

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**FINANCIAL REPORT**

**June 30, 2023**

**BUCKNO  
LISICKY**   
**& COMPANY**

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*A Professional Corporation*

**Certified Public Accountants | Business Consultants**

# SALISBURY TOWNSHIP SCHOOL DISTRICT

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## Table of Contents

June 30, 2023

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed Accordance with Government Auditing Standards</b>	4
<b>Management Discussion and Analysis</b>	6
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of net position	15
Statement of activities	16
Fund Financial Statements:	
Balance sheet, governmental funds	18
Reconciliation of governmental funds balance sheet to statement of net position	19
Statement of revenues, expenditures and changes in fund balances, governmental funds	21
Reconciliation of statement of revenues, expenditures and changes in fund balances to statement of activities	22
Statement of net position, proprietary fund	24
Statement of revenues, expenses and changes in net position, proprietary fund	25
Statement of cash flows, proprietary fund	26
Statement of net position, fiduciary funds	28
Statement of changes in net position, fiduciary funds	29
Notes to financial statements	30
<b>Required Supplementary Information:</b>	
Statement of revenues, expenditures and changes in fund balances, budget and actual, general fund	69
<i>PSERS Pension Plan</i>	
Schedule of proportionate share of net pension liability	71
Schedule of contributions	72
<i>PSERS Health Insurance Premium Assistance Program</i>	
Schedule of proportionate share of net OPEB liability	73
Schedule of contributions	74
<i>Salisbury Township School District Post Retirement Benefits Plan</i>	
Schedule of net OPEB liability and related ratios	75

# **SALISBURY TOWNSHIP SCHOOL DISTRICT**

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## **Table of Contents**

**June 30, 2023**

	<b><u>Page</u></b>
<b>Single Audit Section:</b>	
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	77
Schedule of Expenditures of Federal Awards	80
Notes to Schedule of Expenditures of Federal Awards	81
Schedule of Findings and Questioned Costs:	
Summary of Auditors' Results	82
Financial Statement Findings	83
Federal Award Findings and Questioned Costs	83
Prior Year Audit Findings and Questioned Costs as Prepared by Management	83



## INDEPENDENT AUDITORS' REPORT

To the Board of School Directors  
Salisbury Township School District  
Allentown, Pennsylvania

### Report on Audit of the Financial Statements

#### Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Salisbury Township School District, Allentown, Pennsylvania as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Salisbury Township School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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 Salisbury Township School District's ability to continue as a going concern for twelve months beyond the

financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **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 auditors' 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 Salisbury Township School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Salisbury Township School District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the postemployment benefit plan information, pension plan information and the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an

opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2024 on our consideration of the Salisbury Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Salisbury Township School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Salisbury Township School District's internal control over financial reporting and compliance.

*Buchno Lisicky + Company*

Allentown, Pennsylvania  
January 23, 2024



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

To the Board of School Directors  
Salisbury Township School District  
Allentown, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Salisbury Township School District, Allentown, Pennsylvania, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Salisbury Township School District's basic financial statements, and have issued our report thereon dated January 23, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

### Purpose of this Report

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

*Buchno Lisicky + Company*

Allentown, Pennsylvania  
January 23, 2024



## **SALISBURY TOWNSHIP SCHOOL DISTRICT**

### **Management's Discussion and Analysis (Unaudited)**

**June 30, 2023**

The management's discussion and analysis of the Salisbury Township School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance.

#### **FINANCIAL HIGHLIGHTS**

- As of June 30, 2023, the Salisbury Township School District's current assets equal \$28,968,625 and non-current assets equal \$48,201,098. Total deferred outflows of resources equal \$9,831,037 (deferred charge on refunding, pension and other post-employment benefits). Total liabilities equal \$102,492,542. Total deferred inflows of resources equal \$10,358,497 (pension and other post-employment benefits). The net position (total assets and deferred outflows of resources less liabilities and deferred inflows of resources) equals \$(25,850,279).
- As of June 30, 2023, the total fund balance, in all governmental funds was \$22,775,203. The General Operating Fund comprised \$17,684,587 of that total; Capital Projects \$4,940,195; Capital Reserve \$150,421.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of Government-Wide Financial Statements, Fund Financial Statements and the Notes to Financial Statements. In addition, other required information supplementary to the basic financial statements is provided.

#### **Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Capital Reserve Fund and Capital Projects Fund. Business-type activities reflect the Food Service Fund.

