that operate like a business in the private sector, where the reporting deals with determining net income and changes in the financial position. The District's food service program and childcare program are classified as proprietary funds and are run like a business. The business activities in these funds are the same as the business-type activities reported in the government-wide statements; however, more detail and additional information such as cash flows is provided.

Fiduciary funds: These funds consist of Student Activity funds and Scholarship funds, which are funds held on behalf of the students. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities report information about the District as a whole and assists in providing an evaluation of the District's performance. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the full accrual basis of accounting, which is similar to the accounting method typically used by most private sector companies. All of the current year's revenue and expenditures are taken into account regardless of when cash is received or disbursed.

Both statements report the District's net position and changes in net position. Measuring the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, or net position, is one way to evaluate the performance or financial strength of the District. Over time, increases or decreases in the District's net positions is one indicator of whether its financial condition is improving or deteriorating. Other factors such as the District's property tax base, taxing structure, and student achievement and performance need to be factored into the equation to determine or assess the overall condition of the District.

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

Financial Highlights – Government-wide Financial Statements

The following condensed financial information as of June 30, 2023 is derived from the Statement of Net Position and is compared to the balances as of June 30, 2022.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	2023	2022	2023	2022
<u>Assets</u>				
Current assets	\$ 4,179,808	\$ 4,566,912	\$ 311,128	\$ 229,113
Funds held by Southeastern Pennsylvania Schools Trust	223,910	71,523	-	-
Capital Assets, net	<u>16,428,538</u>	<u>16,963,065</u>	<u>-</u>	<u>-</u>
Total Assets	<u>20,832,256</u>	<u>21,601,500</u>	<u>311,128</u>	<u>229,113</u>
<u>Deferred Outflows of Resources</u>				
Deferred Loss on Refunding, net of Accumulated Amortization	126,392	130,927	-	-
OPEB	215,736	259,708	-	-
Pensions	<u>3,810,613</u>	<u>4,347,469</u>	<u>-</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>4,152,741</u>	<u>4,738,104</u>	<u>-</u>	<u>-</u>
<u>Liabilities</u>				
Current Liabilities				
Accounts Payable and Accrued Expenses	1,267,464	1,690,541	10,012	24,750
Other Current Liabilities	925,607	1,098,849	6,605	-
Long-Term Liabilities				
Portion Due or Payable Within One Year				
Bonds Payable	790,000	765,000	-	-
Portion Due or Payable After One Year				
Bonds Payable	18,417,260	19,204,010	-	-
Compensated Absences	275,240	278,503	-	-
Net Pension Liability	25,341,000	23,402,000	-	-
Net OPEB Liability	<u>1,047,000</u>	<u>1,347,000</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>48,063,571</u>	<u>47,785,903</u>	<u>16,617</u>	<u>24,750</u>
<u>Deferred Inflows of Resources</u>				
OPEB	299,000	83,000	-	-
Pensions	<u>733,000</u>	<u>4,389,000</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>1,032,000</u>	<u>4,472,000</u>	<u>-</u>	<u>-</u>
<u>Net Position</u>				
Net Investment in Capital Assets	(2,650,095)	(1,786,389)	-	-
Restricted	223,910	71,523	-	-
Unrestricted	<u>(21,684,389)</u>	<u>(24,203,433)</u>	<u>294,511</u>	<u>204,363</u>
Total Net Position	<u>\$ (24,110,574)</u>	<u>\$ (25,918,299)</u>	<u>\$ 294,511</u>	<u>\$ 204,363</u>

- The District's total governmental activities capital assets were \$31,926,324 at June 30, 2023, comprised of buildings, site improvements, land, machinery, and equipment. This represented an increase of capital assets in the amount of \$272,639 from the year ended June 30, 2022.
- The District's total business-type activities capital assets, consisting of machinery and equipment, were \$58,678 at June 30, 2022 and 2023.
- The District's total long term liabilities at June 30, 2022 was \$45,870,500, comprised of general obligation bonds totaling \$19,207,260 a net pension liability of \$25,341,000, a net OPEB liability of \$1,047,000, and other long-term liabilities totaling \$275,240.

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

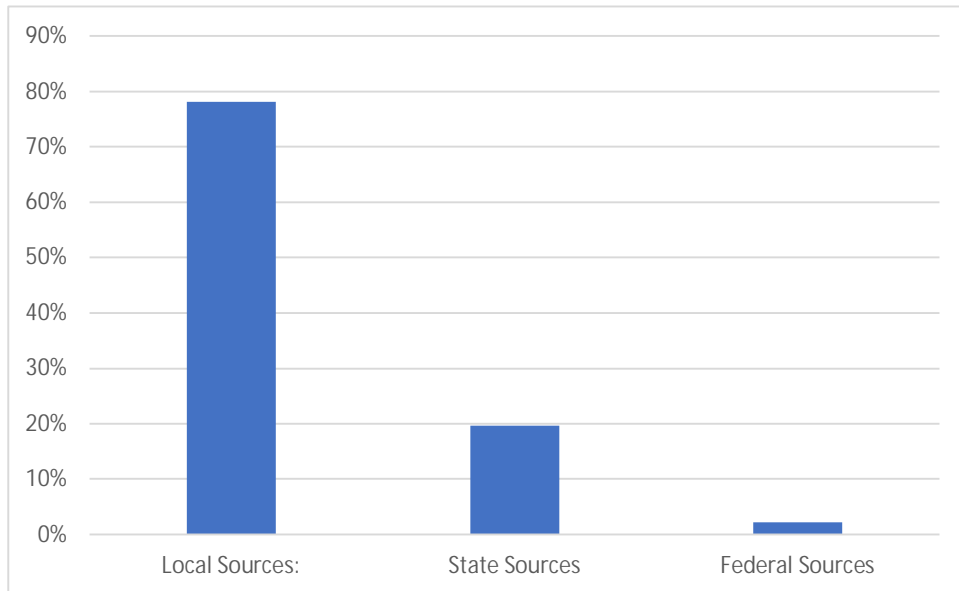
The following condensed financial information for the year ended June 30, 2023 is derived from the Statement of Activities as is compared to totals for the year ended June 30, 2022.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<u>Program Revenues</u>				
Charges for Services	\$ 13,741	\$ 19,082	\$ 208,367	\$ 79,579
Operating Grants and Contributions	2,205,736	2,281,835	143,700	362,669
Total Program Revenues	<u>2,219,477</u>	<u>2,300,917</u>	<u>352,067</u>	<u>442,248</u>
<u>General Revenues</u>				
Taxes	14,523,985	13,860,730	-	-
Other	2,182,781	1,882,651	-	-
Total General Revenues	<u>16,706,766</u>	<u>15,743,381</u>	<u>-</u>	<u>-</u>
<u>Expenses</u>				
Instruction	8,422,274	12,076,466	-	-
Instructional Student Support	1,678,996	2,099,115	-	-
Administrative and Financial Support Services	2,123,280	2,454,835	-	-
Operation and Maintenance of Plant Services	2,239,459	1,632,679	-	-
Pupil Transportation	304,225	446,835	-	-
Student Activities	761,105	859,754	-	-
Community Services	31,492	6,915	-	-
Food Service	-	-	195,902	186,877
Child Care	-	-	70,998	83,205
Interest on Long-Term Debt	722,706	735,430	-	-
Transfers	4,981	-	(4,981)	-
Special Item - Assessments	830,000	-	-	-
Total Expenses	<u>17,118,518</u>	<u>20,312,029</u>	<u>261,919</u>	<u>270,082</u>
Change in Net Position	1,807,725	(2,267,731)	90,148	172,166
Net Position at Beginning of Year, as Restated	<u>(25,918,299)</u>	<u>(23,650,568)</u>	<u>204,363</u>	<u>32,197</u>
Net Position at End of Year	<u>\$ (24,110,574)</u>	<u>\$ (25,918,299)</u>	<u>\$ 294,511</u>	<u>\$ 204,363</u>

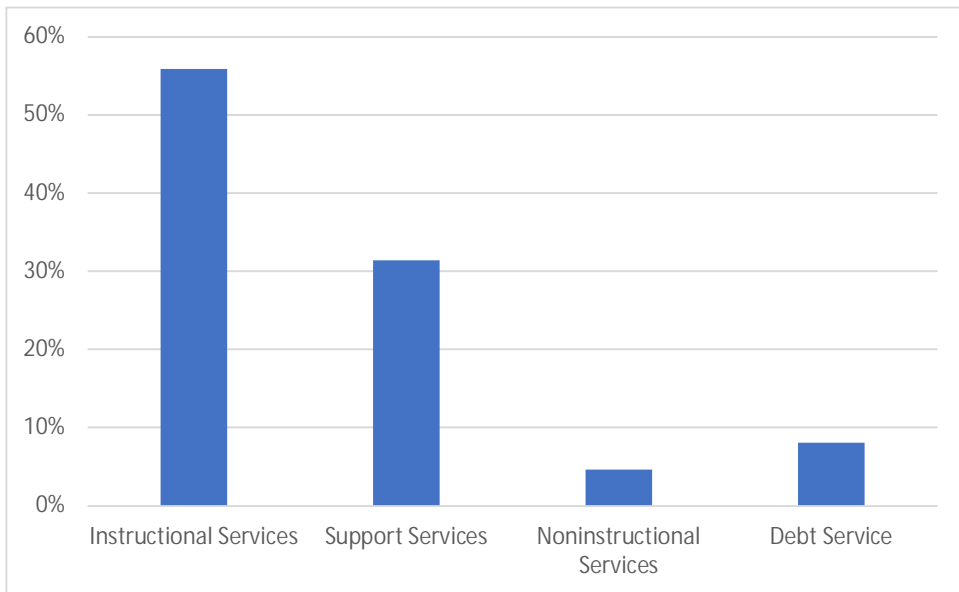
- The District's Governmental Activities revenues exceeded expenses for the year ended June 30, 2023. Included in expenses are assessment expense and transfers out to the Food Service Fund totaling \$830,000 and \$4,981, respectively, resulting in the increase in Net Position of \$1,807,725.

