

**ABINGTON HEIGHTS SCHOOL DISTRICT**

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**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2022  
&  
INDEPENDENT AUDITORS' REPORT**

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# *Brian T. Kelly, CPA* *& Associates, LLC*

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## **INDEPENDENT AUDITORS' REPORT**

To the School Board of the  
Abington Heights School District:

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the Abington Heights School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the 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 activity, each major fund and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows and the respective budgetary comparison for the General Fund, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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**

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 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.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 15, and the required supplementary information on pages 59 through 63 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

The schedule of General Fund revenues and other financing sources – budget and actual and the schedule of General Fund expenditures and other financing uses – budget and actual have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Carbondale, Pennsylvania  
March 1, 2023

**ABINGTON HEIGHTS SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**  
**(UNAUDITED)**

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the Abington Heights School District (the "District") for the year ended June 30, 2022. The District's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the District's financial performance as a whole; readers should also review the basic financial statements and the notes thereto to enhance their understanding of the District's financial performance.

**FINANCIAL HIGHLIGHTS**

Total net position of the District increased \$3,507,294 in 2022 to \$(35,012,101) at June 30, 2022. Net position of governmental activities increased \$3,039,087 to \$(35,961,417). Net position of the business-type activity increased \$468,207 to \$949,316.

The District had \$49,383,792 of expenses related to governmental activities in 2022; \$11,061,781 of these expenses were offset by program-specific charges for services, grants or contributions. General revenues (primarily taxes, state subsidies and federal grants) of \$41,361,098 were adequate to provide for these programs.

At June 30, 2022, the District had \$(60,401,484) of unrestricted net position and \$(35,012,101) of total net position available to meet the District's ongoing obligations to its employees and creditors.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting. The focus of these statements is long-term. The statement of net position presents information on all of the District's assets and liabilities and deferred inflows and outflows of resources. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

ABINGTON HEIGHTS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED-CONTINUED)

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the governmental-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The governmental activities include all of the District's instructional programs and support services except for its food service operation, which is considered a business-type activity.

The government-wide financial statements can be found on pages 16 and 17 of this report.

**FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of fund financial statements is short-term. Fund financial statements are prepared using the modified accrual basis of accounting. The District uses several different types of funds but the two most significant types are the governmental and proprietary fund types.

**GOVERNMENTAL FUNDS**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund and Capital Projects Fund.



ABINGTON HEIGHTS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED-CONTINUED)

The basic governmental fund financial statements can be found on pages 18-21 of this report.

The District adopts an annual budget for its General Fund. A budgetary comparison statement for the General Fund has been provided on page 22 of this report to demonstrate compliance with this budget.

**PROPRIETARY FUNDS**

The District accounts for its food service operation (Enterprise Fund) and its self-funded health insurance activity (Internal Service Fund) in proprietary funds, which report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 23-25 of this report. The Internal Service Fund is used to account for the District's self-insurance program for health insurance. The Internal Service Fund charges the General Fund and Enterprise Fund to participate in the self-insurance program.

**NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-58 of this report.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District prepares a budget each year for its General Fund according to Pennsylvania law. The budget complied with all applicable state laws and financial policies approved by the School Board of Directors. The General Fund's original approved budget for 2021-2022 included \$50,001,280 of revenues and \$52,436,943 of expenditures and other financing uses.

The 2022 actual revenues were \$52,506,098 or 105.01% of budget. The positive revenue results can be attributed to stronger than expected real estate taxes (\$606,983 more than budgeted) and real estate transfer taxes (\$274,711 more than budgeted), earned income tax (\$737,217 more than budgeted), state subsidies and reimbursements (\$650,515 more than budgeted). The district took advantage of more favorable than expected interest rates and actively invested in CD's which led to \$47,658 more interest earnings on investments than budgeted.

Actual expenditures and other uses were \$52,504,767 or 100.13% of budget. Major expenditures that were greater than budgeted included \$628,698 in excess instructional tuition and services for special education placements (non-charter). The district transferred \$500,000 more than budgeted amount to the capital projects fund to finance planned future facilities projects, and Cyber & Charter School Expenses were \$280,471 higher than expected. Custodial and maintenance costs services and supplies exceeded budget by \$283,463.75

ABINGTON HEIGHTS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED-CONTINUED)

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The District's condensed government-wide financial statements are presented comparatively as follows:

	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>CHANGE</u>
Current and other assets	\$31,779	\$ 32,348	\$ 875	\$ 346	\$ 32,654	\$ 32,693	-0.12%
Capital assets	21,684	22,947	183	234	21,867	23,181	-5.67%
Deferred outflows of resources	<u>17,107</u>	<u>17,430</u>	-	-	<u>17,107</u>	<u>17,430</u>	-1.85%
<b>TOTAL</b>	<u><b>\$70,569</b></u>	<u><b>\$ 72,724</b></u>	<u><b>\$ 1,058</b></u>	<u><b>\$ 580</b></u>	<u><b>\$ 71,627</b></u>	<u><b>\$ 73,304</b></u>	-2.29%
Current liabilities	\$ 8,102	\$ 8,256	\$ 108	\$ 99	\$ 8,211	\$ 8,355	-1.73%
Long-term liabilities:							
Due within one year	944	984			944	984	-4.01%
Due after one year	<u>84,051</u>	<u>96,332</u>	-	-	<u>84,051</u>	<u>96,332</u>	-12.75%
Total liabilities	<u>93,097</u>	<u>105,572</u>	<u>108</u>	<u>99</u>	<u>93,205</u>	<u>105,671</u>	-11.80%
Deferred inflows of resources	<u>13,434</u>	<u>6,152</u>	-	-	<u>13,434</u>	<u>6,152</u>	118.35%
Net position:							
Net investment in capital assets	19,322	19,762	183	234	19,505	19,997	-2.46%
Restricted	5,885	5,648	-	-	5,885	5,648	4.19%
Unrestricted	<u>(61,168)</u>	<u>(64,411)</u>	<u>767</u>	<u>247</u>	<u>(60,401)</u>	<u>(64,164)</u>	5.86%
Total net position	<u>(35,961)</u>	<u>(39,001)</u>	<u>949</u>	<u>481</u>	<u>(35,012)</u>	<u>(38,519)</u>	9.11%
<b>TOTAL</b>	<u><b>\$70,569</b></u>	<u><b>\$ 72,724</b></u>	<u><b>\$ 1,058</b></u>	<u><b>\$ 580</b></u>	<u><b>\$ 71,627</b></u>	<u><b>\$ 73,304</b></u>	-2.29%

ABINGTON HEIGHTS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED-CONTINUED)

CONDENSED STATEMENT OF ACTIVITIES (IN 000'S)							
	GOVERNMENTAL		BUSINESS TYPE				
	ACTIVITIES		ACTIVITY		TOTALS		%
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>CHANGE</u>
Program revenues:							
Charges for services	\$ 321	\$ 244	\$ 180	\$ 42	\$ 501	\$ 285	75.63%
Operating grants and contributions	10,741	9,374	1,844	686	12,584	10,061	25.08%
General revenues:							
Taxes levied for general purposes, net	33,514	33,049			33,514	33,049	1.41%
Grants, subsidies and contributions not restricted	7,586	7,399			7,586	7,399	2.53%
Other	261	384	2	-	263	384	-31.47%
Total revenues	<u>\$ 52,423</u>	<u>\$ 50,450</u>	<u>\$2,026</u>	<u>\$ 728</u>	<u>\$ 54,448</u>	<u>\$ 51,178</u>	6.39%
Program expenses:							
Instruction	\$ 32,563	\$ 32,354			\$ 32,563	\$ 32,354	0.65%
Instructional student support	3,800	3,684			3,800	3,684	3.14%
Administration and financial support services	3,667	3,622			3,667	3,622	1.24%
Operation and maintenance of plant services	4,327	4,079			4,327	4,079	6.07%
Pupil transportation	2,525	2,142			2,525	2,142	17.90%
Student activities	802	602			802	602	33.16%
Community services	38	37			38	37	0.49%
Interest on long-term debt	65	84			65	84	-22.82%
Unallocated depreciation	1,598	1,586			1,598	1,586	0.78%
Food service	-	-	1,557	724	1,557	724	115.09%
Total expenses	<u>\$ 49,384</u>	<u>\$ 48,190</u>	<u>\$1,557</u>	<u>\$ 724</u>	<u>\$ 50,941</u>	<u>\$ 48,914</u>	4.14%
Change in net position	3,039	2,260	468	4	3,507	2,264	
Net position, beginning, as previously stated	<u>(39,000)</u>	<u>(41,260)</u>	<u>481</u>	<u>477</u>	<u>(38,520)</u>	<u>(40,783)</u>	
Restatement							
Net position, ending	<u>\$(35,961)</u>	<u>\$(39,000)</u>	<u>\$ 949</u>	<u>\$ 481</u>	<u>\$(35,012)</u>	<u>\$(38,520)</u>	9.11%

ABINGTON HEIGHTS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED-CONTINUED)

**GOVERNMENTAL ACTIVITIES**

Revenues increased 3.85%, primarily wage tax collections rising by \$426,856, Federal Grants increasing by \$1,209,475. The major driver of the 2.47% increase in expenses were salary and benefits related to contractual increases and increasing the number of staff members using federal stimulus funding. Salaries increased \$1,264,396 while benefits increased by \$1,100,879 district-wide.

The change in net position of the District's internal service fund was a decrease of \$441,187. Contributions to the internal service fund were \$5,602,386 in 2021-2022 as compared to \$5,393,793 in 2020-2021 and earnings on investments were \$51,713. The net position of this fund is \$6,733,971 on June 30, 2022.

**BUSINESS-TYPE ACTIVITIES**

The change in net position of the District's food service operation was an increase of \$468,207. The net position of the food service fund is \$949,316 at June 30, 2022. The food service largely resumed normal operations in 2021-22 after school closures and remote learning in the prior year limited offerings and service. All students were entitled to free meals for 2021-2022. During 2021-2022, the food service activity realized an increase in total expenses of \$833,340, or 115.09% due to lower food and labor costs. Revenues increased by \$1,297,853 or 178.34% due to an increase in a la carte sales and state & federal reimbursements. Expenses increased by \$833,340 largely due to higher food and labor costs associated with increased cafeteria sales and a return to in-person learning and meal service.