## **SALISBURY TOWNSHIP SCHOOL DISTRICT**

### **Management's Discussion and Analysis (Unaudited)**

**June 30, 2023**

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#### **Fund Financial Statements**

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds, proprietary funds and fiduciary funds.*

*Governmental funds* account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains three individual governmental funds. The major funds are the General Fund, Capital Projects Fund and Capital Reserve Fund.

The School District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided to demonstrate compliance with budgetary requirements.

*Proprietary funds* are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District's one enterprise fund (Food Service Fund) is listed individually and is considered to be a major fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

#### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

# SALISBURY TOWNSHIP SCHOOL DISTRICT

## Management's Discussion and Analysis (Unaudited)

June 30, 2023

### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Table 1 provides a summary of the School District's primary government (governmental and business-type activities) net position for fiscal year 2023 compared to fiscal year 2022.

**Table 1**  
**Summary of Net Position - Primary Government**

	June 30, <u>2023</u>	June 30, <u>2022</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b>Assets</b>				
Current Assets	\$ 28,968,625	\$ 18,023,656	\$ 10,944,969	60.7%
Non-Current Assets	48,201,098	49,472,132	(1,271,034)	-2.6%
Total Assets	<u>77,169,723</u>	<u>67,495,788</u>	<u>9,673,935</u>	<u>14.3%</u>
<b>Deferred Outflows of Resources</b>	<u>9,831,037</u>	<u>8,086,033</u>	<u>1,745,004</u>	<u>21.6%</u>
<b>Liabilities</b>				
Current Liabilities	7,842,397	4,555,368	3,287,029	72.2%
Long-term Liabilities	94,650,145	85,040,795	9,609,350	11.3%
Total Liabilities	<u>102,492,542</u>	<u>89,596,163</u>	<u>12,896,379</u>	<u>14.4%</u>
<b>Deferred Inflows of Resources</b>	<u>10,358,497</u>	<u>18,293,995</u>	<u>(7,935,498)</u>	<u>-43.4%</u>
<b>Net Position</b>				
Net Investment in Capital Assets	9,460,831	12,099,022	(2,638,191)	-21.8%
Restricted	5,090,616	712,267	4,378,349	614.7%
Unrestricted	(40,401,726)	(45,119,626)	4,717,900	-10.5%
Total Net Position	<u>\$ (25,850,279)</u>	<u>\$ (32,308,337)</u>	<u>\$ 6,458,058</u>	<u>-20.0%</u>

# SALISBURY TOWNSHIP SCHOOL DISTRICT

## Management's Discussion and Analysis (Unaudited)

June 30, 2023

Table 2 shows the changes in the School District's primary government (governmental and business-type activities) net position for fiscal year 2023 compared to fiscal year 2022.

**Table 2**  
**Summary of Changes in Net Position - Primary Government**

	June 30, <u>2023</u>	June 30, <u>2022</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b>Revenues:</b>				
Program Revenues:				
Charges for Services	\$ 252,787	\$ 715,241	\$ (462,454)	-64.7%
Operating Grants and Contributions	7,792,141	8,288,067	(495,926)	-6.0%
General Revenues:				
Taxes	33,344,764	31,257,015	2,087,749	6.7%
Grants and Contributions - unrestricted	4,032,734	3,762,212	270,522	7.2%
Other Income	921,774	781,423	140,351	18.0%
<b>Total Revenues</b>	<b>46,344,200</b>	<b>44,803,958</b>	<b>1,540,242</b>	<b>3.4%</b>
<b>Function/Program Expenditures:</b>				
Instruction	20,093,946	19,513,333	580,613	3.0%
Support services	12,741,748	11,402,026	1,339,722	11.7%
Operation of noninstructional services	821,108	1,013,854	(192,746)	-19.0%
Facilities	70,074	-	70,074	100%
Unallocable depreciation	2,449,053	-	2,449,053	100%
Interest on long-term debt	775,585	1,336,678	(561,093)	-42.0%
Other	544,779	-	544,779	100%
Food Service	852,438	650,683	201,755	31.0%
<b>Total Expenses</b>	<b>38,348,731</b>	<b>33,916,574</b>	<b>4,432,157</b>	<b>13.1%</b>
<b>Change in net position</b>	<b>7,995,469</b>	<b>10,887,384</b>	<b>(2,891,915)</b>	<b>26.6%</b>
Net Position - Beginning, as previously reported	(32,308,337)	(43,195,721)	10,887,384	25.2%
Prior period adjustment	(1,537,411)	-	(1,537,411)	100%
Net Position - Beginning, as restated	(33,845,748)	(43,195,721)	9,349,973	21.6%
<b>Net Position - Ending</b>	<b>\$ (25,850,279)</b>	<b>\$ (32,308,337)</b>	<b>\$ 6,458,058</b>	<b>20.0%</b>

### Governmental Activities

During the fiscal year 2023, the net position of governmental activities increased by \$7,922,048 or 23.23%, to \$(26,182,339) compared to a increase of \$10,655,069 or 24.95% in fiscal year 2022.