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

Revenues by Source – General Fund



Expenditures by Use – General Fund



JENKINTOWN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2023

Financial Highlights – General Fund

The 2022-2023 General Fund budget included an increase in total revenues and an increase in total expenditures to that of the prior year. For 2022-2023, there were no modifications to the original budget.

- The District's General Fund revenues for the year ended June 30, 2023 totaled \$18,948,823. Local sources generated \$14,812,341 or 78% of these revenues, while state sources accounted for \$3,715,807 or 20%, and federal sources totaled \$420,675 or approximately 2%.
- General Fund expenditures totaled \$17,775,201 this year, of which \$9,906,205 or 56% represented regular, special, vocational, and other instructional program expenditures; \$5,566,219 or 31% represented support services expenditures; \$819,614 or 5% represented operational non-instructional services expenditures; while the remaining \$1,483,163 or 8% was used for debt service.
- The fund balance of the General Fund changed from \$1,127,011, in the prior year, to \$1,465,652 this year, exhibiting a \$338,641 increase.
- The District's General Fund assets exceeded its General Fund liabilities and deferred inflows of resources by \$1,465,652.
- Total debt service payments were \$1,483,163 including \$765,000 of principal repayment, and \$718,163 of interest expense.

Major budgetary variances are comprised of the following:

- Total revenues exceeded the budget by \$1,034,716. The largest variance is noted in the area of Delinquent real estate taxes collected in the amount of \$741,442, representing 72% of the excess.
- Total expenses were below annual budgeted amounts by approximately \$139,000 during 2022-2023. The largest variance is noted in the area of noninstructional services due to our increase in funding for crossing guards and increased costs related to transportation for our athletic program.

Financial Highlights – Fund Financial Statements – Capital Projects Fund

During the 2022-2023 year the District continued to utilize the remaining bond proceeds from prior year to fund capital projects.

Other District Information

An increase in special education costs is of particular concern to the District due to the underfunding of the special education mandates imposed by both the state and federal governments. In addition, the funding for public education remains uncertain and our taxpayers continue to be disproportionately burdened due to the unequitable funding system that exists in the State of Pennsylvania. As shown in the tables above our local tax base supports almost 80% of our budget, while the federal and state government only supports 2% and 20%, respectively.

Contacting the District's Financial Management

Our financial report is designed to provide a general overview of the District's finances and to account for all monies received. Any questions or concerns related to this report may be directed to the Office of the Business Administrator, The School District of Jenkintown, 325 Highland Avenue, Jenkintown, Pennsylvania 19046.

THE SCHOOL DISTRICT OF JENKINTOWN
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets			
Cash and Cash Equivalents	\$ 1,644,977	\$ 116,431	\$ 1,761,408
Investments	993,239	187,513	1,180,752
Taxes Receivable, net	947,190	-	947,190
Internal Balances	72	(72)	-
Due from Other Governments	594,330	5,149	599,479
Inventories	-	2,107	2,107
Funds held by Southeastern Pennsylvania Schools Trust	223,910	-	223,910
Land	215,350	-	215,350
Capital Assets, net	16,213,188	-	16,213,188
TOTAL ASSETS	20,832,256	311,128	21,143,384
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Loss on Refunding, net of Accumulated Amortization	126,392	-	126,392
OPEB	215,736	-	215,736
Pensions	3,810,613	-	3,810,613
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,152,741	-	4,152,741
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable and Accrued Expenses	1,267,464	10,012	1,277,476
Assessments Payable	830,000	-	830,000
Accrued Interest on Long-Term Debt	95,607	-	95,607
Unearned Revenue	-	6,605	6,605
Long-Term Liabilities			
Portion Due or Payable Within One Year			
Bonds Payable	790,000	-	790,000
Portion Due or Payable After One Year			
Bonds Payable	18,417,260	-	18,417,260
Compensated Absences	275,240	-	275,240
Net Pension Liability	25,341,000	-	25,341,000
Net OPEB Liability	1,047,000	-	1,047,000
TOTAL LIABILITIES	48,063,571	16,617	48,080,188
<u>DEFERRED INFLOWS OF RESOURCES</u>			
OPEB	299,000	-	299,000
Pensions	733,000	-	733,000
TOTAL DEFERRED INFLOWS OF RESOURCES	1,032,000	-	1,032,000
<u>NET POSITION</u>			
Net Investment in Capital Assets	(2,650,095)	-	(2,650,095)
Restricted	223,910	-	223,910
Unrestricted	(21,684,389)	294,511	(21,389,878)
TOTAL NET POSITION	\$ (24,110,574)	\$ 294,511	\$ (23,816,063)

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

THE SCHOOL DISTRICT OF JENKINTOWN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 8,422,274	\$ -	\$ 1,549,195	\$ -	\$ (6,873,079)	\$ -	\$ (6,873,079)
Instructional Student Support	1,678,996	-	250,549	-	(1,428,447)	-	(1,428,447)
Administrative and Financial Support Services	2,123,280	-	310,892	-	(1,812,388)	-	(1,812,388)
Operation and Maintenance of Plant Services	2,239,459	-	16,312	-	(2,223,147)	-	(2,223,147)
Pupil Transportation	304,225	-	1,622	-	(302,603)	-	(302,603)
Student Activities	761,105	13,741	77,166	-	(670,198)	-	(670,198)
Community Services	31,492	-	-	-	(31,492)	-	(31,492)
Interest on Long-Term Debt	722,706	-	-	-	(722,706)	-	(722,706)
Total Governmental Activities	16,283,537	13,741	2,205,736	-	(14,064,060)	-	(14,064,060)
Business-Type Activities:							
Food Services	195,902	105,811	143,700	-	-	53,609	53,609
Before and After School Program	70,998	102,556	-	-	-	31,558	31,558
Total Primary Government	\$ 16,550,437	\$ 222,108	\$ 2,349,436	\$ -	(14,064,060)	85,167	(13,978,893)
General Revenues:							
Taxes:							
Real Estate					12,775,727	-	12,775,727
Earned Income Tax					1,640,181	-	1,640,181
Other Taxes					108,077	-	108,077
Unrestricted Grants and Subsidies					2,039,557	-	2,039,557
Unrestricted Investment Earnings					133,833	-	133,833
Miscellaneous Income					9,391	-	9,391
Transfers					(4,981)	4,981	-
Special Item - Assessment Expense					(830,000)	-	(830,000)
Total General Revenues					15,871,785	4,981	15,876,766
Changes in Net Position					1,807,725	90,148	1,897,873
Net position - beginning of year as restated (see Note M)					(25,918,299)	204,363	(25,713,936)
Net position - end of year					\$ (24,110,574)	\$ 294,511	\$ (23,816,063)

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

THE SCHOOL DISTRICT OF JENKINTOWN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	1,413,699	231,278	\$ 1,644,977
Investments	993,239	-	993,239
Taxes Receivable	947,190	-	947,190
Due from Other Funds	102,723	-	102,723
Due from Other Governments	594,330	-	594,330
TOTAL ASSETS	\$ 4,051,181	\$ 231,278	\$ 4,282,459
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 317,910	\$ -	\$ 317,910
Assessments Payable	830,000	-	830,000
Accrued Salaries and Benefits	949,554	-	949,554
Due to Other Funds	-	102,651	102,651
TOTAL LIABILITIES	2,097,464	102,651	2,200,115
DEFERRED INFLOWS OF RESOURCES			
Unavailable Tax Revenues - Property Taxes	488,065	-	488,065
TOTAL DEFERRED INFLOWS OF RESOURCES	488,065	-	488,065
FUND BALANCES			
Restricted For:			
Capital Projects	-	128,627	128,627
Assigned - Capital Projects	175,000	-	175,000
Unassigned	1,290,652	-	1,290,652
TOTAL FUND BALANCES	1,465,652	128,627	1,594,279
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,051,181	\$ 231,278	\$ 4,282,459

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

THE SCHOOL DISTRICT OF JENKINTOWN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

Total fund balance - governmental funds \$ 1,594,279

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. Those assets consist of:

Capital Assets	\$ 31,926,324	
Accumulated Depreciation	<u>(15,497,786)</u>	
 Total capital assets		 16,428,538