**FINANCIAL ANALYSIS OF THE FUNDS**

**GENERAL FUND (MAJOR)**

The following represents a summary of 2021-2022 General Fund revenue, by source, along with changes from 2020-2021.

	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>%</u> <u>Change</u>
Local sources	\$34,487,706	\$34,159,455	\$328,251	0.96%
State sources	15,713,729	15,306,896	406,833	2.66%
Federal sources	2,304,663	1,095,188	1,209,475	110.44%
Total	\$52,506,098	\$50,561,539	\$1,944,559	3.85%

**LOCAL SOURCES**

The \$328,251 increase in local source revenue is primarily attributable to a \$426,856 increase in earned income tax collections. Combined current and delinquent real estate taxes remained flat year over year. Earnings on investments decreased by \$98,474 due to falling interest rates and yields available in the market.

ABINGTON HEIGHTS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED-CONTINUED)

**STATE SOURCES**

In 2021-2022, the District's state revenues reflect an increase of \$406,833. The increase in state revenues is primarily due to a \$292,499 increase of PSERS pension reimbursement due to the rising pension rate and wage base which pension contributions are applied. Also contributing were a \$185,345 increase in Basic Ed. Subsidy, and a \$68,712 increase in Special Ed subsidy. These amounts were partially offset by a \$98,919 decrease in Transportation subsidy.

**FEDERAL SOURCES**

The increase in federal funding of \$1,209,475 is primarily due to \$695,032 in increased Federal Stimulus funding, a \$425,079 increase of Title grant revenue and \$101,284 in increased Medical Access reimbursements.

The following represents a summary of 2022 General Fund expenditures, by function, along with change from 2021.

	<u>2022</u> <u>Amount</u>	2021 Amount	Increase <u>(Decrease)</u>	% <u>Change</u>
Instruction	\$35,325,105	\$33,138,261	\$2,186,844	6.60%
Support services	14,850,277	13,562,967	\$1,287,310	9.49%
Noninstructional services	917,331	662,562	\$254,769	38.45%
Prior Year refund	20,114	3,226	\$16,888	523.50%
Debt Service and transfers out	<u>1,391,940</u>	<u>3,214,240</u>	<u>(\$1,822,300)</u>	-56.69%
Total	<u>\$52,504,767</u>	<u>\$50,581,256</u>	<u>\$1,923,511</u>	3.80%

**INSTRUCTION**

There was a \$2,186,844, or 6.60% increase in instructional expenditures due an increase in salaries of \$854,511 largely due to contractual salary increases, increased staffing, and moving substitute teachers from a subcontracted source to an in-house model. Retirement and FICA contributions related to these salaries increased by \$495,235 year over year. Premium equivalents paid to the self-funded insurance fund increased by \$329,680. Tuition for special education placements increased by \$393,343. Tuition for vocational technical education increased by \$100,063.

**SUPPORT SERVICES**

There was a \$1,287,310, or 9.49% increase in support services due an increase in salaries of \$302,391 largely due to contractual salary increases and a full year of staffing coming out of a pandemic in 2020-21. Retirement and FICA contributions related to these salaries increased by \$137,798 year over year. Premium equivalents paid to the self-funded insurance fund increased by \$72,782. Cleaning and disposal services increased by \$154,252 while repairs and maintenance increased by \$182,123. Contracted transportation services increased by \$353,129 and utilities such as natural gas and electricity increased by \$141,126. Portions of these non-salary and benefit increases are attributable to lower than typical expenditures in the prior year due to pandemic-related building closures.

ABINGTON HEIGHTS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED-CONTINUED)

**NONINSTRUCTIONAL SERVICES**

There was a \$254,769, or 38.45% increase in noninstructional services due to an increase of 107,494 in salaries and 47,898 in benefits. Student activity and athletic transportation increased by \$45,765 while supplies increased by \$56,264. The underlying causes of these increases were: lower than expected expenses in the prior year due to pandemic related closures, an expansion of sports programs in 2021-22, and inflationary increases on labor, transportation, and supplies.

**DEBT SERVICE AND OTHER TRANSFERS OUT**

The District structures its debt service payments to provide for relatively even payments over the life of its debt. The District made a planned transfer to the Capital Projects fund in the amount of \$500,000. The District transfers excess reserves to its Capital Projects fund to finance future projects and eliminate the need for borrowing for short or intermediate term capital needs.

**DEBT SERVICE FUND**

The Debt Service Fund is used to account for resources accumulated for the payment of long-term obligations. It is normally used to account for refunding of bond issues and the payment of the annual debt service on existing bonds. The District paid a total of \$684,405 in debt service in 2022. Periodically, the District reviews its existing debt and refunds such debt when economically feasible.

**CAPITAL PROJECTS FUND**

The Capital Projects Fund is legally restricted to capital improvements and related debt service under Pennsylvania state law. The fund had a fund balance at June 30, 2022 of \$5,884,789. Projects funded by the Capital Projects Fund during 2021-2022 included the installation of a new roof on South Abington Elementary School and Information Technology infrastructure upgrades. As referenced in the "Debt Service and Other Transfers Out Section above, the district transferred \$500,000 to the Capital Projects fund during 2021-2022 to help address current and future capital needs. Additional capital projects are expected in accordance with the district's long-term facilities plan.

ABINGTON HEIGHTS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED-CONTINUED)

**CAPITAL ASSETS**

The District's investment in capital assets as of June 30, 2022 is summarized below.

	<u>GOVERN- MENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITY</u>	<u>TOTALS</u>
Land	\$885,085		\$885,085
Land improvements	7,524,822		7,524,822
Buildings and improvements	55,604,983		55,604,983
Furniture and equipment	2,709,635	\$585,079	3,294,714
Construction in progress	<u>283,438</u>	<u>0</u>	<u>283,438</u>
Total	67,007,963	585,079	67,593,042
Less accumulated depreciation	<u>45,324,120</u>	<u>402,319</u>	<u>45,726,438</u>
Net	<u>\$21,683,844</u>	<u>\$182,761</u>	<u>\$21,866,604</u>

**LONG-TERM DEBT**

At June 30, 2022, the District's general obligation debt was \$2.65 million. This amount is approximately 1.8% of its legal limit of \$114.2 million. \$645,000 of this debt is scheduled for payment in 2022-2023. The District's bonds have a favorable "AA Stable" rating from Standard and Poor's Rating Services.

**ECONOMIC OUTLOOK**

Abington Heights School District finished FY 2021-2022 with an essentially break-even fiscal year (net income of \$1,331) in the general fund while adding \$500,000 to the capital reserve fund balance and sustaining a \$441,187 loss in the internal service fund.

One of the biggest short and medium-term fiscal challenges that the district faces is how to fund the additional staffing currently paid for with one-time stimulus funding when the funding expires. These necessary positions were added to cope with pandemic-related learning loss and increasing enrollment.

Cyber Charter school costs remain high post-pandemic however district officials remain focused on returning these students back into Abington Heights classrooms. Administration has been successful in communicating with families and recruiting many back to our brick and mortar schools. An appropriate legislative fix to the charter school funding formula would also provide much needed relief in this area which has drained millions in taxpayer dollars in recent years.

Abington Heights has undergone a comprehensive district-wide facilities assessment study to determine short, medium, and long-term capital needs. The results of this facilities assessment will inform short, medium, and long-term capital needs. District officials continue to seek feedback from stakeholders to help prioritize any potential capital improvement projects.

ABINGTON HEIGHTS SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED-CONTINUED)

**LABOR RELATIONS**

The District responsibly reached contract agreements in its labor negotiations with the Abington Heights Education Association, Abington Heights Support Professionals Association, and Act 93 administrators. The agreement with the AHEA extends through the 2025-26 school year while the AHESPA and Act 93 agreements extend through 6/30/2027.

Like many school districts and employers across the nation, Abington Heights is facing a challenging labor market when trying to fill open positions with high quality candidates including substitute teachers, bus drivers, support staff, professional staff, and administration.

**REQUESTS FOR INFORMATION**

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, Abington Heights School District, 200 East Grove Street, Clarks Summit, PA 18411.



**ABINGTON HEIGHTS SCHOOL DISTRICT**

STATEMENT OF NET POSITION  
JUNE 30, 2022

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITY	TOTAL
<u><b>ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b></u>			
Current assets:			
Cash and cash equivalents	\$ 20,286,595	\$ 580,392	\$ 20,866,987
Real estate taxes receivable, net	878,131		878,131
Due from other funds	7,531	(7,531)	-
Due from other governments	3,433,447	288,718	3,722,165
Other receivables	1,288,313	13,314	1,301,627
Total current assets	25,894,017	874,893	26,768,910
CAPITAL ASSETS	21,683,844	182,761	21,866,605
ASSETS HELD FOR CAPITAL PROJECTS	5,884,789		5,884,789
Total assets	53,462,650	1,057,654	54,520,304
DEFERRED OUTFLOWS OF RESOURCES	17,106,840		17,106,840
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 70,569,490</u>	<u>\$ 1,057,654</u>	<u>\$ 71,627,144</u>
<u><b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b></u>			
Current liabilities:			
Accounts payable	\$ 1,026,126	\$ 56,759	\$ 1,082,885
Accrued salaries and benefits	6,809,784		6,809,784
Claims payable	246,411		246,411
Current maturities of bonds payable	645,000		645,000
Current portion of financed purchase agreements payable	196,690		196,690
Current portion of compensated absences	102,539		102,539
Accrued interest	11,975		11,975
Unearned revenues	7,874	51,579	59,453
Total current liabilities	9,046,399	108,338	9,154,737
BONDS PAYABLE	1,333,544		1,333,544
FINANCED PURCHASE AGREEMENTS PAYABLE	186,777		186,777
TOTAL OPEB LIABILITY	17,723,482		17,723,482
COMPENSATED ABSENCES	922,855		922,855
NET PENSION LIABILITY	63,884,000		63,884,000
Total liabilities	93,097,057	108,338	93,205,395
DEFERRED INFLOWS OF RESOURCES	13,433,850		13,433,850
NET POSITION:			
Net investment in capital assets	19,321,833	182,761	19,504,594
Restricted	5,884,789		5,884,789
Unrestricted	(61,168,039)	766,555	(60,401,484)
Total net position	(35,961,417)	949,316	(35,012,101)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 70,569,490</u>	<u>\$ 1,057,654</u>	<u>\$ 71,627,144</u>