At June 30, 2023, the District's governmental activities had an unrestricted deficit net position in the amount of \$(40,697,358), an increase of \$4,151,166 from the prior year. The deficit in unrestricted net position is primarily due to accounting treatment for GASB 68 net pension liability and GASB 75 other post-employment benefits. Table 3 shows the School District's governmental activities unrestricted net position had GASB 68 and 75 not been implemented:

# SALISBURY TOWNSHIP SCHOOL DISTRICT

## Management's Discussion and Analysis (Unaudited) June 30, 2023

**Table 3**  
**Unrestricted Net Position (without GASB 68 and 75)**

Unrestricted Net Position - Governmental Activities	\$ (40,697,358)
PSERS Pension:	
Add back: Pension Liability	44,325,000
Less: Deferred Outflows related to pensions	(8,979,384)
Add back: Deferred Inflows related to pensions	5,561,000
OPEB:	
Add back: OPEB Liability	7,579,881
Less: Deferred Outflows related to OPEB	(851,653)
Add back: Deferred Inflows related to OPEB	<u>4,797,497</u>
Unrestricted Net Position (Without GASB 68 & 75)	<u>\$ 11,734,983</u>

### **Business-type Activities**

During the fiscal year 2023, the net position of business-type activities increased by \$499,809 or 297.95%.

The assets of the business-type activities exceeded liabilities by \$332,060.

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

#### **Governmental Funds**

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$22,775,203, an increase of \$9,860,371 from the prior year.

*General fund* - During the current fiscal year, the fund balance of the School District's general fund increased by \$5,482,022 or 44.93% to \$17,684,587 at June 30, 2023. The primary factor(s) affecting the decrease in fund balance of the general fund is as follows:

- *Total general fund revenues increased by \$2,591,884 from the prior year. Local revenues, mostly from taxes, increased \$3,188,585 or 10.0%. State revenues increased \$1,428,093 or 17.9%. Federal revenues decreased \$2,024,794 or -63.0%.*
- *Total expenditures increased \$977,581 or 2.5% from \$39,178,269, in the prior year to \$40,155,850 in the current year.*

*Capital Projects fund* - During the current fiscal year, the fund balance of the School District's capital projects fund increased by \$4,378,267 or 779.15% to \$4,940,195 at June 30, 2023. The primary factor(s) affecting the change in fund balance of the capital projects fund is as follows:

## **SALISBURY TOWNSHIP SCHOOL DISTRICT**

### **Management's Discussion and Analysis (Unaudited)**

**June 30, 2023**

- *The School District issued \$7,805,000 in bonds to finance various capital projects. This amount is shown as revenues or other financing sources.*
- *The School District had \$3,346,170 in capital expenditures during the fiscal year. Of the amount, \$119,728 was bond issuance costs.*

*Capital Reserve fund* – During the current fiscal year, the fund balance of the School District's capital reserve fund increased by \$82 or .05% to \$150,339 at June 30, 2023. The primary factor(s) affecting the change in fund balance of the capital reserve fund is as follows:

- *There were \$598 in capital reserve expenditures in fiscal year 2023.*
- *Interest earnings were \$680 in fiscal year 2023.*

### **Proprietary Funds**

#### *Food Service Fund*

During the current fiscal year, the net position of the School District's food service fund increased by \$499,809 or 298.0% to \$332,060 at June 30, 2023. The primary factor(s) affecting the change in net position of the food service fund is as follows:

- *Operating revenues increased by \$180,892 from the prior year. Operating expenses decreased \$224,633 from the prior year. The decrease is mostly due to the cancellation of prior year deferred outflows related to pension and OPEB.*
- *Nonoperating revenues decreased by \$138,031.*

### **General Fund Budgetary Highlights**

Pennsylvania Department of Education regulations require the Board of Education to authorize revisions to the original budget throughout the course of the fiscal year to accommodate differences from the original budget to the actual expenditures.