Property taxes receivable are available for collection this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. 488,065

Funds held by Southeastern Pennsylvania Schools Trust are not current financial resources and there are not reported in the funds. 223,910

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	(19,275,000)	
Bond Premium/Discount, net of Amortization	67,740	
Accrued Interest on Long-Term Debt	(95,607)	
Deferred Loss on Refunding, net of Amortization	126,392	
Compensated Absences	(275,240)	
Net Pension Liability	(25,341,000)	
Deferred Outflows of Resources - Pensions	3,810,613	
Deferred Inflows of Resources - Pensions	(733,000)	
Other Post-Employment Benefits (OPEB)	(1,047,000)	
Deferred Outflows of Resources - OPEB	215,736	
Deferred Inflows of Resources - OPEB	<u>(299,000)</u>	
		<u>(42,845,366)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ (24,110,574)

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

THE SCHOOL DISTRICT OF JENKINTOWN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Local Sources:	14,812,341	19,159	\$ 14,831,500
State Sources	3,715,807	-	3,715,807
Federal Sources	420,675	-	420,675
Total Revenues	18,948,823	19,159	18,967,982
EXPENDITURES			
Instructional Services	9,906,205	-	9,906,205
Support Services	5,566,219	8,535	5,574,754
Noninstructional Services	819,614	-	819,614
Facilities acquisition, construction, and improvement services	-	1,101,553	1,101,553
Debt Service			
Principal	765,000	-	765,000
Interest	718,163	-	718,163
Total Expenditures	17,775,201	1,110,088	18,885,289
Excess of Revenues Over (Under) Expenditures	1,173,622	(1,090,929)	82,693
OTHER FINANCING SOURCES (USES)			
Transfers Out	(4,981)	-	(4,981)
Total Other Financing Sources (Uses)	(4,981)	-	(4,981)
SPECIAL ITEM			
Assessments	(830,000)	-	(830,000)
Net Changes in Fund Balance	338,641	(1,090,929)	(752,288)
Fund Balances - Beginning of Year	1,127,011	1,219,556	2,346,567
Fund Balances - End of Year	<u>\$ 1,465,652</u>	<u>\$ 128,627</u>	<u>\$ 1,594,279</u>

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

THE SCHOOL DISTRICT OF JENKINTOWN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net changes in fund balances - total governmental funds \$ (752,288)

The change in net assets reported for governmental activities in the statement of activities is 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 and reported as depreciation expense. The amount by which depreciation exceeds capital outlays in the period is as follows:

Depreciation expense	\$ (807,166)	
Capital outlays	<u>272,639</u>	(534,527)

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Repayments:

General obligation debt	765,000
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The change in funds held by the Southeastern Pennsylvania Schools Trust is a component of expenses in the government-wide financial statements, but is not a component of expenditures in the fund financial statements.

152,387

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The differences for the items discussed above are:

Compensated absences expense	3,263	
Pension benefit expense	1,180,144	
Other postemployment benefits expense	40,028	
Liability for assessment appeals	1,000,000	
Amortization of debt premium/discount	(3,250)	
Amortization of deferred loss from refunding	(4,535)	
Accrued interest on long-term debt	<u>3,242</u>	2,218,892

Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered available revenues in the governmental funds. Deferred tax revenues decreased by this amount this year.

(41,739)

Change in net position of governmental activities

\$ 1,807,725

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

THE SCHOOL DISTRICT OF JENKINTOWN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local Sources:	\$ 13,887,767	\$ 13,887,767	\$ 14,812,341	924,574
State Sources	3,595,540	3,595,540	3,715,807	120,267
Federal Sources	430,800	430,800	420,675	(10,125)
Total Revenues	17,914,107	17,914,107	18,948,823	1,034,716
EXPENDITURES				
Instructional Services				
Regular Programs	7,414,874	7,414,874	7,265,296	149,578
Special Programs	2,308,177	2,308,177	2,322,970	(14,793)
Vocational Programs	283,287	283,287	283,286	1
Other Instructional Program	17,365	17,365	34,653	(17,288)
Total Instructional Services	10,023,703	10,023,703	9,906,205	117,498
Instructional Support Services				
Pupil Personnel Services	1,130,300	1,130,300	1,194,191	(63,891)
Instructional Staff Services	437,744	437,744	394,901	42,843
Administrative Services	1,363,956	1,363,956	1,322,755	41,201
Pupil Health	240,068	240,068	213,426	26,642
Business Services	408,518	408,518	398,727	9,791
Operation of Plant and Maintenance Services	1,239,276	1,239,276	1,254,157	(14,881)
Student Transportation Services	378,000	378,000	304,225	73,775
Central and Other Business Services	484,957	484,957	475,326	9,631
Other Support Services	9,500	9,500	8,511	989
Total Instructional Support Services	5,692,319	5,692,319	5,566,219	126,100
Noninstructional Services				
Student Activities	743,783	743,783	788,122	(44,339)
Community Services	23,500	23,500	31,492	(7,992)
Total Noninstructional Services	767,283	767,283	819,614	(52,331)
Debt Service	1,430,802	1,430,802	1,483,163	(52,361)
Total Expenditures	17,914,107	17,914,107	17,775,201	138,906
Excess of Revenues Over (Under) Expenditures	-	-	1,173,622	1,173,622
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(4,981)	(4,981)
Total Other Financing Sources (Uses)	-	-	(4,981)	(4,981)
SPECIAL ITEM				
Assessments	-	-	(830,000)	(830,000)
Net Changes in Fund Balance	\$ -	\$ -	\$ 338,641	\$ 338,641

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

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

	Food Service Fund	Before and After School Program Fund	Total
<u>ASSETS</u>			
Current Assets			
Cash and Cash Equivalents	\$ 66,772	\$ 49,659	\$ 116,431
Investments	187,513	-	187,513
Due from other governments	5,149	-	5,149
Inventories	2,107	-	2,107
	<hr/>	<hr/>	<hr/>
Total Current Assets	261,541	49,659	311,200
Noncurrent Assets			
Furniture and equipment, net	58,678	-	58,678
Accumulated depreciation	(58,678)	-	(58,678)
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	261,541	49,659	311,200
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	10,012	-	10,012
Due to Other Funds	-	72	72
Unearned Revenue	-	6,605	6,605
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	10,012	6,677	16,689
<u>NET POSITION</u>			
Unrestricted	251,529	42,982	294,511
	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION	\$ 251,529	\$ 42,982	\$ 294,511
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

THE SCHOOL DISTRICT OF JENKINTOWN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Food Service Fund	Before and After School Program Fund	Total
Operating Revenues			
Food Service Revenue	\$ 105,811	\$ -	\$ 105,811
Charges for services	-	102,556	102,556
Total Operating Revenues	<u>105,811</u>	<u>102,556</u>	<u>208,367</u>
Operating Expenses			
Salaries	-	57,356	57,356
Employee Benefits	-	12,149	12,149
Other Purchased Services	2,225	-	2,225
Supplies	12,761	1,493	14,254
Management fees	180,916	-	180,916
Total Operating Expenses	<u>195,902</u>	<u>70,998</u>	<u>266,900</u>
Operating Income (Loss)	<u>(90,091)</u>	<u>31,558</u>	<u>(58,533)</u>
Nonoperating Revenues			
Investment Earnings	4,140	-	4,140
State Sources	18,447	-	18,447
Federal Sources	121,113	-	121,113
Total Nonoperating Revenues	<u>143,700</u>	<u>-</u>	<u>143,700</u>
Change in Net Position	53,609	31,558	85,167
Transfers In	4,981	-	4,981
Total Transfers Out	<u>4,981</u>	<u>-</u>	<u>4,981</u>
Change in Net Position	58,590	31,558	90,148
Net Position - Beginning of year	<u>192,939</u>	<u>11,424</u>	<u>204,363</u>
Net Position - End of Year	<u>\$ 251,529</u>	<u>\$ 42,982</u>	<u>\$ 294,511</u>

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

THE SCHOOL DISTRICT OF JENKINTOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Food Service Fund	Before and After School Program Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Users	\$ 105,811	\$ 109,161	\$ 214,972
Cash Payments to Suppliers for Goods and Services	(210,972)	(1,493)	(212,465)
Cash Payments to Employees for Services	-	(69,505)	(69,505)
Internal Activity	15,742	10,921	26,663
Net Cash Used in Operating Activities	<u>(89,419)</u>	<u>49,084</u>	<u>(40,335)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	7,955	-	7,955
Net Cash Used in Capital Financing Activities	<u>7,955</u>	<u>-</u>	<u>7,955</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In (Out)	4,981	-	4,981
State Sources	18,447	-	18,447
Federal Sources	116,911	-	116,911
Net Cash Provided by Investing Activities	<u>140,339</u>	<u>-</u>	<u>140,339</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	58,875	49,084	107,959
Cash and Cash Equivalents - Beginning of Year	7,897	575	8,472
Cash and Cash Equivalents - End of Year	<u>\$ 66,772</u>	<u>\$ 49,659</u>	<u>\$ 116,431</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:			
Donated Commodities	<u>\$ 6,824</u>	<u>\$ -</u>	<u>\$ 6,824</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating Loss	\$ (90,091)	\$ 31,558	\$ (58,533)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Change in assets and liabilities			
Due to/Due From Other Funds	15,742	10,921	26,663
Inventory	(332)	-	(332)
Accounts Payable	(14,738)	-	(14,738)
Unearned Revenue	-	6,605	6,605
Total Adjustments	<u>672</u>	<u>17,526</u>	<u>18,198</u>
Net Cash Used In Operating Activities	<u>\$ (89,419)</u>	<u>\$ 49,084</u>	<u>\$ (40,335)</u>