See Notes to Financial Statements

**ABINGTON HEIGHTS SCHOOL DISTRICT**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITY	TOTAL
Governmental activities:						
Instruction	\$ (32,562,587)	\$ 233,536	\$ 8,589,184	\$ (23,739,867)		\$ (23,739,867)
Instructional student support	(3,799,695)		509,792	(3,289,903)		(3,289,903)
Administration and financial support services	(3,667,367)	699	388,559	(3,278,109)		(3,278,109)
Operation and maintenance of plant services	(4,326,910)	27,455	157,751	(4,141,704)		(4,141,704)
Pupil transportation	(2,525,074)		1,004,315	(1,520,759)		(1,520,759)
Student activities	(801,603)	59,451	83,399	(658,753)		(658,753)
Community services	(37,506)		4,241	(33,265)		(33,265)
Interest on long-term obligations	(65,094)		3,399	(61,695)		(61,695)
Unallocated depreciation expenses	<u>(1,597,956)</u>			<u>(1,597,956)</u>		<u>(1,597,956)</u>
Total governmental activities	(49,383,792)	321,141	10,740,640	(38,322,011)		(38,322,011)
Business-type activity,						
Food service	<u>(1,557,397)</u>	<u>179,962</u>	<u>1,843,581</u>		\$ 466,146	<u>466,146</u>
TOTAL	<u>\$ (50,941,189)</u>	<u>\$ 501,103</u>	<u>\$12,584,221</u>	<u>(38,322,011)</u>	<u>466,146</u>	<u>(37,855,865)</u>
General revenues:						
Taxes levied for general purposes, net				33,513,791		33,513,791
Grants, subsidies and contributions not restricted				7,586,148		7,586,148
Investment earnings				209,623	2,061	211,684
Miscellaneous income				<u>51,536</u>		<u>51,536</u>
Total general revenues				<u>41,361,098</u>	<u>2,061</u>	<u>41,363,159</u>
Change in net position				3,039,087	468,207	3,507,294
Net position, beginning				<u>(39,000,504)</u>	<u>481,109</u>	<u>(38,519,395)</u>
Net position, ending				<u>\$ (35,961,417)</u>	<u>\$ 949,316</u>	<u>\$ (35,012,101)</u>

See Notes to Financial Statements

**ABINGTON HEIGHTS SCHOOL DISTRICT****BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2022

	MAJOR FUNDS		
	GENERAL	CAPITAL PROJECTS	TOTALS
ASSETS:			
Cash and cash equivalents	\$ 14,470,336	\$ 5,384,789	\$ 19,855,125
Real estate taxes receivable, net	878,131		878,131
Due from other funds	7,531	500,000	507,531
Due from other governments	3,433,447		3,433,447
Other receivables	<u>1,038,678</u>	<u></u>	<u>1,038,678</u>
Total assets	<u>\$ 19,828,123</u>	<u>\$ 5,884,789</u>	<u>\$ 25,712,912</u>
LIABILITIES:			
Due to other funds	\$ 916,964		\$ 916,964
Accounts payable	1,023,650		1,023,650
Accrued salaries and benefits	6,809,784		6,809,784
Unearned revenues	<u>7,874</u>	<u></u>	<u>7,874</u>
Total liabilities	<u>8,758,272</u>	<u>-</u>	<u>8,758,272</u>
DEFERRED INFLOWS OF RESOURCES,			
Unavailable revenue - property taxes	<u>646,379</u>	<u></u>	<u>646,379</u>
FUND BALANCES:			
Restricted		\$ 5,884,789	5,884,789
Committed	1,500,000		1,500,000
Assigned	7,000,000		7,000,000
Unassigned	<u>1,923,472</u>	<u></u>	<u>1,923,472</u>
Total fund balances	<u>10,423,472</u>	<u>5,884,789</u>	<u>16,308,261</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,828,123</u>	<u>\$ 5,884,789</u>	<u>\$ 25,712,912</u>

See Notes to Financial Statements

**ABINGTON HEIGHTS SCHOOL DISTRICT**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

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TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 16,308,261

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

Capital assets used in governmental activities are  
not financial resources and are not reported in the funds 21,683,844

Real estate taxes receivable will not be collected soon  
enough to pay for the current period's expenditures and  
therefore are deferred in the funds 646,379

Accrued interest payable is included on the statement  
of net position (11,975)

Net position of the Internal Service Fund is included in  
governmental activities since it primarily benefits the  
District's governmental activities 6,733,971

Long-term liabilities are not due and payable in the  
current period, and therefore are not reported in the  
governmental funds:

Bonds payable (1,978,544)

Financed purchase agreements payable (383,467)

Total OPEB liability and related deferred outflows and inflows  
of resources (14,285,492)

Compensated absences (1,025,394)

Net pension liability and related deferred outflows and inflows  
of resources (63,649,000)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ (35,961,417)

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See Notes to Financial Statements

**ABINGTON HEIGHTS SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	MAJOR FUNDS			TOTALS
	GENERAL	CAPITAL PROJECTS	DEBT SERVICE	
REVENUES:				
Local sources	\$ 34,487,706	\$ 20,252		\$ 34,507,958
State sources	15,713,729			15,713,729
Federal sources	2,304,663			2,304,663
Total revenues	<u>52,506,098</u>	<u>20,252</u>		<u>52,526,350</u>
EXPENDITURES:				
Instruction	35,325,105			35,325,105
Support services	14,850,277	283,438	\$ 749	15,134,464
Noninstructional services	917,331			917,331
Debt service	207,535		683,656	891,191
Refund of prior year revenues	20,114			20,114
Total expenditures	<u>51,320,362</u>	<u>283,438</u>	<u>684,405</u>	<u>52,288,205</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,185,736</u>	<u>(263,186)</u>	<u>(684,405)</u>	<u>238,145</u>
OTHER FINANCING SOURCES (USES):				
Transfers in		500,000	684,405	1,184,405
Transfers out	<u>(1,184,405)</u>			<u>(1,184,405)</u>
Total other financing sources (uses)	<u>(1,184,405)</u>	<u>500,000</u>	<u>684,405</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,331	236,814	-	238,145
FUND BALANCE, BEGINNING	<u>10,422,141</u>	<u>5,647,975</u>		<u>16,070,116</u>
FUND BALANCE, ENDING	<u>\$ 10,423,472</u>	<u>\$ 5,884,789</u>	<u>\$ -</u>	<u>\$ 16,308,261</u>

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See Notes to Financial Statements

**ABINGTON HEIGHTS SCHOOL DISTRICT**

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, 2022

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TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 238,145
Amounts reported for governmental activities in the statement of activities are different because:	
Capital asset additions are reported as expenditures in the funds	334,987
Depreciation expense on capital assets is reported in the statement of activities	(1,597,956)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount is the net change in revenue accrued between the prior and current year	(155,184)
Repayment of bonds payable and financed purchase agreements payable uses current financial resources and is reported in the funds but not the statement of activities	819,574
Amortization of premium on bonds payable	2,848
Change in total OPEB liability and related deferred outflows and inflows	(986,582)
Change in accrued interest on bonds payable	3,675
Change in compensated absences	15,767
Change in net pension liability and related deferred outflows and inflows	4,805,000
Net income of the Internal Service Fund is included in governmental activities since it primarily benefits the District's governmental activities	<u>(441,187)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,039,087</u>

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See Notes to Financial Statements

**ABINGTON HEIGHTS SCHOOL DISTRICT****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:			
Local sources	\$ 32,798,066	\$ 34,487,706	\$ 1,689,640
State sources	15,063,214	15,713,729	650,515
Federal sources	<u>2,140,000</u>	<u>2,304,663</u>	<u>164,663</u>
Total revenues	<u>50,001,280</u>	<u>52,506,098</u>	<u>2,504,818</u>
EXPENDITURES:			
Instruction	35,124,991	35,325,105	(200,114)
Support services	14,920,755	14,850,277	70,478
Noninstructional services	879,593	917,331	(37,738)
Debt service	207,535	207,535	-
Refund of prior year revenues	<u>-</u>	<u>20,114</u>	<u>(20,114)</u>
Total expenditures	<u>51,132,874</u>	<u>51,320,362</u>	<u>(187,488)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(1,131,594)</u>	<u>1,185,736</u>	<u>2,317,330</u>
OTHER FINANCING USES:			
Interfund transfers	(699,069)	(1,184,405)	(485,336)
Budgetary reserve	<u>(605,000)</u>	<u></u>	<u>605,000</u>
Total other financing uses	<u>(1,304,069)</u>	<u>(1,184,405)</u>	<u>119,664</u>
NET CHANGE IN FUND BALANCE	(2,435,663)	1,331	2,436,994
FUND BALANCE, BEGINNING	<u>10,441,868</u>	<u>10,422,141</u>	<u>(19,727)</u>
FUND BALANCE, ENDING	<u>\$ 8,006,205</u>	<u>\$ 10,423,472</u>	<u>\$ 2,417,267</u>

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See Notes to Financial Statements

**ABINGTON HEIGHTS SCHOOL DISTRICT****STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2022**

	FOOD SERVICE	INTERNAL SERVICE	TOTAL PROPRIETARY FUNDS
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 580,392	\$ 6,316,259	\$ 6,896,651
Due from other funds		416,964	416,964
Due from other governments	288,718		288,718
Other receivables	<u>13,314</u>	<u>249,635</u>	<u>262,949</u>
Total current assets	882,424	6,982,858	7,865,282
CAPITAL ASSETS	<u>182,761</u>		<u>182,761</u>
TOTAL	<u>\$ 1,065,185</u>	<u>\$ 6,982,858</u>	<u>\$ 8,048,043</u>
<u>LIABILITIES AND NET POSITION</u>			
LIABILITIES:			
Due to other funds	\$ 7,531		\$ 7,531
Accounts payable	56,759	\$ 2,476	59,235
Unearned revenues	51,579		51,579
Claims payable	<u></u>	<u>246,411</u>	<u>246,411</u>
Total liabilities	<u>115,869</u>	<u>248,887</u>	<u>364,756</u>
NET POSITION:			
Investment in capital assets	182,761		182,761
Unrestricted	<u>766,555</u>	<u>6,733,971</u>	<u>7,500,526</u>
Total net position	<u>949,316</u>	<u>6,733,971</u>	<u>7,683,287</u>
TOTAL	<u>\$ 1,065,185</u>	<u>\$ 6,982,858</u>	<u>\$ 8,048,043</u>