Final budgeted revenues including budgeted other financing sources was \$41,391,526, which was equal to the original budget. The School District's actual revenues and other financing sources of \$45,637,872 exceeded budgeted revenues by \$4,246,346.

Final budgeted appropriations including other financing uses was \$41,746,526 which was equal to the original budget. The School District's actual expenditures and other financing uses of \$40,155,850 were \$1,590,676 less than budgeted appropriations.

A detailed schedule of the School District's budgetary vs. actual revenues and expenses, as listed in the table of contents can be found in this report.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The School District's capital assets for its governmental and business-type activities as of June 30, 2023, totaled \$48,201,098 (net of accumulated depreciation). Capital assets includes land, construction in progress, land improvements, buildings and improvements, vehicles and equipment. The School District's

# SALISBURY TOWNSHIP SCHOOL DISTRICT

## Management's Discussion and Analysis (Unaudited)

June 30, 2023

"Net Investment in Capital Assets" component of net position represents capital assets and leases (including subscription leases) net of accumulated depreciation and amortization less any outstanding debt associated with the capital assets and leases. There was a net decrease in the School District's net investment in capital assets for the current fiscal year in the amount of \$2,629,884. Table 4 shows fiscal 2023 balances compared to 2022.

**Table 4**  
**Summary of Capital Assets**

<u>Capital Asset (Net of Depreciation):</u>	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 492,022	\$ 492,022	\$ -	0.0%
Construction in Progress	3,043,261	-	3,043,261	100.0%
Land Improvements	1,084,425	1,106,944	(22,519)	-2.0%
Building and Improvements	39,454,379	40,885,950	(1,431,571)	-3.5%
Vehicles	19,783	41,662	(21,879)	-52.5%
Machinery and Equipment	4,107,228	4,886,709	(779,481)	-16.0%
	<u>\$ 48,201,098</u>	<u>\$ 47,413,287</u>	<u>\$ 787,811</u>	<u>1.7%</u>

Depreciation expense for governmental and business-type activities for the year was \$2,454,848. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 6) of this report.

### **Debt Administration**

**Long-term debt** – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$43,245,000, which is a increase of \$7,685,000 from the prior year. The increase is mostly due to the \$7,805,000 issuance of debt during the fiscal year

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

### **ECONOMIC FACTORS AND FUTURE OUTLOOK**

The District expects minimal growth in the near future as the economy continues to be stable. Act 1 of 2006 and its amendments of 2011 limits the ability of school districts to increase taxes. Additionally, there are no significant alternative funding sources available to the District.

Health insurance premiums increased 11 percent during the 2022 - 2023 and 2023-2024 school years mainly due to the Health Care Consortium utilizing some of their rate stabilization funds in prior years. Health insurance is expected to continue to increase in future years to fund the rate stabilization fund, however the increases will be on a smaller scale as rate stabilization fund balance has been increased due to the increases recognized during the last two years. In addition, contributions to the Pennsylvania School Employee's Retirement System were 35.26 percent for 2022 - 2023 and 34.94 percent for 2021 - 2022. The PSERS rate is projected to continually rise in the near future. The five-year projected rates are: 34.00 percent in 2023 - 2024, 33.90 percent in 2024 - 2025, 34.72 percent in 2025 - 2026, 35.41 percent in 2026

## **SALISBURY TOWNSHIP SCHOOL DISTRICT**

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### **Management's Discussion and Analysis (Unaudited)**

**June 30, 2023**

– 2027 and 35.94 percent in 2027-2028. The "Pension Reform Act," Act 120 of 2010, was signed into law during November 2010. This legislation provides numerous changes to the current PSERS system, primarily for new employees beginning on July 1, 2010. While this Act provides a new structure for management of increased contribution rates for future years, the impact will continue to be significant for a school district the size of Salisbury Township.

The School Board has been assessing the capital improvement needs for the District since early 2002. On December 2, 2020, the Board passed a resolution to issue debt at a future date. The purpose of this resolution was to restructure the District's current debt service to provide the District with budget flexibility and to create budget surpluses to rebuild the District fund balance.

The District continues to assess the capital improvement needs of the District and has already taken action to issue debt in the 2022 - 2023 school year and then again in the 2023-2024 school year, and the School Board is looking to the future and planning for building updates/renovations using a combination of fund balance and energy savings financing to improve the overall learning experience of the students.