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

THE SCHOOL DISTRICT OF JENKINTOWN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Private Purpose Trust Fund Scholarship Fund	Custodial Fund Student Activity Fund
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	\$ 224,778	107,778
Investments	11,175	-
TOTAL ASSETS	235,953	107,778
<u>NET POSITION</u>		
Restricted for other purposes	235,953	-
Restricted for custodial purposes	-	107,778
TOTAL NET POSITION	\$ 235,953	\$ 107,778

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

THE SCHOOL DISTRICT OF JENKINTOWN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Private Purpose Trust Fund Scholarship Fund	Custodial Fund Student Activity Fund
ADDITIONS		
Gifts and Contributions	\$ 11,906	\$ 184,077
Total Additions	11,906	184,077
DEDUCTIONS		
Scholarships Awarded	26,628	-
School Sponsored Activities	-	156,995
Total Deductions	26,628	156,995
Change in Net Position	(14,722)	27,082
Net Position - Beginning of year	250,675	80,696
Net Position - End of Year	\$ 235,953	\$ 107,778

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

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The School District of Jenkintown (the "School District") are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Financial Reporting Entity

The School District's Board of School Directors is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary responsibility for fiscal matters.

In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. A component unit is defined as a unit for which the primary government is financially accountable, and/or units that must be included to keep the financial statements from being misleading or incomplete because of the nature or significance of their relationships to the primary government. The primary government is financially accountable if it appoints a voting majority of a component unit's governing body, and if it either has the ability to impose its will on the component unit or there is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government. Based upon the application of these criteria, management has determined there are no component units of the primary government.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged for goods or services. Internal activity is limited to interfund transfers, which are eliminated to avoid "doubling up" revenue and expense.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the reporting entity or meets the following criteria:

THE SCHOOL DISTRICT OF JENKINTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

In addition, any other fund that government officials feel has importance to financial statement users may be reported as a major fund.

The School District reports the following major funds:

Governmental Funds

- General Fund – The General Fund is the primary operating fund of the School District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.
- Capital Projects Fund – Accounts for the receipt and disbursement of moneys for renovations funded with the proceeds of bonds.

Proprietary Funds

- Food Service Fund – Accounts for all financial resources associated with the operation of the cafeteria.
- Before and After School Program Fund – Accounts for all financial resources associated with the operation of the School District's Before and After School Program.

Fiduciary Funds (Not Included in Government-Wide Statements)

- Scholarship Fund (Private Purpose Trust Fund) – Accounts for moneys contributed by organizations and individuals to provide annual graduation awards to deserving students of the School District.
- Custodial Fund (Student Activities Fund) – Accounts for programs operated and sponsored by various student clubs and organizations.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

THE SCHOOL DISTRICT OF JENKINTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

Measurement Focus

On the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- The proprietary funds and the fiduciary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, net position and changes in net position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- Custodial funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchanged and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers real estate tax revenues and earned income taxes to be available if collected within sixty days of the end of the fiscal year. Grant revenues are recognized when all eligibility requirements are met, regardless of when cash is received. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

The proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

Assets, Liabilities, and Equity

Cash and Investments

Cash and cash equivalents include amounts in demand deposits and Pennsylvania Local Government Investment Trust accounts. Cash equivalents include certificates of deposit with original maturities of less than 90 days.

The Pennsylvania School Code authorizes the School District to invest in any of the following:

- U.S. Treasury bills;
- Short-term obligations of the U.S. government or its agencies or instrumentalities;
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Share Insurance Fund, to the extent that such accounts are so insured, and for any amounts above maximum, provided that approved collateral as provided by law is pledged by the depository;
- Obligations of the U.S. or any of its agencies or instrumentalities backed by the full faith and credit of the United States, the Commonwealth of Pennsylvania, or any of its agencies or instrumentalities; and
- Shares of an investment company registered under the Investment Company Act of 1940 who shares are registered under the Securities Act of 1933 provided that certain conditions are met. This classification includes pooled investments such as the Pennsylvania Local Government Investment Trust, the Pennsylvania School District Liquid Asset Fund, and the Pennsylvania State Treasurer's Invest Program.

Interfund Receivables and Payables

During the course of operations, loans may occur between individual funds for working capital purposes. In the government-wide financial statements, these receivables and payables between governmental-type and business-type activities are classified as "internal balances" in the current assets section of the Statement of Net Position. Receivables and payables within the fund financial statements are classified as "Due to" or "Due from" other funds.

Inventory

Food Service Fund inventory is priced on a first-in, first-out cost basis. Materials and supplies of governmental activities are expensed as purchased, since inventory balances are nominal.

THE SCHOOL DISTRICT OF JENKINTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements

In the government-wide financial statements, capital assets are capitalized. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. The School District's policy is to capitalize the cost of individual fixed assets costing \$2,000 or more.

Depreciation of all exhaustible fixed assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and Improvements	15 – 40 years
Machinery and Equipment	5 – 20 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide financial statements.

Long-Term Obligations

Government-Wide Financial Statements

All long-term obligations to be repaid from governmental and business-type resources is reported as liabilities in the government-wide financial statements. The long-term obligations of the School District consists of bonds payable, obligations under capital leases, accumulated compensated absences, the net pension liability, and the net OPEB liability.

Bond premiums and bond discounts are reported as netting items against the outstanding bond liability and amortized over the terms of the related debt. All amounts are amortized using the straight-line method. Bond issuance costs are expensed at the time of issuance. The difference between the reacquisition price of the old debt and the net carrying amount of the old debt is deferred and amortized over the life of the old debt or the new debt, whichever is shorter. Only the new debt is reported; the old debt is removed from the financial statements.

Fund Financial Statements

Long-term obligations for governmental funds is not reported as liabilities in the fund financial statements. Any debt proceeds are reported as other financing sources and the

payment of principal and interest is reported as expenditures. Premiums received and discounts paid on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures, except for refundings paid from proceeds, which are reported as other financing uses. Payments to escrow agents related to advance refundings are reported as an other financing use.

The accounting for the proprietary funds is the same in the fund financial statements as it is in the government-wide financial statements. Currently, the proprietary funds have no long-term debt.

PSERS Pensions and OPEB

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

Equity Classifications

Government-wide Financial Statements

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

- Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – Consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – The remaining portion of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund Financial Statements

In accordance with GAAP, the District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because the amounts are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – includes fund balance amounts that are restricted to specific purposes by external parties or by law through constitutional provisions enabling legislation.

THE SCHOOL DISTRICT OF JENKINTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

- Committed – includes fund balance amounts that can only be used for specific purposes due to formal action of the School District’s highest level of decision-making authority, which is the Board of School Directors. Committed fund balance may also include resources that have been specifically committed for use in satisfying contractual requirements. An official Board resolution is required to establish, modify, or rescind a commitment of fund balance.
- Assigned – includes fund balance amounts that are constrained by the School District’s intent to be used for specific purposes but are not restricted or committed. The School District Superintendent or designee may assign fund balance for items deemed appropriate at any time prior to the issuance of the School District’s financial statements for a given year.
- Unassigned – includes the residual classification of fund balance of the General Fund, whether the amount is positive or negative. Other governmental funds may report negative unassigned fund balance if their expenditures exceed the amounts restricted, committed, or assigned to their fund purposes.

When both restricted and unrestricted resources are available for use, it is the School District’s policy to use restricted resources first and then unrestricted resources as they are needed. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed. The School District does not have a minimum fund balance policy for its general fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applied to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has three items that qualify for reporting in this category, which are reported in the government-wide statement of net position and include the deferred amount on refunding bonds (net of accumulated amortization), deferred outflows of resources related to pension activity, and deferred outflows of resources related to other post-employment benefits (OPEB) activity. The deferred change on refunding bonds is the result of deferred charges on debt refundings. A deferred charge on refunding results from the difference in the carrying value of refunded debt, reacquisition price, and any unamortized premium/discount on the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applied to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three items that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from real estate taxes and earned income taxes. The second item, deferred inflows related to pension activity, is reported in the government-

wide statement of net position. The third item, deferred inflows related to OPEB, is reported in the government-wide statement of net position.

Revenues, Expenditures, and Expenses

Government-Wide Financial Statements

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. Depreciation of governmental activities capital assets is allocated across the functions. Revenues are categorized as program revenues by function, or as general revenues.

Program Revenues

Program revenues reported in the Statement of Activities are classified into the following categories: (a) Charges for Services, and (b) Operating Grants and Contributions.

Charges for services for business-type activities include sales of food to students and faculty, and fees charged for students enrolled in the School District's before and after-school program.