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See Notes to Financial Statements



**ABINGTON HEIGHTS SCHOOL DISTRICT****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	FOOD SERVICE	INTERNAL SERVICE	TOTAL PROPRIETARY FUNDS
OPERATING REVENUES:			
Food service revenue	\$ 179,962		\$ 179,962
Health insurance contributions		\$ 5,602,386	5,602,386
Total operating revenues	179,962	5,602,386	5,782,348
OPERATING EXPENSES:			
Salaries	94,102		94,102
Employee benefits	40,084	6,095,286	6,135,370
Purchased professional services	4,965		4,965
Purchased property services	20,407		20,407
Other purchased services	1,250,867		1,250,867
Food and supplies	95,498		95,498
Depreciation	51,474		51,474
Total operating expenses	1,557,397	6,095,286	7,652,683
OPERATING LOSS	(1,377,435)	(492,900)	(1,870,335)
NONOPERATING REVENUES:			
Earnings on investments	2,061	51,713	53,774
State sources	67,694		67,694
Federal sources	1,775,887		1,775,887
Total nonoperating revenues	1,845,642	51,713	1,897,355
NET INCOME	468,207	(441,187)	27,020
TOTAL NET POSITION, BEGINNING	481,109	7,175,158	7,656,267
TOTAL NET POSITION, ENDING	\$ 949,316	\$ 6,733,971	\$ 7,683,287

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See Notes to Financial Statements

**ABINGTON HEIGHTS SCHOOL DISTRICT**

STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	FOOD SERVICE	INTERNAL SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	\$ 174,303	\$ 5,955,210
Cash payments to employees for services	(126,655)	
Cash payments for insurance claims		(6,363,392)
Cash paid to suppliers for goods and services	<u>(1,263,423)</u>	<u></u>
Net cash used in operating activities	<u>(1,215,775)</u>	<u>(408,182)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State sources	65,158	
Federal sources	<u>1,553,625</u>	<u></u>
Net cash provided by noncapital financing activities	<u>1,618,783</u>	<u>-</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES,		
Earnings on investments	<u>2,061</u>	<u>51,713</u>
CHANGE IN CASH AND CASH EQUIVALENTS	405,069	(356,469)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>175,323</u>	<u>6,672,728</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 580,392</u>	<u>\$ 6,316,259</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS,		
USDA donated commodities	<u>\$ 94,022</u>	
RECONCILIATION OF OPERATING LOSS TO NET		
CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (1,377,435)	\$ (492,900)
Adjustments to reconcile operating loss to		
net cash used in operating activities:		
Depreciation	51,474	
USDA donated commodities	94,022	
Increase or decrease in:		
Other receivables	(6,818)	(30,079)
Due from other funds	13,322	282,346
Inventory	-	
Accounts payable	14,292	2,476
Unearned revenues	(4,632)	
Claims payable	<u></u>	<u>(170,025)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (1,215,775)</u>	<u>\$ (408,182)</u>

See Notes to Financial Statements

**ABINGTON HEIGHTS SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUND**  
**JUNE 30, 2022**

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**ASSETS**

CASH	<u><u>\$65,768</u></u>
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**NET POSITION**

NET POSITION RESTRICTED FOR:	
Individuals, organizations and other governments	<u><u>\$65,768</u></u>

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See Notes to Financial Statements

**ABINGTON HEIGHTS SCHOOL DISTRICT**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

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ADDITIONS:	
Fundraising	\$ 291,538
Donations	2,429
Interest income	<u>439</u>
Total additions	<u>294,406</u>
DEDUCTIONS,	
Supplies and fees	<u>294,717</u>
CHANGE IN NET POSITION	(311)
NET POSITION, BEGINNING	<u>66,079</u>
NET POSITION, ENDING	<u>\$ 65,768</u>

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See Notes to Financial Statements

# **ABINGTON HEIGHTS SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

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### **1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The major accounting principles and practices followed by the Abington Heights School District (the "District") are summarized below:

#### **NATURE OF OPERATIONS**

The District provides elementary and secondary education to the residents of the following municipalities:

Clarks Summit Borough	Clarks Green Borough	South Abington Township
Waverly Township	North Abington Township	Glenburn Township
Ransom Township	Newton Township	

The District assesses the taxpayers of these municipalities based upon taxing powers at its disposal. The ability of the District's taxpayers to pay their assessments is dependent upon economic and other factors affecting the taxpayers.

#### **REPORTING ENTITY**

The reporting entity has been defined in accordance with the criteria established in Statement 14, as amended by Statement 39, issued by the Governmental Accounting Standards Board ("GASB"). The specific criteria used in determining whether other organizations should be included in the District's financial reporting entity are financial accountability, fiscal dependency and legal separation.

As defined above, there are no other related organizations that should be included in the District's financial statements.

### **BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements report financial information for the District as a whole, excluding fiduciary activities, on a full accrual, economic resource basis. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and District general revenues, from business-type activities, generally financed in whole or in part with fees charged to customers.

The statement of activities reports the expenses of a given function or program offset by program revenues directly connected with that function or program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services to users of the District's services, (2) operating grants and contributions that finance annual operating activities and (3) capital grants and contributions that fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

### **BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS**

The accounts of the District are organized on the basis of funds, each of which constitutes a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures/expenses. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent. The District uses the following fund types:

#### **GOVERNMENTAL FUND TYPES**

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The following is a description of the governmental funds of the District:

##### **GENERAL FUND (MAJOR)**

The General Fund accounts for the general operations of the District and all financial transactions not accounted for in another fund.

### **CAPITAL PROJECTS FUND (MAJOR)**

The Capital Project Fund accounts for the financial resources to be used for acquisition, renovation or construction of major capital facilities. The District accounts for its Capital Reserve Fund as a Capital Projects Fund.

### **DEBT SERVICE FUND (MAJOR)**

The Debt Service Fund accounts for resources accumulated for the purpose of funding general long-term obligations.

## **PROPRIETARY FUND TYPES**

Proprietary funds account for the operations of the District that are financed and operated in a manner similar to those often found in the private sector.

### **FOOD SERVICE FUND**

The Food Service Fund accounts for the food service operations of the District. The Food Service Fund distinguishes between operating revenues and expenses and non-operating items. Operating revenues consist of charges for food served. Operating expenses consist mainly of food and food preparation costs, supplies and other direct costs. All other revenues and expenses are reported as nonoperating.

### **INTERNAL SERVICE FUND**

The Internal Service Fund accounts for the District's self-insurance program for health care benefits. Operating revenues consist of charges for insurance services provided to other funds. Operating expenses consist of payments for health care benefits and administrative costs. All other revenues and expenses are reported as nonoperating.

## **FIDUCIARY FUND TYPES**

Fiduciary funds account for the assets held by the District as a trustee or agent for individuals, private organizations and/or other governmental units. The fund included in this category is:

### **CUSTODIAL FUND**

The Custodial Fund accounts for the assets held, collected and disbursed on behalf of various student activities and clubs.

## **MEASUREMENT FOCUS**

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are prepared using the economic resources measurement focus. With this measurement focus, assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the District's total net position.

### **FUND FINANCIAL STATEMENTS**

Governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds are also accounted for using the economic resources measurement focus.

## **BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

### **ACCRUAL BASIS**

Government-wide financial statements and the proprietary and fiduciary fund type financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Tax revenues are recognized in the year levied while grant revenue is recognized when grantor eligibility requirements are met.



### **MODIFIED ACCRUAL BASIS**

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. The District considers property and other taxes as available if they are collected within 60 days after year-end. Expenditures, other than principal and interest on bonds and capital leases payable, compensated absences, other postemployment benefits, and claims and judgments, are recorded when the related fund liability is incurred. Principal and interest on bonds payable, compensated absences, other postemployment benefits, and claims and judgments are recorded as fund liabilities when due and unpaid.

### **ALLOCATION OF INDIRECT EXPENSES**

The District does not allocate any indirect expenses, including depreciation.

### **BUDGETARY DATA**

An operating budget is adopted each year for the General Fund on the modified accrual basis of accounting. The District utilizes the Executive Budget approach to budgetary control. This approach requires the superintendent, together with the business office, to prepare and submit a plan of financial operation to the School Board.

### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash and highly liquid investments with a maturity of three months or less which are all carried at cost.

### **INVENTORIES**

Inventories are valued at the lower of cost (first-in, first-out method) or market except for donated inventories, which are valued at fair market value, as determined by the U.S. Department of Agriculture, at the date of donation. Textbooks and instructional and custodial supplies are charged to expense upon acquisition.

## **CAPITAL ASSETS**

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

All capital assets are stated at cost or estimated cost, net of accumulated depreciation. Donated capital assets are reported at their fair value at date of receipt. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets except land and construction in progress are depreciated. Land is never depreciated. Construction in progress costs are accumulated until the project is complete and placed in service. At that time, the costs are transferred to the appropriate asset class and depreciation begins.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITY</u>
Land improvements	15 – 20 years	N/A
Buildings and improvements	30 – 40 years	N/A
Furniture and equipment	5 – 20 years	5 - 15 years

The District does not have any infrastructure capital assets.

## **ASSETS HELD FOR CAPITAL PROJECTS**

Assets held for capital projects represent funds in the Capital Reserve Fund, which is presented as a Capital Projects Fund in the accompanying financial statements.

### **DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES**

The balance sheet and statement of net position report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, which are reported after total assets, are defined by GASB as a consumption of net assets that applies to future periods. The expense is recognized in the applicable future period(s). Deferred inflows of resources, which are reported after total liabilities, are defined by GASB as an acquisition of net assets that applies to future periods. The revenue, or reduction of expense, is recognized in the applicable future period(s). Transactions are classified as deferred outflows of resources or deferred inflows of resources only when specifically prescribed by GASB standards.

The District is required to report the following as deferred outflows of resources and deferred inflows of resources:

- Unavailable revenue – property taxes, which represents the portion of taxes receivable that does not meet both the measurable and available criteria for recognition in the current period in the governmental funds balance sheet. In subsequent periods, when both revenue recognition criteria are met, the unavailable revenue is removed as a deferred inflow of resources and the revenue is recognized.
- For defined benefit pension plan and the other postemployment benefit (OPEB) plans: the difference between expected (actuarial) and actual experience, changes of actuarial assumptions, the net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the District's proportion of expenses and liabilities to the pension as a whole, differences between the District's pension contributions and its proportionate share of contributions, and District contributions subsequent to the valuation measurement date.