The budget for the 2022 - 2023 year is \$41,391,526, which is an increase of \$1,445,134 more than the original budget for 2021 - 2022, which was \$39,946,392. The real estate tax increased .7183 mills from 21.1259 mills to a millage rate of 21.8441 mills. This represents a 3.4 percent increase. The Act 1 Index allowed for a millage increase of 3.4 percent.

Continued state and federal funding cuts have a significant negative impact on the District and its future planning. While state and federal revenue streams have decreased, the educational needs of students and mandated programs continue to increase. Future budgets will require the School Board and administration to work diligently to find solutions that will provide continued academic excellence in the programs we offer and, at the same time, staff and program cuts may become necessary due to the declining revenue base.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the Business Office, Salisbury Township School District, 1140 Salisbury Road, Allentown, PA 18103.



## **BASIC FINANCIAL STATEMENTS**

**SALISBURY TOWNSHIP SCHOOL DISTRICT****Statement of Net Position**

June 30, 2023

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 25,473,642	\$ 482,329	\$ 25,955,971
Taxes receivable	1,068,268	-	1,068,268
Due from other governments	1,520,273	46,162	1,566,435
Internal balances	230,571	(230,571)	-
Other receivables	132,119	-	132,119
Inventories	-	36,201	36,201
Prepaid expenses	41,727	-	41,727
Right to use subscription assets, net of amortization	167,904	-	167,904
Capital assets not being depreciated	3,535,283	-	3,535,283
Capital assets, net of accumulated depreciation	<u>44,629,387</u>	<u>36,428</u>	<u>44,665,815</u>
<b>TOTAL ASSETS</b>	<b><u>76,799,174</u></b>	<b><u>370,549</u></b>	<b><u>77,169,723</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows, Pension	8,979,384	-	8,979,384
Deferred outflows, OPEB - PSERS	457,801	-	457,801
Deferred outflows, OPEB - Other	393,852	-	393,852
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>9,831,037</u></b>	<b><u>-</u></b>	<b><u>9,831,037</u></b>
<b>LIABILITIES</b>			
Accounts payable	1,360,026	30,070	1,390,096
Accrued salaries and benefits	3,830,988	-	3,830,988
Accrued interest payable	259,353	-	259,353
Unearned revenues	-	8,419	8,419
Long-term liabilities:			
Due within one year	2,353,541	-	2,353,541
Due in more than one year	<u>94,650,145</u>	<u>-</u>	<u>94,650,145</u>
<b>TOTAL LIABILITIES</b>	<b><u>102,454,053</u></b>	<b><u>38,489</u></b>	<b><u>102,492,542</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows, Pension	5,561,000	-	5,561,000
Deferred inflows, OPEB - PSERS	746,000	-	746,000
Deferred inflows, OPEB - Other	<u>4,051,497</u>	<u>-</u>	<u>4,051,497</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>10,358,497</u></b>	<b><u>-</u></b>	<b><u>10,358,497</u></b>
<b>NET POSITION</b>			
Net investment in capital assets	9,424,403	36,428	9,460,831
Restricted for capital projects	5,090,616	-	5,090,616
Unrestricted	<u>(40,697,358)</u>	<u>295,632</u>	<u>(40,401,726)</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ (26,182,339)</u></b>	<b><u>\$ 332,060</u></b>	<b><u>\$ (25,850,279)</u></b>

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Statement of Activities**

**Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
<b>GOVERNMENTAL ACTIVITIES</b>						
Instruction:						
Regular programs	\$ 11,743,043	\$ 13,936	\$ 2,842,289	\$ (8,886,818)	\$ -	\$ (8,886,818)
Special programs	6,594,553	-	2,360,490	(4,234,063)	-	(4,234,063)
Vocational programs	1,217,405	-	-	(1,217,405)	-	(1,217,405)
Other instructional programs	272,145	-	6,657	(265,488)	-	(265,488)
Nonpublic school programs	121,188	-	-	(121,188)	-	(121,188)
Adult education programs	145,612	-	-	(145,612)	-	(145,612)
Support services:						
Pupil personnel services	1,414,847	-	175,043	(1,239,804)	-	(1,239,804)
Instructional staff services	969,737	-	102,356	(867,381)	-	(867,381)
Administrative services	2,898,514	-	313,303	(2,585,211)	-	(2,585,211)
Pupil health	519,962	-	90,358	(429,604)	-	(429,604)
Business services	604,154	-	80,860	(523,294)	-	(523,294)
Operation and maintenance of plant	2,885,952	-	241,432	(2,644,520)	-	(2,644,520)
Student transportation services	2,817,932	-	614,005	(2,203,927)	-	(2,203,927)
Central	600,295	-	83,949	(516,346)	-	(516,346)
Other support services	30,355	-	-	(30,355)	-	(30,355)
Operation of noninstructional services:						
Student activities	820,904	-	114,000	(706,904)	-	(706,904)
Community services	204	-	-	(204)	-	(204)
Scholarships and Awards	-	-	-	-	-	-
Facilities acquisition, construction and improvement services	70,074	-	-	(70,074)	-	(70,074)
Unallocable compensated absences	(185,397)	-	-	185,397	-	185,397
Unallocable depreciation	2,449,053	-	-	(2,449,053)	-	(2,449,053)
Interest on long-term debt	775,585	-	94,427	(681,158)	-	(681,158)
Refund of prior year revenue	730,176	-	-	(730,176)	-	(730,176)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>37,496,293</b>	<b>13,936</b>	<b>7,119,169</b>	<b>(30,363,188)</b>	<b>-</b>	<b>(30,363,188)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>						
Food service	852,438	238,851	672,972	-	59,385	59,385