General Revenues

General revenues include all revenues and gains that do not meet the definition of program revenues, and include real estate taxes, earned income taxes and other taxes, state aid not restricted to specific programs, unrestricted investment earnings, and certain other miscellaneous local-source revenues.

Fund Financial Statements

In the fund financial statements, expenses are categorized by function. All revenues are listed together in arriving at total revenues for each fund.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing goods and services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities. Nonoperating revenues include state and federal subsidies and investment earnings.

Real Estate Taxes

Real Estate taxes are levied as of July 1, on property values assessed as of the same date. The billing is mailed on or about July 1 and is considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending 120 days after the tax bill mailing. On October 31, the bill becomes delinquent and the School District assesses penalties and interest.

THE SCHOOL DISTRICT OF JENKINTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

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Joint Venture

The School District is a participating school district in the Eastern Center for Arts and Technology (the "Center"), which was organized and is governed by a group of nine school districts. The Center provides vocational training to students from the participating districts. Those districts share in operating expenses in proportion to their attendance levels. Capital expenditures are shared in proportion to the participating districts' real estate market values as set forth by the State Tax Equalization Board.

The value of the interest of a withdrawing school district is determined by independent appraisals. The value of the interest of a withdrawing school district shall be paid to it within a period of five (5) years from the date the appraised value is established in equal annual installments or in full at any time within the said period. The value of the School District's interest in the Center as of June 30, 2023 has not been determined and is not reflected in these financial statements.

Audited financial statements of the Center can be obtained at their administrative offices at: Eastern Center for Arts and Technology, 3075 Terwood Road, Willow Grove, PA 19090.

NOTE B LEGAL COMPLIANCE – BUDGETS

In June of each year, the budget is approved by the Board of School Directors and then filed with the Pennsylvania Department of Education in Harrisburg, Pennsylvania. The budget is prepared by fund, function, and activity, and includes information on current-year estimates and requested appropriations for the next fiscal year.

The Board of School Directors may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be approved by an affirmative vote of a majority of the School District's Board of School Directors. The School District is only required to legally adopt a budget for the general fund; therefore, a budgetary comparison schedule is presented only for the general fund.

NOTE C DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents

The School District is required by statute to deposit funds in depositories that are either banks, banking institutions, or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's policy is that all monies be invested in accordance with School Code, Act 72. As of June 30, 2023, the bank balance of the School District's deposits totaled \$2,215,154, of which \$250,000 was insured, \$1,733,876 was uninsured but collateralized with securities held by the pledging bank's trust

THE SCHOOL DISTRICT OF JENKINTOWN

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department not in the School District's name, and \$231,278 was held in the Pennsylvania Local Government Investment Trust (PLGIT). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like money market mutual funds in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit.

Summary

Cash and cash equivalents of the School District were as follows as of June 30, 2023:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Checking, Savings and Money Market Accounts	\$ 1,413,699	\$ 116,431	\$ 332,556	\$ 1,862,686
Pennsylvania Local Government Investment Trust	231,278	-	-	231,278
	<u>\$ 1,644,977</u>	<u>\$ 116,431</u>	<u>\$ 332,556</u>	<u>\$ 2,093,964</u>

Investments

Custodial Credit Risk – Investments

The School District's investments may be categorized as either (1) insured, registered, or securities held by the School District or its agent in the School District's name, (2) uninsured and unregistered, with securities held by the broker's or dealer's trust department or agent in the School District's name, or (3) uninsured and unregistered, with securities held by the broker's or dealer's trust department or agent but not in the School District's name.

Interest Rate Risk – Investments

The School District has not 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 – Investments

The School District has no formal investment policy that limits its investment choices to certain credit ratings.

Concentration of Credit Risk – Investments

The School District places no limit on the amount the School District may invest in any one issuer.

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

Investments of the School District were as follows as of June 30, 2023:

Investment Type	<u>Balance</u>	<u>Investment Maturities Less Than One Year</u>
State Investment Pools	\$ 1,180,752	\$ 1,180,752

Fair Value Measurement

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

The School District's investments in equity mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active market for those securities.

Participation in External Investment Pools

The Pennsylvania Local Government Investment Trust (PLGIT) I-Class is a 2a7-like pool. The District's investment in PLGIT is reported at amortized cost, which approximates fair value. At June 30, 2023, the School District has investments of \$1,180,752.

The School District has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PFM Asset Management, LLC. The pool is audited annually by Ernst & Young, LLP. The pool is rated AAA by Standard & Poor's. PLGIT issues separate financial statements available at www.plgit.com.

NOTE D INTERFUND BALANCES AND TRANSFERS

Interfund Balances

Interfund balances as of June 30, 2023 were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds:</u>		
General Fund	\$ 102,723	\$ -
Capital Projects	-	102,651
Total Governmental Funds	<u>102,723</u>	<u>102,651</u>
<u>Proprietary Funds:</u>		
Enterprise Funds:		
Before/After School		72
Total Proprietary Funds	<u>-</u>	<u>72</u>
Total	<u>\$ 102,723</u>	<u>\$ 102,723</u>

THE SCHOOL DISTRICT OF JENKINTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General Fund	\$ -	\$ 4,981
<u>Proprietary Funds:</u>		
Enterprise Funds:		
Food Service	<u>4,981</u>	<u>-</u>
Total	<u><u>4,981</u></u>	<u><u>4,981</u></u>

Presentation in Government-Wide Financial Statements

The interfund balances between the General Fund and the Before and After School Fund is reflected in the Statement of Net Position as “internal balances” and Statement of Activities as “transfers”. The Interfund balance between the Capital Projects Fund and the General Fund was eliminated from the Governmental Activities assets and liabilities.

Presentation in Fund Financial Statements

All interfund balances are reflected as “Due to” or “Due from” other funds on the fund balance sheets.

NOTE E TAXES RECEIVABLE

Taxes receivable on the Statement of Net Position and the Balance Sheet – Governmental Funds as of June 30, 2023 consists of the following:

Earned income taxes	\$ 284,747
Mercantile taxes	50,724
Real estate taxes	594,576
Real estate transfer taxes	<u>17,143</u>
	<u><u>\$ 947,190</u></u>

Real estate taxes receivable represents delinquent real estate taxes totaling \$594,576, of which \$106,511 was collected within sixty days of year-end; the remaining \$488,065 represents the balance of uncollected tax levies.

Presentation in Government-Wide Financial Statements

The entire balance of taxes receivable is reported in the Statement of Net Position as of June 30, 2023 with no offsetting allowance.

Presentation in Fund Financial Statements

Since real estate taxes and earned income taxes collected beyond sixty days of year-end do not represent current financial resources, these receivables are offset by amounts recorded as deferred inflows of resources on the Balance Sheet – Governmental Funds.

THE SCHOOL DISTRICT OF JENKINTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE F CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance June 30, 2022	Additions	Disposals	Balance June 30, 2023
<u>Governmental Activities</u>				
Capital Assets not Being Depreciated:				
Land	\$ 215,350	\$ -	\$ -	\$ 215,350
Total Capital Assets not Being Depreciated	215,350	-	-	215,350
Capital Assets Being Depreciated:				
Buildings	25,889,930	223,424	-	26,113,354
Site Improvements	683,621	-	-	683,621
Machinery and Equipment	4,864,784	49,215	-	4,913,999
Total Capital Assets Being Depreciated	31,438,335	272,639	-	31,710,974
Less Accumulated Depreciation for:				
Buildings	(9,856,360)	(629,139)	-	(10,485,499)
Site Improvements	(660,399)	(1,775)	-	(662,174)
Machinery and Equipment	(4,173,861)	(176,252)	-	(4,350,113)
Total Accumulated Depreciation	(14,690,620)	(807,166)	-	(15,497,786)
Capital Assets Being Depreciated, Net	16,747,715	(534,527)	-	16,213,188
Governmental Activities, Capital Assets, Net	<u>\$ 16,963,065</u>	<u>\$ (534,527)</u>	<u>\$ -</u>	<u>\$ 16,428,538</u>
	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
<u>Business-Type Activities</u>				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 56,678	\$ -	\$ -	\$ 56,678
Accumulated Depreciation	(56,678)	-	-	(56,678)
Business-Type Activities, Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to functions/programs of the School District as follows:

Instruction	\$ 468,963
Instructional Student Support	84,752
Administration and Financial Services	104,124
Operation and Maintenance of Plant	112,196
Student Activities	37,131
	<u>\$ 807,166</u>

NOTE G GENERAL LONG TERM DEBT

The following summarizes the changes in general long-term debt for the year ended June 30, 2023:

THE SCHOOL DISTRICT OF JENKINTOWN
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	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 20,040,000	\$ -	\$ (765,000)	\$ 19,275,000	\$ 790,000
Bond Premium	25,898	-	(1,820)	24,078	-
Bond Discount	(96,888)	-	5,070	(91,818)	-
Total General Obligation Bonds	19,969,010	-	(761,750)	19,207,260	790,000
Net Pension Liability	23,402,000	1,939,000	-	25,341,000	-
Net OPEB Liability	1,347,000	-	(300,000)	1,047,000	-
Compensated absences	278,503	-	(3,263)	275,240	-
Governmental activities long-term liabilities	<u>\$ 44,996,513</u>	<u>\$ 1,939,000</u>	<u>\$ (1,065,013)</u>	<u>\$ 45,870,500</u>	<u>\$ 790,000</u>