### **UNEARNED REVENUE**

The District reports unearned revenue on its financial statements. Unearned revenue arises when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when cash is received prior to the provision of services. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

### **COMPENSATED ABSENCES**

The District's collective bargaining agreements with its professional and support employees specify the sick leave and vacation leave policies. Administrative personnel, while not party to these agreements, are provided similar benefits. The agreements generally provide for payment of accumulated sick leave, at retirement, based upon years of service and days accumulated (subject to maximum accumulations). Vacation leave is available only to administrative and twelve month support employees and may be accumulated to a maximum of forty days.

### **PENSIONS**

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

### **SELF-INSURANCE**

The District is self-insured for health-care claims. At June 30, 2022, the District carried a stop loss policy limiting its liability for any one specific claim to \$185,000 and the aggregate annual claims to \$5,706,008. The District accounts for its self-insurance activity in its Internal Service Fund.

### **GOVERNMENT FUND BALANCE CLASSIFICATIONS**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies its governmental fund balances as follows:

- *Non-spendable* – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- *Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the District’s “highest level of decision-making authority” which do not lapse at year-end. The School Board is its highest level of decision-making authority, and the School Board commits funds through resolutions.
- *Assigned* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District, but not through formal action of the School Board.
- *Unassigned* – includes fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

#### **RESTRICTED RESOURCES**

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follow: restricted, committed, assigned, unassigned.

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

#### **NET POSITION**

Net position is the residual of assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources. The District maintains the following classifications of net position:

- Net investment in capital assets – capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair or improvement of those assets.
- Restricted – the portion of net position subject to externally imposed conditions.
- Unrestricted – all other categories of net position. Net position may be designated for specific purposes by the School Board.

#### **ELIMINATIONS AND INTERNAL BALANCES**

Transactions and balances between governmental activities have been eliminated in the government-wide financial statements. Residual amounts due between governmental and business-type activities are labeled “internal balances” on the statement of net position, as applicable.

## **USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **NEW ACCOUNTING PRONOUNCEMENTS**

In June 2017, the GASB issued its Statement No. 87, *Leases*. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement was effective for 2022, however the adoption had no effect on the financial statements of the District.

In June 2018, the GASB issued its Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. This statement requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred, and should no longer be capitalized as part of the cost of an asset. This statement was effective for 2022, however the adoption had no effect on the financial statements of the District.

## **2. DEPOSITS WITH FINANCIAL INSTITUTIONS**

The Pennsylvania Public School Code of 1949, as amended, permits the District to invest only in certain types of investments. The District's deposits adhere to these statutes.

### **CUSTODIAL CREDIT RISK**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. At June 30, 2022, the bank balance of the District's deposits with financial institutions, including cash equivalents, was \$27,153,872, compared to the carrying amount of \$26,817,544. The difference is primarily due to items in transit and outstanding checks. \$26,403,872 of the District's deposits was exposed to custodial credit risk. This entire amount was uninsured and collateralized by securities pledged by the financial institutions for such funds but not in the District's name in accordance with Commonwealth of Pennsylvania Act 72 of 1971, as amended.

### 3. REAL ESTATE TAXES

The real estate taxes for the District are collected from six townships and two boroughs. The tax on real estate, as levied by the School Board, was 122.91 mills (\$122.91 per \$1,000 of assessed valuation) for fiscal 2022. Lackawanna County determines the assessed valuation of property and the elected tax collectors are responsible for collection. The schedule for real estate taxes levied for each fiscal year is as follows:

August 1	Levy Date
August 1 – September 30	2% discount period
October 1 – November 30	Face payment period
December 1 – December 31	10% penalty period
January 1	Lien date

Delinquent real estate taxes receivable at June 30, 2022 amounted to \$878,131. The amount of taxes receivable is reported net of an allowance for doubtful collections of \$1,022,881.

### 4. DUE FROM OTHER GOVERNMENTS

The amount reported in the General Fund at June 30, 2022 as due from other governments is summarized below:

Commonwealth of Pennsylvania:	
State source revenue	\$ 1,975,289
Federal source revenue	1,135,048
Northeastern Educational Intermediate Unit #19:	
Federal source revenue	220,686
Local source revenue	323
Other charter schools	14,989
County of Lackawanna	<u>87,112</u>
Total	<u>\$ 3,433,447</u>

The amount reported in the Food Service Fund as due from other governments of \$288,718 represents \$8,327 due from the PDE for state meal subsidies, as well as \$280,391 in federal funds passed through the PDE.

ABINGTON HEIGHTS SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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## 5. CAPITAL ASSETS

The changes in the District's capital assets in 2022 are summarized as follows:

	BALANCE JULY 1, 2021	INCREASES	DECREASES	BALANCE JUNE 30, 2022
<b><u>Governmental activities:</u></b>				
Cost:				
Land	\$ 885,085			\$ 885,085
Construction in progress	-	\$ 283,438		283,438
Land improvements	7,508,602	16,220		7,524,822
Buildings and improvements	55,594,483	10,500		55,604,983
Furniture and equipment	<u>2,684,806</u>	<u>24,829</u>		<u>2,709,635</u>
Total cost	<u>66,672,976</u>	<u>334,987</u>		<u>67,007,963</u>
Less accumulated depreciation:				
Land improvements	(5,461,468)	(128,015)		(5,589,483)
Buildings and improvements	(35,839,405)	(1,415,889)		(37,255,294)
Furniture and equipment	<u>(2,425,290)</u>	<u>(54,052)</u>		<u>(2,479,342)</u>
Total accumulated depreciation	<u>(43,726,163)</u>	<u>(1,597,956)</u>		<u>(45,324,119)</u>
Governmental activities capital assets, net	<u>\$ 22,946,813</u>	<u>\$ (1,262,969)</u>		<u>\$ 21,683,844</u>
<b><u>Business-type activity:</u></b>				
Furniture and equipment	\$ 585,079			\$ 585,079
Less accumulated depreciation	<u>(350,844)</u>	<u>\$ (51,474)</u>		<u>(402,318)</u>
Business-type activity capital assets, net	<u>\$ 234,235</u>	<u>\$ (51,474)</u>		<u>\$ 182,761</u>



## 6. CLAIMS PAYABLE

The District has a self-insurance program for its health insurance claims. Liabilities are reported when it is probable that a claim has occurred and the amount of that claim can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because of delays between the time a claim is incurred and it is reported to the District for payment, the estimated liability does not necessarily result in an exact amount. Changes in the District's claims liability for the year ended June 30, 2022 were:

Balance July 1, 2021	\$ 416,436
Current year claims and changes in estimates	6,095,286
Less claim payments	<u>(6,265,311)</u>
Balance June 30, 2022	<u>\$ 246,411</u>

## 7. BONDS PAYABLE

During its June 30, 2015 fiscal year, the District issued \$6,855,000 of general obligation bonds (Series of 2015) to currently refund the Series of 2010 general obligation bonds. These bonds are due in varying annual installments plus interest at rates ranging from 2.00% to 2.25%, with final maturity scheduled for 2025. Principal due in 2023 is \$645,000.

The following summarizes the changes in bonds payable in 2022:

	BALANCE <u>JULY 1, 2021</u>	<u>INCREASES</u>	<u>DECREASES</u>	BALANCE <u>JUNE 30, 2022</u>
Series of 2015	\$ 2,600,000	-	\$ (630,000)	\$ 1,970,000
Bond premiums	<u>11,392</u>	<u>-</u>	<u>(2,848)</u>	<u>8,544</u>
Total	<u>\$ 2,611,392</u>	<u>-</u>	<u>\$ (632,848)</u>	<u>\$ 1,978,544</u>

Total interest paid on these bonds in 2022 was \$53,656. No interest is reported as a direct expense in the statement of activities.

ABINGTON HEIGHTS SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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The following summarizes the District's future debt service requirements as of June 30, 2022:

<u>YEAR ENDING JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023	\$ 645,000	\$ 41,056	\$ 686,056
2024	655,000	28,156	683,156
2025	<u>670,000</u>	<u>14,238</u>	<u>684,238</u>
TOTAL	<u>\$ 1,970,000</u>	<u>\$ 83,450</u>	<u>\$ 2,053,450</u>

## 8. FINANCED PURCHASE AGREEMENTS PAYABLE

During its June 30, 2009 fiscal year, the District purchased an energy project upgrade and related equipment under an extended term financing agreement. The agreement requires monthly payments of \$17,295 and bears interest at a rate of 3.69%. The annual payments are required through 2024.

The following summarizes the changes in financed purchase agreements payable:

	<u>BALANCE</u> <u>JULY 1, 2021</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>JUNE 30, 2022</u>
Energy Project	<u>\$ 573,041</u>	<u>-</u>	<u>\$ (189,574)</u>	<u>\$ 383,467</u>

Total interest paid on financed purchase agreements payable was \$17,961 in 2022.

ABINGTON HEIGHTS SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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The following summarizes the District's future debt service requirements on the financed purchase agreements payable as of June 30, 2022:

<u>YEAR ENDING JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023	\$ 196,690	\$ 10,845	\$ 207,535
2025	<u>186,777</u>	<u>3,464</u>	<u>190,241</u>
TOTAL	<u>\$ 383,467</u>	<u>\$ 14,309</u>	<u>\$ 397,776</u>

## 9. COMPENSATED ABSENCES

The changes in the District's compensated absences for its governmental activities in 2022 are summarized as follows:

Balance, July 1, 2021	\$ 1,041,161
Increases	345,944
Decreases	<u>(361,711)</u>
Balance, June 30, 2022	1,025,394
Less current portion	<u>102,539</u>
Long-term compensated absences	<u>\$ 922,855</u>

The District normally pays its compensated absences from the General Fund.