See Notes to Financial Statements.

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Statement of Activities**

**Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>TOTAL</b>	<b>\$ 38,348,731</b>	<b>\$ 252,787</b>	<b>\$ 7,792,141</b>	<b>(30,363,188)</b>	<b>59,385</b>	<b>(30,303,803)</b>
GENERAL REVENUES						
Taxes:						
Real estate				28,523,241	-	28,523,241
Income				3,164,126	-	3,164,126
Other				1,657,397	-	1,657,397
Grants and contributions not restricted to specific programs				4,032,734	-	4,032,734
Investment earnings				798,158	12,498	810,656
Other income				109,580	1,538	111,118
				<u>38,285,236</u>	<u>14,036</u>	<u>38,299,272</u>
				<b>7,922,048</b>	<b>73,421</b>	<b>7,995,469</b>
CHANGE IN NET POSITION						
NET POSITION, JULY 1, 2022, as previously reported				(32,045,542)	(262,795)	(32,308,337)
Prior period adjustment				(2,058,845)	521,434	(1,537,411)
NET POSITION, JULY 1, 2022, as restated				<u>(34,104,387)</u>	<u>258,639</u>	<u>(33,845,748)</u>
<b>NET POSITION, JUNE 30, 2023</b>				<b>\$ (26,182,339)</b>	<b>\$ 332,060</b>	<b>\$ (25,850,279)</b>

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Balance Sheet**

**Governmental Funds**

**June 30, 2023**

	<u>General</u>	<u>Capital Projects</u>	<u>Capital Reserve</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,344,480	\$ 4,972,351	\$ 156,811	\$ 25,473,642
Taxes receivable	1,068,268	-	-	1,068,268
Due from other funds	236,961	-	-	236,961
Due from other governments	1,520,273	-	-	1,520,273
Other receivables	132,119	-	-	132,119
Prepaid expenditures	41,727	-	-	41,727
<b>TOTAL ASSETS</b>	<b><u>\$ 23,343,828</u></b>	<b><u>\$ 4,972,351</u></b>	<b><u>\$ 156,811</u></b>	<b><u>\$ 28,472,990</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,327,870	\$ 32,156	\$ -	\$ 1,360,026
Accrued salaries and benefits	3,830,988	-	-	3,830,988
Due to other funds	-	-	6,390	6,390
<b>TOTAL LIABILITIES</b>	<b><u>5,158,858</u></b>	<b><u>32,156</u></b>	<b><u>6,390</u></b>	<b><u>5,197,404</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned/Unavailable Property Taxes	500,383	-	-	500,383
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>500,383</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>500,383</u></b>
<b>FUND BALANCES</b>				
Restricted	-	4,940,195	150,421	5,090,616
Nonspendable	41,727	-	-	41,727
Assigned	250,000	-	-	250,000
Committed	14,000,000	-	-	14,000,000
Unassigned	3,392,860	-	-	3,392,860
<b>TOTAL FUND BALANCES</b>	<b><u>17,684,587</u></b>	<b><u>4,940,195</u></b>	<b><u>150,421</u></b>	<b><u>22,775,203</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 23,343,828</u></b>	<b><u>\$ 4,972,351</u></b>	<b><u>\$ 156,811</u></b>	<b><u>\$ 28,472,990</u></b>

**SALISBURY TOWNSHIP SCHOOL DISTRICT****Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2023**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 22,775,203**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets and the accumulated depreciation are as follows:

Cost of assets	\$ 96,451,202	
Accumulated depreciation	<u>(48,286,532)</u>	
		48,164,670

Right to use subscription assets used in governmental activities are not financial resources and therefore are not reported in the funds

Right to use subscription assets	209,880	
Accumulated amortization	<u>(41,976)</u>	
		167,904

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 500,383

Deferred inflows and outflows of resources related to pensions, other post employment benefits and deferred charges on debt refundings are not reported in governmental funds

Deferred Outflows Related to Pensions	8,979,384
Deferred Inflows Related to Pensions	(5,561,000)
Deferred Outflows Related to OPEB - PSERS	457,801
Deferred Inflows Related to OPEB - PSERS	(746,000)
Deferred Outflows Related to OPEB - Other	393,852
Deferred Inflows Related to OPEB - Other	(4,051,497)

Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds. (259,353)

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds.

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

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

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Bonds payable	43,245,000	
Deferred bond issue premium	398,279	
OPEB - PSERS	1,830,000	
OPEB - Other	5,749,881	
Compensated absences	1,218,283	
Net pension liability	44,325,000	
Financed purchases	69,339	
Subscriptions	<u>167,904</u>	
		<u>(97,003,686)</u>

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ (26,182,339)**

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**  
**Year Ended June 30, 2023**

	<u>General</u>	<u>Capital Projects</u>	<u>Capital Reserve</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local sources	\$ 35,034,812	\$ 128,957	\$ 680	\$ 35,164,449
State sources	9,415,895	-	-	9,415,895
Federal sources	1,187,165	-	-	1,187,165
<b>TOTAL REVENUES</b>	<u>45,637,872</u>	<u>128,957</u>	<u>680</u>	<u>45,767,509</u>
<b>EXPENDITURES</b>				
Instruction:				
Regular programs	13,523,920	-	-	13,523,920
Special programs	7,378,807	-	-	7,378,807
Vocational programs	1,217,405	-	-	1,217,405
Other instructional programs	280,026	-	-	280,026
Nonpublic school programs	121,188	-	-	121,188
Adult education programs	145,612	-	-	145,612
Support services:				
Pupil personnel services	1,566,301	-	-	1,566,301
Instructional staff services	1,059,966	-	-	1,059,966
Administrative services	3,140,319	119,728	-	3,260,047
Pupil health	573,477	-	-	573,477
Business services	677,612	-	598	678,210
Operation and maintenance of plant	3,143,587	96,627	-	3,240,214
Student transportation services	2,819,751	-	-	2,819,751
Central	694,189	-	-	694,189
Other support services	30,355	-	-	30,355
Operation of noninstructional services:				
Student activities	940,737	-	-	940,737
Community services	204	-	-	204
Facilities acquisition, construction and improvement services				
	58,947	3,129,815	-	3,188,762
Debt service:				
Principal	1,198,442	-	-	1,198,442
Interest and other charges	854,829	-	-	854,829
Refund of prior year revenue	730,176	-	-	730,176
<b>TOTAL EXPENDITURES</b>	<u>40,155,850</u>	<u>3,346,170</u>	<u>598</u>	<u>43,502,618</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u><b>5,482,022</b></u>	<u><b>(3,217,213)</b></u>	<u><b>82</b></u>	<u><b>2,264,891</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of bonds	-	7,805,000	-	7,805,000
Bond premiums (discount)	-	(209,520)	-	(209,520)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>7,595,480</u>	<u>-</u>	<u>7,595,480</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u><b>5,482,022</b></u>	<u><b>4,378,267</b></u>	<u><b>82</b></u>	<u><b>9,860,371</b></u>
FUND BALANCE, July 1, 2022	12,202,565	561,928	150,339	12,914,832
<b>FUND BALANCE, June 30, 2023</b>	<u><b>\$ 17,684,587</b></u>	<u><b>\$ 4,940,195</b></u>	<u><b>\$ 150,421</b></u>	<u><b>\$ 22,775,203</b></u>



**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to  
Statement of Activities  
Year Ended June 30, 2023**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 9,860,371**

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period.

Depreciation expense	\$ (2,449,053)	
Capital outlays	<u>3,208,743</u>	759,690

Right to use subscription assets are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is amortized over term of the subscription.

Amortization expense		(41,976)
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Because some taxes and subsidies will not be collected for several months after the District's fiscal year end, they are not considered as "available" revenues in the governmental funds. These taxes and subsidies decreased by this amount this year.