General Obligation Bonds

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These bonds are direct obligations and pledge the full faith and credit of the School District. General obligation bonds outstanding as of June 30, 2023 are as follows:

Purpose	Balance Outstanding at June 30, 2023
On January 4, 2018, the School District issued General Obligation Bonds, Series of 2018, totaling \$3,755,000. The proceeds of these bonds were used for the advance refunding of the 2012 Bonds, totaling \$2,165,000. The remaining proceeds were used to pay bond issuance costs and financial various capital projects. The remaining bonds are stated to mature on May 15 of each year from 2021 through 2035 inclusive, with interest payable semiannually on May 15 and November 15 of each year. The bonds are stated to mature on or after May 15, 2024 are subject to optional redemption, in whole or in part, on or after May 15, 2023. Currently, the interest rate on the remaining bonds range from 3.0% to 3.2%	\$ 3,095,000
On June 12, 2018, the School District issued General Obligation Bonds, Series A of 2018, totaling \$5,430,000, and Series AA of 2018, totaling \$5,940,000. Bond issuance proceeds totaling \$5,199,472 were used for the advance refunding of the 2013 Bonds, totaling \$5,190,000. Bond issuance proceeds totaling \$5,770,781 were used for the advance refunding of a portion of the 2015, 2017, and 2020 Bonds. The remaining proceeds were used to pay bond issuance costs. The remaining bonds are stated to mature on May 15 of each year from 2021 through 2040 inclusive, with interest payable semiannually on May 15 and November 15 of each year. The Series A Bonds state to mature on or after May 15, 2024 are subject to optional redemption, in whole or in part, on or after November 15, 2023. The Series AA bonds stated to mature on or after May 15, 2029 are subject to optional redemption, in whole or in part, on or after November 15, 2028. Currently, the interest rate on the remaining bonds range from 3.0% to 4.65%.	<u>10,595,000</u>
Subtotal Forward	\$ 13,690,000

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

Subtotal Forwarded \$ 13,690,000

On February 12, 2020, the School District issued General Obligation Bonds, Series of 2020, totaling \$3,175,000. Bond issuance proceeds totaling \$1,015,530 were used for the advance refunding of the 2015 bonds, totaling \$1,050,000. In addition to paying bond issuance costs, the remaining bond issuance proceeds will be used to fund certain capital projects and the purchase of certain equipment. The bonds are stated to mature on March 1 of each year from 2021 through 2042 inclusive, with interest payable semiannually on March 1 and September 1 of each year. The bonds stated to mature on March 1, 2026 are subject to optional redemption, in whole or in part, on or after September 1, 2025. Currently, the interest rate on the remaining bonds range from 2.0% to 3.0%. The difference between the cash flow required to service the old debt and the cash flow required to service the new debt and complete the refunding was \$83,555; the economic gain resulting from the transaction (i.e. the difference between the present value of the old debt service requirements and the present value of the new debt service requirements) was \$70,125.

2,970,000

On February 4, 2021, the School District issued General Obligation Bonds, Series A of 2021, totaling \$740,000. The proceeds of these bonds were used for the current refunding of all of the 2015 bonds, totaling \$745,612. The remaining proceeds were used to pay bond issuance costs. The remaining bonds are stated to mature on May 15 of each year from 2021 through 2034 inclusive, with interest payable semiannually on May 15 and November 15 of each year. The interest rate on the remaining bonds is 2.0%. The current refunding was undertaken to reduce the total debt payments by \$54,156 and resulted in an economic gain of \$51,237.

585,000

On February 4, 2021, the School District issued General Obligation Bonds, Series AA of 2021, totaling \$2,415,000. The proceeds of these bonds were used for the advance refunding of all of the 2017 bonds, totaling \$2,3141,768. The remaining proceeds were used to pay bond issuance costs. The remaining bonds are stated to mature on May 15 of each year from 2021 through 2032 inclusive, with interest payable semiannually on May 15 and November 15 of each year. Currently, the interest rate on the remaining bonds range from 0.6% to 2.1%. The current refunding was undertaken to reduce the total debt payments by \$108,664 and resulted in an economic gain of \$102,125.

2,030,000

Total Balance Outstanding \$ 19,275,000

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

Principal and interest payments on the outstanding bonds are scheduled as follows:

Years Ended June 30:	Principal Retirements	Interest Requirements	Total
2024	\$ 790,000	\$ 643,302	\$ 1,433,302
2025	810,000	621,748	1,431,748
2026	830,000	597,556	1,427,556
2027	855,000	573,220	1,428,220
2028	880,000	547,342	1,427,342
2028-2032	4,800,000	2,368,030	7,168,030
2033-2037	5,685,000	1,564,266	7,249,266
2038-2042	4,625,000	358,108	4,983,108
	<u>\$ 19,275,000</u>	<u>\$ 7,273,572</u>	<u>\$ 26,548,572</u>

Presentation in Government-Wide Financial Statements

The entire principal balance of bonds payable is reported as a liability of the governmental activities.

Presentation in Fund Financial Statements

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and the payment of principal and interest is reported as expenditures.

Defeased Debt

The School District has advance-refunded various bonds in prior years by creating separate irrevocable trust funds containing U.S. Government securities or securities collateralized by U.S. Government securities. The securities and earnings thereon are considered sufficient to fully service the bonds until they are called or mature. For financial reporting purposes, the bonds are considered defeased and the liability for those bonds has been removed from the accounts of the School District. As of June 30, 2023, the School District has defeased debt outstanding of \$5,625,000.

Compensated Absences

Vacation days earned in this fiscal year may be taken next year. A portion of the vacation days unused at the end of that year may be carried forward.

Sick leave is granted as appropriate (medical evidence required) with budgetary provisions being made annually for the estimated cost of substitute personnel. Contractual provisions with teachers require payment at the rate of \$72.50 for accumulated unused sick leave days upon retirement with 10 years of service with the School District up to a maximum of 210 days. Administrators are entitled to receive \$80.00 per day up to a maximum of 210 days. Under these provisions, the School District's liability as of June 30, 2023 is \$275,240. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental

THE SCHOOL DISTRICT OF JENKINTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

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funds report only the compensated absence liability payable from expendable available financial resources. Since it is estimated that no expendable available financial resources will be used to pay compensated absences, no accrued liability is recorded in the fund financial statements.

NOTE H FUND BALANCE RESTRICTIONS, ASSIGNMENTS AND COMMITMENTS

The fund balance of the Capital Projects Fund, totaling \$128,627 as of June 30, 2023, is restricted for current capital projects. The fund balance of the General Fund, totaling \$175,000 as of June 30, 2023, is assigned for capital projects.

NOTE I PENSION PLAN

Summary of Significant Accounting Policies

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

General Information About the Pension Plan

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

Benefits Provided

PSERS provides retirement, disability, and death benefits. Under the provisions of the 1975 revision of the Code by the Pennsylvania General Assembly, 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) preserved the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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

THE SCHOOL DISTRICT OF JENKINTOWN

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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 3 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. The current stand-alone defined benefit plan is no longer available to new members after June 30, 2019.

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

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

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

Contributions

Members Contributions

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit Contribution Rate	Defined Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
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%*	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%*	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%*	N/A	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50%*	N/A	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%

**This contribution rate is subject to a shared risk provision below.*

THE SCHOOL DISTRICT OF JENKINTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2023, was 34.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the District were \$2,656,613 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 \$25,341,000 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 School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it related to the total one-year reported covered payroll. At June 30, 2022, the District's proportion was .0570%, which was the same as its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$1,709,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ -	\$ 430,000
Difference between expected and actual experience	12,000	219,000
Changes in proportions	385,000	84,000
Changes in assumptions	757,000	-
Contributions subsequent to the measurement date	2,656,613	-
Total	\$ 3,810,613	\$ 733,000

\$2,656,613 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 new pension liability in the year ended June 30, 2024.

THE SCHOOL DISTRICT OF JENKINTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

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:

	<u>Total</u>
Year ended June 30:	
2024	\$ 198,000
2025	283,000
2026	(660,000)
2027	<u>600,000</u>
Total	<u>\$ 421,000</u>

Actuarial Assumptions – The total pension liability as of June 30, 2022 was determined by rolling forward the System's total pension liability as of the June 30, 2021 actuarial valuation to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Investment rate of return was 7.0%
- The inflation assumption was 2.75%
- Salary growth was an effective range of 4.5%, which was comprised of inflation of 2.5% and 2.0% 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 MP-2015 Morality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, morality 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.