## 10. POSTEMPLOYMENT BENEFITS

### *DISTRICT OPEB PLAN*

#### PLAN DESCRIPTION

The District provides postretirement healthcare benefits for teachers and administrative employees who retire with at least 25 years of public school service in Pennsylvania and support staff under Act 110. Teachers who retire between ages 55 and 60 or administrative employees who retire before age 62 must have at least 25 years of public school service in Pennsylvania. Teachers who retire between ages 52 and 54 must have at least 30 years of public school service in Pennsylvania. The cost of such medical coverage for retirees and spouses is determined by the contract provisions at the time of retirement. The plan provides post-retirement medical, prescription drug, and dental benefits. The plan is unfunded and no financial report is prepared. These benefits are accounted for in accordance with GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Retired teachers who are ineligible under the above requirements and choose to participate in the medical plan must pay 100% of the composite rate cost of such coverage. Eligible members of the support personnel bargaining unit may also participate in the plan at their own expense.

The contribution requirements of plan members and the District are established and may be amended by the School Board. The plan is funded on a pay-as-you-go basis, i.e., premiums are paid annually to fund the health care benefits provided to current retirees. Retirees do not contribute to the plan. The plan has no assets accumulated in a trust in which the employer contributions are irrevocable, are dedicated to providing benefits to plan member, or are legally protected from creditors.

A total of 376 participants are covered by the benefit terms, including 296 active participants and 80 inactive (retired) participants currently receiving benefits. There are no participants entitled to but not receiving benefits under the plan.

## FINANCIAL INFORMATION

The following is the District's other postemployment benefit (OPEB) liability, deferred outflows and inflows of resources related to OPEB and the OPEB expense for the fiscal year ended June 30, 2022:

Total OPEB liability	\$ 14,039,482
Plan fiduciary net position	<u>                    </u>
Net OPEB liability	<u><u>\$ 14,039,482</u></u>
Deferred outflows of resources:	
Differences between expected and actual experience	\$ 1,962,602
Changes of assumptions	1,350,784
Benefit payments subsequent to the measurement date	<u>531,454</u>
Total deferred outflows of resources	<u><u>\$ 3,844,840</u></u>
Deferred inflows of resources:	
Differences between expected and actual experience	\$ 273,709
Changes of assumptions	<u>628,141</u>
Total deferred inflows of resources	<u><u>\$ 901,850</u></u>
Covered-employee payroll	\$20,074,459
Plan fiduciary net position as a % of total OPEB liability	0.0%
Total OPEB liability as a % of covered-employee payroll	69.94%
Service cost	\$ 966,171
Interest on total OPEB liability	268,408
Amortization of deferred outflows of resources	382,292
Amortization of deferred inflows of resources	<u>(103,835)</u>
OPEB expense	<u><u>\$ 1,513,036</u></u>

ABINGTON HEIGHTS SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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The District will recognize the \$531,454 reported as deferred outflows of resources resulting from plan contributions after the measurement date as a reduction of the OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

<u>YEAR ENDING JUNE 30</u>	<u>Amortization</u>
2023	\$ 278,457
2024	278,457
2025	278,457
2026	278,457
2027	278,457
Thereafter	<u>1,019,251</u>
TOTAL	<u>\$ 2,411,536</u>

**ACTUARIAL ASSUMPTIONS AND OTHER INPUTS**

The actuarial valuation on which the total OPEB liability is based is dated July 1, 2020. The total OPEB liability was measured using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method was entry age normal, level basis of pay.
- Healthcare cost trend rate of 5.5% in 2020 through 2023, with rates gradually decreasing from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
- Salary increases are composed of a 2.5% cost of living adjustment, 1.0% real wage growth, and for teachers and administrators, a merit increase which varies by age from 0.0% to 2.75%.
- 90% of teachers and administrators and 25% of support staff are assumed to elect coverage. 52.5% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial. Wives are assumed to be two years younger than husbands.
- Assumed retirement rates are based on PSERS plan experience and vary by age, gender and years of service. Withdrawal rates also vary by age, gender and years of service.

ABINGTON HEIGHTS SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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- The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender.
- Separate mortality rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation (See Note 11). Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.
- The discount rate increased from 1.86% to 2.28%, based on the S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2021.
- Participant data is based on census information as of March 2021.

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

	<u>1% Decrease</u>	Current Healthcare Cost <u>Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$12,187,314</u>	<u>\$14,039,482</u>	<u>\$16,251,799</u>

The following table presents the District's total OPEB liability calculated using the discount rate of 2.28%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.28%) or one percentage point higher (3.28%) than the current rate:

	<u>1% Decrease</u> <u>1.28%</u>	Current Discount Rate <u>2.28%</u>	<u>1% Increase</u> <u>3.28%</u>
Total OPEB liability	<u>\$15,103,215</u>	<u>\$14,039,482</u>	<u>\$13,023,693</u>

### **TOTAL OPEB LIABILITY**

The District's total OPEB liability of \$14,039,482 was measured as of July 1, 2021 and was determined by an actuarial valuation as of July 1, 2020. The following table presents the changes in the District's total OPEB liability for the fiscal year ending June 30, 2022:

Balance, July 1, 2020	<u>\$ 13,722,195</u>
Service cost	966,171
Interest on total OPEB liability	268,408
Changes of assumptions	(441,360)
Benefit payments	<u>(475,932)</u>
Net changes	<u>317,287</u>
Balance, July 1, 2021	<u>\$14,039,482</u>

### ***PSERS PLAN***

#### **PLAN DESCRIPTION**

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

#### **PREMIUM ASSISTANCE ELIGIBILITY CRITERIA**

Retirees of PSERS can participate in the premium assistance program if they satisfy the following criteria:

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



## DISTRICT CONTRIBUTIONS

The District's contractually required contribution rate for the year ended June 30, 2022 was 0.80% 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 PSERS plan from the District were approximately \$188,000 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$3,684,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2020 to June 30, 2021. The District's proportion of the net OPEB liability was calculated utilizing the District'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 .1554%, which was an increase of .0012% from its proportion calculated as of June 30, 2021.

For the year ended June 30, 2022, the District recognized OPEB expense of \$193,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 7,000	
Changes in proportion	117,000	\$ 194,000
Changes of assumptions	392,000	49,000
Difference between expected and actual experience	34,000	
Difference between employer contributions and proportionate share of total contributions		
Contributions after the measurement date	<u>188,000</u>	<u>          </u>
	<u>\$ 738,000</u>	<u>\$ 243,000</u>

ABINGTON HEIGHTS SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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The District will recognize the \$188,000 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the PSERS OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>YEAR ENDING JUNE 30</u>	<u>Amortization</u>
2023	\$ 30,000
2024	29,000
2025	66,000
2026	83,000
2027	47,000
Thereafter	<u>52,000</u>
TOTAL	<u>\$ 307,000</u>

### **Actuarial Assumptions**

The PSERS total OPEB liability as of June 30, 2021, was determined by rolling forward the PSERS' total OPEB liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions:

- Actuarial cost method - Entry Age Normal - level percent of pay
- Investment return – 2.18 percent - S&P 20 Year Municipal Bond Rate
- Salary growth - Effective average of 4.50 percent, comprised of inflation of 2.50 percent and 2.00 percent for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at \$1,200 per year
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale
- Participation rate:
  - Eligible retirees will elect to participate pre age 65 at 50 percent
  - Eligible retirees will elect to participate post age 65 at 70 percent

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

The following assumptions were used to determine the contribution rate:

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

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

The Plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Under the program, as defined in the retirement code employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	79.8 %	0.1%
US Core Fixed income	17.5 %	0.7%
Non-US Developed Fixed	<u>2.7 %</u>	(0.3)%
	<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, 2021.

## Discount Rate

The discount rate used to measure the PSERS Plan's total OPEB liability was 2.18 percent. Under the plan's funding policy, contributions are structured for short term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.18 percent which represents the S&P 20 year Municipal Bond Rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability. The discount rate decreased from 2.66% as of June 30, 2020 to 2.18% as of June 30, 2021.

## Sensitivity to Change in Healthcare Cost Trend Rates

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

	<u>1% Decrease</u>	Current Healthcare Cost <u>Trend Rates</u>	<u>1% Increase</u>
PSERS Net OPEB liability	<u>\$3,683,000</u>	<u>\$3,684,000</u>	<u>\$3,684,000</u>

## Sensitivity to Changes in Discount Rate

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

	1% Decrease <u>1.18%</u>	Current Discount Rate <u>2.18%</u>	1% Increase <u>3.18%</u>
PSERS Net OPEB liability	<u>\$4,227,000</u>	<u>\$3,684,000</u>	<u>\$3,236,000</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 PSERS' website at [www.psers.pa.gov](http://www.psers.pa.gov).

## **11. PENSION BENEFITS**

### **PLAN DESCRIPTION**

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in PSERS 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](http://www.psers.pa.gov).

### **BENEFITS PROVIDED**

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes: Class T-E and 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. Benefits are generally equal to 2% or 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. Members who joined prior to July 1, 2011 vest after completion of 5 years of service and may elect early retirement benefits. Class T-E and Class T-F members vest after completion of 10 years of service.

Participants are eligible for disability retirement benefits after completion of 5 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 death of an active member who has reached age 62 with at least 1 year of credited service (age 65 with at least 3 years of credited service for Class T-E and Class T-F members) or at least 5 years of credited service (10 years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective of the member had retired on the day before death.

#### **MEMBER CONTRIBUTIONS**

Active members who joined PSERS prior to July 22, 1983 contribute 5.25% (Class T-C members) or at 6.50% (Class T-D members) of the member's qualifying compensation. Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Class T-C) or at 7.50% (Class T-D) of the member's qualifying compensation. Members who joined PSERS after June 30, 2001 and before July 1, 2011 contribute at 7.50% (Automatic Class T-D). For all new hires and members who elected Class T-D membership, the higher contribution rate began with services rendered on or after January 1, 2002. Members who joined PSERS after June 30, 2011 automatically contribute at the Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011 who elect Class T-F membership contribute at 10.30% (base rate) of the member's qualifying compensation. Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the contribution rate to fluctuate between 7.50% and 9.50% for Class T-E and 10.30% and 12.30% for Class T-F.

#### **DISTRICT CONTRIBUTIONS**

The District's contractually required contribution rate for PSERS for the fiscal year ended June 30, 2022 was 33.99% 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 PSERS from the District were approximately \$7,976,000 for the year ended June 30, 2022.

### **ACTUARIAL ASSUMPTIONS**

The total PSERS pension liability as of June 30, 2021 was determined by rolling forward PSERS' total pension liability as of the June 30, 2020 actuarial valuation to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method is entry age normal, level percent of pay
- Investment return of 7.00% including inflation at 2.50%.
- Salary increases based on an effective average of 4.50%, which reflects an allowance for inflation of 2.50% and 2.00% for real wage growth and merit or seniority increases.
- 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 actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five year 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.