THE SCHOOL DISTRICT OF JENKINTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

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>100.0%</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 District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease <u>6.00%</u>	Current discount rate <u>7.00%</u> <i>(in Thousands)</i>	1% Increase <u>8.00%</u>
District's share of the net pension liability	\$ 32,777	\$ 25,341	\$ 19,072

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

Payable to the Pension Plan - At June 30, 2023, the District reported a payable of \$923,130 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

NOTE J OTHER POSTEMPLOYMENT BENEFITS – PSERS

In addition, the Pennsylvania Public School Employees' Retirement System ("PSERS") provides a Health Insurance Premium Assistance Plan ("PSERS Plan"). The PSERS Plan is a governmental cost-sharing multi-employer postretirement benefits plan that provides premium assistance to eligible public school employees of the Commonwealth of Pennsylvania. Under the PSERS Plan, 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.

The administrative staff of PSERS administers the PSERS Plan. The control and management of PSERS, including the investment of its assets, is vested in the 15 member Board of Trustees (Board). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS Plan by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

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

Retirees of the System can participate in the Premium Assistance program if they 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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022 there were no assumed future benefit increases to participating eligible retirees.

THE SCHOOL DISTRICT OF JENKINTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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 \$57,736 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, 2022, the District reported a liability of \$1,047,000 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, 2022, the District's proportion was .0569%, which was an increase of 0.0001% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$23,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 3,000	\$ -
Changes in assumptions	116,000	247,000
Changes in proportion	29,000	46,000
Difference between expected and actual experience	10,000	6,000
Contributions subsequent to the measurement date	57,736	-
Total	<u>\$ 215,736</u>	<u>\$ 299,000</u>

\$57,736 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

THE SCHOOL DISTRICT OF JENKINTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

Year ended June 30:

2024	\$	(35,000)
2025		(32,000)
2026		(25,000)
2027		(24,000)
2028		(25,000)
	\$	<u>(141,000)</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 the 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 and seniority increases.
- Premium assistance reimbursement 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 Mortality Improvement Scale.

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

- The discount rate increased from 2.18% as of June 30, 2021 to 4.09% 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%

THE SCHOOL DISTRICT OF JENKINTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

- 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.

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.

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, 2023 were:

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

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-you-go" plan. A discount rate 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,

THE SCHOOL DISTRICT OF JENKINTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

2021, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2022, 611 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the District's Proportionate Share of the net OPEB liability as well as what the District's Proportionate Share of the net OPEB liability would be if it was calculated using health cost trends that are 1-percentage point lower or 1-percentage higher than the current rate:

	1% Decrease <u>(Between 4% - 6%)</u>	Current Trend Rate <u>(Between 5% - 7%)</u>	1% Increase <u>(Between 6% - 8%)</u>
District's proportionate share of the net OPEB liability	<u>\$ 1,047,000</u>	<u>\$ 1,047,000</u>	<u>\$ 1,047,000</u>

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

The following presents the District's proportionate share of the net OPEB liability for June 30, 2022, calculated using the discount rate of 4.09%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.09 percent) or higher (5.09 percent) than the current discount rate:

	1% Decrease <u>3.09%</u>	Current Discount Rate 4.09%	1% Increase 5.09%
District's proportionate share of the net OPEB liability	<u>\$ 1,184,000</u>	<u>\$ 1,047,000</u>	<u>\$ 933,000</u>

OPEB Plan Fiduciary Net Position

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

Payable to the OPEB Plan - At June 30, 2023, the District reported a payable of \$57,736 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

NOTE K COMMITMENTS AND CONTINGENCIES

Grant Programs

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount,

if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School District expects such amount, if any, to be immaterial.

Risk Management

Significant losses for possible claims and judgements are covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior fiscal year, and settlement amounts have not exceeded insurance coverage for the current fiscal year or the three prior fiscal years.

The School District is a member of Southeastern Pennsylvania Schools Trust (SEPaST), which was formed for the purpose of providing health care benefits to its members. The School District pays insurance premiums to SEPaST which in turn pays health care claims of the School District. As a result, the School District is in effect self-funded for medical, dental, and prescription insurance for employees and their dependents.

As of June 30, 2023, the School District's SEPaST member account was \$223,910 and is reported on the government-wide Statement of Net Position as "Funds Held by Southeastern Pennsylvania Schools Trust". Since these funds do not represent available financial resources, they are not reported as an asset in the governmental fund financial statements. Members' accounts are available to be utilized to fund future claims.

Other

The School District is involved in various other legal actions in which claims of various amounts are being asserted against the School District. The School District follows the practice of providing for these claims when a loss is probable, and a loss becomes fixed or determinable in amount. In the opinion of the School District's management, these actions will not result in a significant impact on the School District's financial position.

NOTE L ACCOUNTING PRONOUNCEMENTS

Adoption of Governmental Accounting Standards Board Statements

The District adopted the provisions of GASB Statement No. 91, *Conduit Debt Obligations*. The adoption of this statement did not result in modification to previously reported amounts.

The District adopted the provisions of GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The adoption of this statement did not result in modification of previously reported amounts.

The District adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The adoption of this statement did not result in modification of previously reported amounts.

The District adopted certain requirements of the provisions of GASB issued Statement No. 99, *Omnibus 2022*. The adoption of these requirements did not result in modification of previously reported amounts.

Pending Changes in Accounting Principles

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. Certain requirements of the Statement were implemented in 2023. The requirements related to financial

guarantees and the reporting of derivative instruments are effective for the District's fiscal year 2024 financial statements.

THE SCHOOL DISTRICT OF JENKINTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The District is required to adopt the provisions of Statement No. 100 for its fiscal year 2024 financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The District is required to adopt the provisions of Statement No. 101 for its fiscal year 2025 financial statements.

The District has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

NOTE M SPECIAL ITEMS

Based on the Court Order dated June 29, 2023 the District is required to pay an estimated \$830,000 resulting from an appeal on the assessed values of certain properties. Accordingly, the District recorded an expenditure/expense of \$830,000 as a special item in the General Fund in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds and in the Statement of Activities, respectively. The payment owed was still outstanding as of the date of this report.

NOTE N SUBSEQUENT EVENTS

The District had evaluated all subsequent events through the report issue date of November 9, 2023. No events have taken place that effect the financial statements or require disclosure.

THE SCHOOL DISTRICT OF JENKINTOWN

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - PSERS PLAN

	Measurement Date June 30,						
	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net OPEB liability	0.0517%	0.0520%	0.0508%	0.0594%	0.0552%	0.0568%	0.0569%
District's proportionate share of the net OPEB liability	\$ 1,114,000	\$ 1,059,000	\$ 1,059,000	\$ 1,263,000	\$ 1,193,000	\$ 1,347,000	\$ 1,047,000
District's covered payroll	\$ 6,690,593	\$ 6,916,612	\$ 6,839,518	\$ 7,659,426	\$ 7,749,152	\$ 8,056,423	\$ 8,361,289
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	17%	15%	15%	16%	15%	17%	13%
Plan fiduciary net position as a percentage of the total OPEB liability	5%	6%	6%	6%	6%	6%	7%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

THE SCHOOL DISTRICT OF JENKINTOWN
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS - PSERS PLAN

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually determined contribution	\$ 57,408	\$ 60,581	\$ 63,573	\$ 65,093	\$ 62,000	\$ 66,000	\$ 57,736
Contributions in relation to the contractually determined contribution	57,408	60,581	63,573	65,093	62,000	66,000	57,736
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,916,612	\$ 6,839,518	\$ 7,659,426	\$ 7,749,152	\$ 8,056,423	\$ 8,361,289	\$ 7,740,129
Contributions as a percentage of covered payroll	0.83%	0.89%	0.83%	0.84%	0.77%	0.79%	0.75%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

THE SCHOOL DISTRICT OF JENKINTOWN
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Measurement Date June 30,								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.0498%	0.0505%	0.0517%	0.0520%	0.0508%	0.0594%	0.0554%	0.0570%	0.0570%
District's proportionate share of the net pension liability	\$ 19,711,000	\$ 21,874,000	\$ 25,621,000	\$ 25,682,000	\$ 24,387,000	\$ 27,789,000	\$ 24,387,000	\$ 23,402,000	\$ 25,341,000
District's covered payroll	\$ 6,357,733	\$ 6,500,060	\$ 6,690,593	\$ 6,916,612	\$ 6,839,518	\$ 8,192,494	\$ 7,794,152	\$ 7,606,685	\$ 8,361,289
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	310%	337%	383%	371%	357%	339%	313%	308%	303%
Plan fiduciary net position as a percentage of the total pension liability	57%	54%	50%	52%	56%	54%	54%	54%	61%

The School District adopted GASB 68 on a prospective basis in 2015; therefore, only nine years are presented in the above schedule.

THE SCHOOL DISTRICT OF JENKINTOWN
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 1,332,512	\$ 1,672,648	\$ 2,019,651	\$ 2,170,863	\$ 2,670,753	\$ 2,585,117	\$ 2,549,000	\$ 2,842,152	\$ 2,656,613
Contributions in relation to the contractually required contribution	<u>1,332,512</u>	<u>1,672,648</u>	<u>2,019,651</u>	<u>2,170,863</u>	<u>2,670,753</u>	<u>2,585,117</u>	<u>2,549,000</u>	<u>2,842,152</u>	<u>2,656,613</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	6,500,060	6,690,593	6,916,612	6,839,518	8,192,494	7,749,152	7,606,685	7,824,335	\$ 8,361,289
Contributions as a percentage of covered - payroll	20.50%	25.00%	29.20%	31.74%	32.60%	33.36%	33.51%	36.32%	31.77%

The School District adopted GASB 68 on a prospective basis in 2015; therefore, only nine years are presented in the above schedule.