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

ABINGTON HEIGHTS SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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Following is the PSERS Board of Trustees' adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	27.0 %	5.2 %
Private equity	12.0 %	7.3 %
Fixed income	35.0 %	1.8 %
Commodities	10.0 %	2.0 %
Absolute return	8.0 %	3.1 %
Infrastructure/MLPs	8.0 %	5.1 %
Real estate	10.0 %	4.7 %
Cash	3.0 %	0.1%
Leverage	<u>(13.0)%</u>	0.1%
	<u>100.0 %</u>	

#### DISCOUNT RATE

The discount rate used to measure the total PSERS 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, PSERS' 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 PSERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Proportionate share of the net pension liability	<u>\$83,850,000</u>	<u>\$63,884,000</u>	<u>\$47,042,000</u>



## FIDUCIARY NET POSITION

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

## PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2022, the District reported a liability of \$63,884,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by rolling forward the total pension liability as of June 30, 2020 to June 30, 2021. The District's proportion of the net pension liability as 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 of .1556%, which was an increase of .0013% from its proportion calculated as of June 30, 2021.

For the year ended June 30, 2022, the District recognized pension expense of \$3,171,000. At June 30, 2022, 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		\$ 10,169,000
Changes in proportion	\$ 1,402,000	1,242,000
Changes of assumptions	3,099,000	
Difference between expected and actual experience	47,000	839,000
Difference between employer contributions and proportionate share of total contributions		39,000
Contributions after the measurement date	<u>7,976,000</u>	<u>                    </u>
	<u>\$ 12,524,000</u>	<u>\$ 12,289,000</u>

ABINGTON HEIGHTS SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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The District will recognize the \$7,976,000 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the PSERS net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>YEAR ENDING JUNE 30</u>	<u>Amortization</u>
2023	\$ (1,663,000)
2024	(1,710,000)
2025	(1,083,000)
2026	<u>(3,285,000)</u>
TOTAL	<u>\$ (7,741,000)</u>

## 12. INTERFUND BALANCES/TRANSFERS

The General Fund owed the Capital Projects Fund \$500,000 at June 30, 2022 to pay the cost of current and future capital improvements, the Internal Service Fund \$416,964 for the reimbursement of health care benefits, and was owed \$7,531 by the Food Service Fund for salary and benefits expenditure reimbursement. These balances are expected to be paid in 2023.

The following summarizes the interfund transfers in 2022:

	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
General Fund:		
Debt Service Fund		\$ (684,405)
Capital Projects Fund		(500,000)
Debt Service Fund,		
General Fund	\$ 684,405	
Capital Projects Fund,		
General Fund	<u>500,000</u>	<u>                    </u>
	<u>\$ 1,184,405</u>	<u>\$ (1,184,405)</u>

The General Fund transferred funds to the Debt Service Fund to pay long-term debt as it came due and the Capital Projects Fund to pay the cost of current and future capital improvements.

### **13. CONTINGENCIES**

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure that may be disallowed pursuant to the terms of these grant programs. The District is not aware of any material items of noncompliance that would result in the disallowance of program expenditures.

The District is involved, from time to time, in various legal actions. In the opinion of the District, these matters either are adequately covered by insurance or will not have a material effect on the District's financial statements.

### **14. NEW ACCOUNTING PRONOUNCEMENTS**

In March 2020, the GASB issued its Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payments Arrangements*. This statement is intended to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. GASB Statement No. 94 will be effective for the District's fiscal year ending June 30, 2023.

In May 2020, the GASB issued its Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and reporting for subscription-based information technology arrangements (SBITAs) for government end users by (1) defining a SBITA; (2) establishing that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) providing capitalization criteria for outlays other than subscription payments; and (4) requiring certain note disclosures regarding a SBITA. GASB Statement No. 91 will be effective for the District's fiscal year ending June 30, 2023.

The District has not yet determined the effects of the adoption of the aforementioned GASB Statements on its financial statements.

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**ABINGTON HEIGHTS SCHOOL DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION - PSERS  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE PSERS NET PENSION LIABILITY  
YEARS ENDED JUNE 30  
(UNAUDITED)

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the PSERS net pension liability	0.1556%	0.1543%	0.1595%	0.1516%	0.1613%	0.1655%	0.1753%	0.1572%
District's proportionate share of the PSERS net pension liability (in thousands)	<u>\$ 63,884</u>	<u>\$ 75,976</u>	<u>\$ 74,618</u>	<u>\$ 72,776</u>	<u>\$ 79,663</u>	<u>\$ 82,017</u>	<u>\$ 75,932</u>	<u>\$ 62,221</u>
District's covered employee payroll (in thousands)	<u>\$ 22,033</u>	<u>\$ 21,648</u>	<u>\$ 21,992</u>	<u>\$ 20,419</u>	<u>\$ 21,472</u>	<u>\$ 21,434</u>	<u>\$ 22,552</u>	<u>\$ 20,058</u>
District's proportionate share of the PSERS net pension liability as a percentage of its covered-employee payroll	289.95%	350.96%	339.30%	356.41%	371.01%	382.65%	336.70%	310.21%
PSERS fiduciary net position as a percentage of the PSERS total pension liability	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

**Note to schedule:**

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27* in 2015. Information for years prior to 2015 is not available for reporting.

**ABINGTON HEIGHTS SCHOOL DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION - PSERS  
SCHEDULE OF THE DISTRICT'S PSERS PENSION CONTRIBUTIONS  
YEARS ENDED JUNE 30  
(UNAUDITED)

	2022	2021	2020	2019	2018	2017	2016	2015
PSERS contractually required contribution (in thousands)	\$ 7,976	\$ 7,381	\$ 7,201	\$ 7,050	\$ 6,552	\$ 6,135	\$ 5,358	\$ 4,459
Contributions in relation to the contractually required contribution (in thousands)	<u>(7,976)</u>	<u>(7,381)</u>	<u>(7,201)</u>	<u>(7,050)</u>	<u>(6,552)</u>	<u>(6,135)</u>	<u>(5,358)</u>	<u>(4,459)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll (in thousands)	<u>\$ 22,033</u>	<u>\$ 21,648</u>	<u>\$ 21,992</u>	<u>\$ 20,419</u>	<u>\$ 21,472</u>	<u>\$ 21,434</u>	<u>\$ 22,552</u>	<u>\$ 20,058</u>
Contributions as a percentage of covered-employee payroll	36.20%	34.10%	32.74%	34.53%	30.51%	28.62%	23.76%	22.23%

**Note to schedule:**

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27* in 2015. Information for years prior to 2015 is not available for reporting.

**ABINGTON HEIGHTS SCHOOL DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS  
CHANGES IN THE TOTAL OPEB LIABILITY - DISTRICT PLAN  
YEARS ENDED JUNE 30  
(UNAUDITED)

	2022	2021	2020	2019	2018
<b>Changes in the total OPEB liability:</b>					
Service cost	\$ 966,171	\$ 642,066	\$ 648,782	\$ 624,852	\$ 620,999
Interest	268,408	352,626	305,365	318,899	212,649
Changes of benefit terms	-	(3,822)	-	6,223	-
Differences between expected and actual experience	-	1,511,287	-	(430,113)	1,289,197
Changes of assumptions	(441,360)	1,547,650	(306,752)	(738)	111,976
Benefit payments	(475,932)	(393,574)	(392,346)	(593,114)	(587,036)
Other changes	-	-	-	-	-
Net change in pension liability	317,287	3,656,233	255,049	(73,991)	1,647,785
Total OPEB liability, beginning	<u>13,722,195</u>	<u>10,065,962</u>	<u>9,810,913</u>	<u>9,884,904</u>	<u>8,237,119</u>
Total OPEB liability, ending (a)	<u>\$14,039,482</u>	<u>\$13,722,195</u>	<u>\$10,065,962</u>	<u>\$ 9,810,913</u>	<u>\$ 9,884,904</u>
Covered-employee payroll	\$20,074,459	\$20,074,459	\$18,143,624	\$18,143,624	\$18,795,497
Total OPEB liability as a percentage of covered-employee payroll	69.94%	68.36%	55.48%	54.07%	52.59%

**Note to schedule:** The District's OPEB plan has no assets accumulated in a trust in which the employer contributions are irrevocable, are dedicated to providing OPEB to plan members, or are legally protected from creditors.

**ABINGTON HEIGHTS SCHOOL DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION - OPEB  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE PSERS NET OPEB LIABILITY  
YEARS ENDED JUNE 30  
(UNAUDITED)

	2022	2021	2020	2019	2018
District's proportion of the PSERS net OPEB liability	0.1556%	0.1543%	0.1595%	0.1516%	0.1613%
District's proportionate share of the PSERS net OPEB liability (in thousands)	<u>\$ 3,684</u>	<u>\$ 3,332</u>	<u>\$ 3,392</u>	<u>\$ 3,161</u>	<u>\$ 3,286</u>
District's covered employee payroll (in thousands)	<u>\$ 22,033</u>	<u>\$ 21,648</u>	<u>\$ 21,992</u>	<u>\$ 20,419</u>	<u>\$ 21,472</u>
District's proportionate share of the PSERS net OPEB liability as a percentage of its covered-employee payroll	16.72%	15.39%	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the PSERS net OPEB liability	5.30%	5.69%	5.56%	5.56%	5.73%

**Note to schedule:**

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in 2018. Information for years prior to 2018 is not available for reporting.

**ABINGTON HEIGHTS SCHOOL DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION - OPEB  
SCHEDULE OF THE DISTRICT'S PSERS OPEB CONTRIBUTIONS  
YEARS ENDED JUNE 30  
(UNAUDITED)

	2022	2021	2020	2019	2018
PSERS contractually required contribution (in thousands)	\$ 188	\$ 181	\$ 181	\$ 181	\$ 168
Contributions in relation to the contractually required contribution (in thousands)	<u>(188)</u>	<u>(181)</u>	<u>(181)</u>	<u>(181)</u>	<u>(168)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll (in thousands)	<u>\$ 22,033</u>	<u>\$ 21,648</u>	<u>\$ 21,992</u>	<u>\$ 20,419</u>	<u>\$ 21,472</u>
Contributions as a percentage of covered-employee payroll	0.85%	0.84%	0.82%	0.89%	0.78%

**Note to schedule:**

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in 2018. Information for years prior to 2018 is not available for reporting.



**ABINGTON HEIGHTS SCHOOL DISTRICT**

SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2022

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>LOCAL SOURCES:</b>			
Taxes:			
Real estate	\$ 26,247,066	\$ 26,943,018	\$ 695,952
Public utility realty tax	31,000	32,216	1,216
Payments in lieu of taxes	17,000	19,592	2,592
Act 511:			
Earned income	4,150,000	4,887,217	737,217
Real estate transfer	500,000	774,711	274,711
Local services tax	53,000	51,189	(1,811)
Delinquent tax collections	1,050,000	961,032	(88,968)
Total taxes	32,048,066	33,668,975	1,620,909
Earnings on investments	90,000	137,658	47,658
Student activities	50,000	69,241	19,241
Revenue from local governments	-	14,400	14,400
Revenue from intermediary sources	485,000	541,391	56,391
Rentals	30,000	17,665	(12,335)
Tuition	40,000	1,239	(38,761)
Community service	5,000	-	(5,000)
Miscellaneous	50,000	37,137	(12,863)
Total local sources	32,798,066	34,487,706	1,689,640
<b>STATE SOURCES:</b>			
Basic instructional subsidy	6,583,092	6,768,431	185,339
Basic education - social security	868,211	814,926	(53,285)
Tuition for orphans and children placed in private homes	10,000	41,822	31,822
Special education	1,757,164	1,825,843	68,679
Transportation	900,000	858,323	(41,677)
Nonpublic transportation	65,000	118,965	53,965
Rental and sinking fund payments	3,054	3,398	344
Health services	60,000	68,108	8,108
State property tax reduction allocation	817,717	817,717	-
Ready to learn block grant	294,812	294,812	-
State share of retirement contributions	3,704,164	4,101,384	397,220
Total state sources	15,063,214	15,713,729	650,515

**ABINGTON HEIGHTS SCHOOL DISTRICT**

SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2022

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FEDERAL SOURCES:			
IDEA Part B (COVID SECIM)	-	1,659	1,659
ESEA, Title I - Improving the Academic Achievement of the Disadvantaged	450,000	578,307	128,307
ESEA, Title II - Preparation, Training, and Recruiting Highly Qualified Teachers and Principals	75,000	86,450	11,450
ESEA, Title IV - Student Support and Academic Enrichment	20,000	24,557	4,557
Elementary and Secondary School Emergency Relief Fund (ESSER)	-	4,568	4,568
Elementary and Secondary School Emergency Relief Fund (ESSER II)	640,000	585,098	(54,902)
Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	780,000	640,834	(139,166)
Other CARES Act and CRRSA Act Funding	-	-	-
ARP ESSER Learning Loss Set Aside	-	100,593	100,593
ARP ESSER Summer Programs Set Aside	-	25,995	25,995
ARP ESSER Afterschool Programs Set Aside	-	4,888	4,888
Medical Assistance Reimbursement	175,000	232,996	57,996
MA Admin Claims	-	18,718	18,718
	<u>2,140,000</u>	<u>2,304,663</u>	<u>164,663</u>
Total federal sources	<u>2,140,000</u>	<u>2,304,663</u>	<u>164,663</u>
 TOTAL REVENUES	 <u>\$ 50,001,280</u>	 <u>\$ 52,506,098</u>	 <u>\$ 2,504,818</u>

**ABINGTON HEIGHTS SCHOOL DISTRICT**

SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2022

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
INSTRUCTION:			
Regular programs:			
Salaries	\$ 14,973,105	\$ 14,926,753	\$ 46,352
Employee benefits	10,261,716	10,022,422	239,294
Purchased professional and technical services	528,531	291,391	237,140
Purchased property services	279,723	91,702	188,021
Other purchased services	1,387,916	1,308,903	79,013
Supplies	795,286	1,098,509	(303,223)
Property	-	-	-
Total	<u>28,226,277</u>	<u>27,739,680</u>	<u>486,597</u>
Special programs:			
Salaries	3,187,346	3,214,282	(26,936)
Employee benefits	1,909,679	1,882,648	27,031
Purchased professional and technical services	695,000	573,599	121,401
Purchased property services	331	632	(301)
Other purchased services	533,982	1,317,643	(783,661)
Supplies	<u>124,680</u>	<u>82,504</u>	<u>42,176</u>
Total	<u>6,451,018</u>	<u>7,071,308</u>	<u>(620,290)</u>
Vocational education programs,			
Other purchased services	<u>325,000</u>	<u>357,136</u>	<u>(32,136)</u>
Other instructional programs:			
Salaries	62,000	66,366	(4,366)
Employee benefits	26,406	27,510	(1,104)
Other purchased services	<u>33,500</u>	<u>49,025</u>	<u>(15,525)</u>
Total	<u>121,906</u>	<u>142,901</u>	<u>(20,995)</u>
Nonpublic school programs:			
Purchased professional and technical services	-	7,718	(7,718)
Other purchased services	-	2,630	(2,630)
Supplies	<u>790</u>	<u>3,732</u>	<u>(2,942)</u>
Total	<u>790</u>	<u>14,080</u>	<u>(13,290)</u>
TOTAL INSTRUCTION	<u>35,124,991</u>	<u>35,325,105</u>	<u>(200,114)</u>

**ABINGTON HEIGHTS SCHOOL DISTRICT**

SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2022

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>SUPPORT SERVICES:</b>			
Pupil personnel:			
Salaries	1,424,477	1,426,255	(1,778)
Employee benefits	964,918	940,173	24,745
Purchased professional and technical services	340,400	305,907	34,493
Purchased property services	7,108	4,575	2,533
Other purchased services	-	588	(588)
Supplies	28,300	388	27,912
Total	2,765,203	2,677,886	87,317
Instructional staff:			
Salaries	293,369	265,830	27,539
Employee benefits	401,355	339,062	62,293
Purchased professional and technical services	43,840	61,567	(17,727)
Purchased property services	1,194	2,099	(905)
Other purchased services	5,398	3,166	2,232
Supplies	45,580	14,689	30,891
Total	790,736	686,413	104,323
Administration:			
Salaries	1,345,332	1,328,644	16,688
Employee benefits	841,859	820,458	21,401
Purchased professional and technical services	433,840	313,506	120,334
Purchased property services	15,646	26,293	(10,647)
Other purchased services	80,714	56,412	24,302
Supplies	48,853	43,266	5,587
Other objects	16,700	16,537	163
Total	2,782,944	2,605,116	177,828
Pupil health:			
Salaries	438,070	431,777	6,293
Employee benefits	276,968	264,615	12,353
Purchased professional and technical services	-	1,145	(1,145)
Purchased property services	304	534	(230)
Other purchased services	880	580	300
Supplies	8,500	13,072	(4,572)
Total	724,722	711,723	12,999

**ABINGTON HEIGHTS SCHOOL DISTRICT**

**SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2022**

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Business:			
Salaries	291,485	290,208	1,277
Employee benefits	213,865	208,068	5,797
Purchased professional and technical services	70,000	30,069	39,931
Purchased property services	2,061	3,612	(1,551)
Other purchased services	1,955	1,399	556
Supplies	10,000	15,142	(5,142)
Other objects	-	-	-
Total	589,366	548,498	40,868
Operation and maintenance of plant services:			
Salaries	784,461	796,165	(11,704)
Employee benefits	590,474	572,266	18,208
Purchased professional and technical services	90,000	72,353	17,647
Purchased property services	1,387,000	1,627,047	(240,047)
Other purchased services	250,891	264,492	(13,601)
Supplies	1,006,000	1,115,514	(109,514)
Property	90,000	33,727	56,273
Other objects	-	-	-
Total	4,198,826	4,481,564	(282,738)
Student transportation services:			
Salaries	152,801	133,791	19,010
Employee benefits	84,726	73,969	10,757
Purchased professional and technical services	3,500	2,930	570
Purchased property services	-	12,315	(12,315)
Other purchased services	2,169,333	2,299,010	(129,677)
Supplies	95,000	16,938	78,062
Other objects	-	-	-
Total	2,505,360	2,538,953	(33,593)
Central:			
Salaries	263,293	290,601	(27,308)
Employee benefits	185,437	195,866	(10,429)
Purchased professional and technical services	51,860	29,581	22,279
Purchased property services	2,001	3,506	(1,505)
Other purchased services	1,007	2,495	(1,488)
Supplies	-	20,640	(20,640)
Total	503,598	542,689	(39,091)

**ABINGTON HEIGHTS SCHOOL DISTRICT**

**SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2022**

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Other support services, Other purchased services	<u>60,000</u>	<u>57,435</u>	<u>2,565</u>
TOTAL SUPPORT SERVICES	<u>14,920,755</u>	<u>14,850,277</u>	<u>70,478</u>
NONINSTRUCTIONAL SERVICES:			
Student activities:			
Salaries	436,068	423,027	13,041
Employee benefits	207,024	190,015	17,009
Purchased professional and technical services	24,500	44,669	(20,169)
Purchased property services	9,000	-	9,000
Other purchased services	52,500	99,221	(46,721)
Supplies	78,250	118,818	(40,568)
Property	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>807,342</u>	<u>875,750</u>	<u>(68,408)</u>
Community services:			
Salaries	28,088	9,102	18,986
Employee benefits	11,963	8,607	3,356
Purchased professional and technical services	4,200	4,295	(95)
Supplies	<u>28,000</u>	<u>19,577</u>	<u>8,423</u>
Total	<u>72,251</u>	<u>41,581</u>	<u>30,670</u>
TOTAL NONINSTRUCTIONAL SERVICES	<u>879,593</u>	<u>917,331</u>	<u>(37,738)</u>
DEBT SERVICE	<u>207,535</u>	<u>207,535</u>	<u>-</u>
REFUND OF PRIOR YEAR REVENUES	<u>-</u>	<u>20,114</u>	<u>(20,114)</u>
OTHER FINANCING USES:			
Fund transfers	699,069	1,184,405	(485,336)
Budgetary Reserve	<u>605,000</u>	<u>-</u>	<u>605,000</u>
TOTAL OTHER FINANCING USES	<u>1,304,069</u>	<u>1,184,405</u>	<u>119,664</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 52,436,943</u>	<u>\$ 52,504,767</u>	<u>\$ (67,824)</u>