THE SCHOOL DISTRICT OF JENKINTOWN
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues from Local Sources:			
Current Real Estate Taxes	\$ 12,016,267	\$ 11,665,927	\$ (350,340)
Interim Real Estate Taxes	10,000	743	(9,257)
Public Utility Realty Tax	11,000	12,996	1,996
Local Services Tax	25,000	30,152	5,152
Earned Income Tax	1,225,000	1,681,920	456,920
Real Estate Transfer Tax	135,000	172,615	37,615
Mercantile Tax	45,000	64,929	19,929
Delinquent Taxes	195,000	936,442	741,442
Earnings from Temporary Investments	8,000	114,674	106,674
Revenue from Intermediary Sources	125,000	106,663	(18,337)
Rental Income Contributions	15,000	6,838	(8,162)
Contributions	15,000	2,148	(12,852)
Miscellaneous	62,500	16,294	(46,206)
Total Revenues from Local Sources	<u>13,887,767</u>	<u>14,812,341</u>	<u>924,574</u>
Revenues from State Sources			
Basic Education Subsidy	918,000	1,003,841	85,841
Special Education Funding	280,000	340,220	60,220
Transportation	4,000	1,622	(2,378)
Health Services	12,000	14,003	2,003
Property Tax Relief	681,493	681,493	-
Pennsylvania Accountability Grants	23,471	23,471	-
Revenue for Social Security Payments	298,900	283,700	(15,200)
Revenue for Retirement Payments	1,377,676	1,367,457	(10,219)
Total Revenues from State Sources	<u>3,595,540</u>	<u>3,715,807</u>	<u>120,267</u>
Revenues from Federal Sources			
NCLB - Title I, Title II, and Title III	90,500	95,794	5,294
Other Restricted Federal Grants-in-Aid	325,000	324,280	(720)
School Based Medical Reimbursement Funds	300	601	301
Child Care Development Block Grants	15,000	-	(15,000)
Total Revenues from Federal Sources	<u>430,800</u>	<u>420,675</u>	<u>(10,125)</u>
Total Revenues	<u>\$ 17,914,107</u>	<u>\$ 18,948,823</u>	<u>\$ 1,034,716</u>

THE SCHOOL DISTRICT OF JENKINTOWN
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
INSTRUCTION			
Regular Programs			
Salaries	\$ 4,202,259	\$ 4,073,312	\$ 128,947
Employee Benefits	2,488,065	2,416,288	71,777
Purchased Professional and Technical Services	182,146	261,404	(79,258)
Purchased Property Services	64,000	72,347	(8,347)
Other Purchased Services	269,750	206,338	63,412
Supplies	176,774	191,918	(15,144)
Property	10,225	30,330	(20,105)
Other Objects	21,655	13,359	8,296
Total Regular Programs	<u>7,414,874</u>	<u>7,265,296</u>	<u>149,578</u>
Special Programs			
Salaries	1,044,555	1,013,210	31,345
Employee Benefits	700,612	677,052	23,560
Purchased Professional and Technical Services	215,000	320,590	(105,590)
Other Purchased Services	320,335	285,104	35,231
Supplies	16,900	16,934	(34)
Property	775	10,080	(9,305)
Other Objects	10,000	-	10,000
Total Special Programs	<u>2,308,177</u>	<u>2,322,970</u>	<u>(14,793)</u>
Vocational Education			
Purchased Professional and Technical Services	283,287	283,286	1
Total Vocational Education	<u>283,287</u>	<u>283,286</u>	<u>1</u>
Other Instructional Programs			
Salaries	5,500	16,546	(11,046)
Employee Benefits	2,365	13,011	(10,646)
Purchased Professional and Technical Services	-	2,967	(2,967)
Other Purchased Services	9,500	1,689	7,811
Supplies	-	440	(440)
Total Other Instructional Programs	<u>17,365</u>	<u>34,653</u>	<u>(17,288)</u>
Total Instruction	<u>\$ 10,023,703</u>	<u>\$ 9,906,205</u>	<u>\$ 117,498</u>

THE SCHOOL DISTRICT OF JENKINTOWN
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
SUPPORT SERVICES			
Pupil Personnel			
Salaries	\$ 712,712	\$ 694,967	\$ 17,745
Employee Benefits	404,488	408,730	(4,242)
Purchased Professional and Technical Services	2,000	77,178	(75,178)
Supplies	7,000	11,853	(4,853)
Property	1,700	-	1,700
Other Objects	2,400	1,463	937
Total Pupil Personnel	<u>1,130,300</u>	<u>1,194,191</u>	<u>(63,891)</u>
Instructional Staff			
Salaries	206,473	200,909	5,564
Employee Benefits	146,671	148,344	(1,673)
Purchased Professional and Technical Services	61,000	41,682	19,318
Other Purchased Services	15,000	-	15,000
Supplies	8,600	3,776	4,824
Other Objects	-	190	190
Total Instructional Staff	<u>437,744</u>	<u>394,901</u>	<u>43,223</u>
Administration			
Salaries	720,085	715,954	4,131
Employee Benefits	381,371	355,171	26,200
Purchased Professional and Technical Services	175,200	174,554	646
Other Purchased Services	58,900	15,289	43,611
Supplies	9,500	11,717	(2,217)
Property	2,000	1,728	272
Other Objects	16,900	48,342	(31,442)
Total Administration	<u>1,363,956</u>	<u>1,322,755</u>	<u>41,201</u>
Pupil Health			
Salaries	87,978	91,057	(3,079)
Employee Benefits	53,690	55,571	(1,881)
Purchased Professional and Technical Services	94,200	58,935	35,265
Supplies	3,200	7,863	(4,663)
Property	1,000	-	1,000
Total Pupil Health	<u>\$ 240,068</u>	<u>\$ 213,426</u>	<u>\$ 26,642</u>

THE SCHOOL DISTRICT OF JENKINTOWN
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
SUPPORT SERVICES (continued)			
Business			
Salaries	\$ 207,436	\$ 207,990	\$ (554)
Employee Benefits	122,882	121,091	1,791
Purchased Professional and Technical Services	64,500	68,905	(4,405)
Other Purchased Services	10,000	-	10,000
Property	1,200	-	1,200
Other Objects	2,500	741	1,759
Total Business	<u>408,518</u>	<u>398,727</u>	<u>9,791</u>
Operation and Maintenance of Plant			
Salaries	82,510	81,021	1,489
Employee Benefits	53,066	54,117	(1,051)
Purchased Professional and Technical Services	100,150	81,614	18,536
Purchased Property Services	919,400	786,361	133,039
Other Purchased Services	450	5,030	(4,580)
Supplies	80,000	243,495	(163,495)
Property	3,000	-	3,000
Other Objects	700	2,519	(1,819)
Total Operation and Maintenance of Plant	<u>1,239,276</u>	<u>1,254,157</u>	<u>(14,881)</u>
Student Transportation Services			
Other Purchased Services	378,000	304,225	73,775
Total Student Transportation Services	<u>378,000</u>	<u>304,225</u>	<u>73,775</u>
Central Services			
Salaries	291,826	289,826	2,000
Employee Benefits	144,131	144,261	(130)
Purchased Professional and Technical Services	44,000	6,800	37,200
Supplies	-	18,179	(18,179)
Property	5,000	16,260	(11,260)
Total Central Services	<u>484,957</u>	<u>475,326</u>	<u>9,631</u>
Other Support Services			
Purchased Professional and Technical Services	9,500	-	9,500
Other Purchased Services	-	8,511	(8,511)
Total Other Support Services	<u>9,500</u>	<u>8,511</u>	<u>989</u>
Total Support Services	<u>\$ 5,692,319</u>	<u>\$ 5,566,219</u>	<u>\$ 126,480</u>

THE SCHOOL DISTRICT OF JENKINTOWN
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
OPERATION OF NON-INSTRUCTIONAL SERVICES			
Student Activities			
Salaries	\$ 382,354	\$ 375,761	\$ 6,593
Employee Benefits	183,051	173,560	9,491
Purchased Professional and Technical Services	26,650	25,806	844
Other Purchased Services	109,978	148,889	(38,911)
Supplies	4,300	36,896	(32,596)
Property	31,050	18,032	13,018
Other Objects	6,400	9,178	(2,778)
Total Student Activities	743,783	788,122	(44,339)
Community Services			
Other Purchased Services	23,500	30,967	(7,467)
Supplies	-	525	525
Total Community Service	23,500	31,492	(6,942)
Total Operation of Non-Instructional Services	\$ 767,283	\$ 819,614	\$ (52,331)
Debt Service			
Interest Expense	\$ 665,802	\$ 718,163	\$ (52,361)
Principal Payments	765,000	765,000	-
Total Debt Service	\$ 1,430,802	\$ 1,483,163	\$ (52,361)
Total Expenditures	\$ 17,914,107	\$ 17,775,201	\$ 138,906