(349,168)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Bonds payable	120,000	
Subscriptions	41,976	
Financed purchases	<u>1,036,466</u>	1,198,442

**SALISBURY TOWNSHIP SCHOOL DISTRICT****Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to  
Statement of Activities  
Year Ended June 30, 2023**

Proceeds of long-term liabilities are revenues in the governmental funds, but the receipt increases long-term liabilities in the statement of net position.

Proceeds of long-term debt (7,805,000)

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

185,397

Bond discounts and premiums are amortized over the lives of the bonds in the statement of activities but are recorded as an addition or reduction from the proceeds from sales of bonds in the governmental funds.

Net amortization bond discounts and premiums 99,506

Bond issue discount 209,520

309,026

Other post-employment benefits are reported in the statement of activities but does not require the use of current financial resources; therefore the benefits are not reported as expenditures in governmental funds

PSERS 78,634

Other 265,594

344,228

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

(20,262)

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

3,481,300

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES**

**\$ 7,922,048**

# SALISBURY TOWNSHIP SCHOOL DISTRICT

## Statement of Net Position

### Proprietary Fund

June 30, 2023

	<u>Food Service</u>
<b>ASSETS</b>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 482,329
Due from other governments	46,162
Inventories	36,201
TOTAL CURRENT ASSETS	<u>564,692</u>
NONCURRENT ASSETS	
Capital assets, net	36,428
TOTAL NONCURRENT ASSETS	<u>36,428</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 601,120</u></b>
<b>LIABILITIES</b>	
CURRENT LIABILITIES	
Due to other funds	\$ 230,571
Accounts payable	30,070
Unearned revenues	8,419
TOTAL CURRENT LIABILITIES	<u>269,060</u>
<b>TOTAL LIABILITIES</b>	<b><u>269,060</u></b>
<b>NET POSITION</b>	
Net investment in capital assets	36,428
Unrestricted	295,632
<b>TOTAL NET POSITION</b>	<b><u>\$ 332,060</u></b>

**SALISBURY TOWNSHIP SCHOOL DISTRICT****Statement of Revenues, Expenses, and Changes in Net Position****Proprietary Fund****Year Ended June 30, 2023**

	<b>Food Service</b>
<b>OPERATING REVENUES</b>	
Daily sales - reimbursable programs	\$ 220,399
Daily sales - non reimbursable programs	2,870
Special functions	15,582
Miscellaneous	1,538
<b>TOTAL OPERATING REVENUES</b>	<b>240,389</b>
<b>OPERATING EXPENSES</b>	
Food (commodities)	76,478
Supplies	204
Other operating expenses	985
Purchased professional and technical services	768,976
Depreciation	5,795
<b>TOTAL OPERATING EXPENSES</b>	<b>852,438</b>
<b>OPERATING LOSS</b>	<b>(612,049)</b>
<b>NONOPERATING REVENUES</b>	
Earnings on investments	12,498
State sources	62,766
Federal sources	610,206
<b>TOTAL NONOPERATING REVENUES</b>	<b>685,470</b>
<b>CHANGE IN NET POSITION</b>	<b>73,421</b>
NET POSITION, July 1, 2022	(262,795)
Prior period adjustment	521,434
NET POSITION, July 1, 2022, as restated	258,639
<b>NET POSITION, June 30, 2023</b>	<b>\$ 332,060</b>

**SALISBURY TOWNSHIP SCHOOL DISTRICT****Statement of Cash Flows****Proprietary Fund****Year Ended June 30, 2023**

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from sales	\$ 238,990
Cash payments to suppliers for goods and services	<u>(1,335,579)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,096,589)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	64,439
Federal sources	<u>599,260</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>663,699</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital outlays	<u>(33,916)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(33,916)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	<u>12,498</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>12,498</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(454,308)</b>
CASH AND CASH EQUIVALENTS, July 1, 2022	<u>936,637</u>
<b>CASH AND CASH EQUIVALENTS, June 30, 2023</b>	<b>\$ <u>482,329</u></b>

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Statement of Cash Flows  
Proprietary Fund  
Year Ended June 30, 2023**

	<u>Food Service</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (612,049)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	5,795
Donated commodities used	76,478
(Increase) decrease in assets:	
Other receivables	115
Inventory	(27,048)
Increase (decrease) in liabilities:	
Due to other funds	(483,923)
Accounts payable	(62,862)
Unearned revenues	6,905
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (1,096,589)</u>
SUPPLEMENTAL SCHEDULE OF NONCASH NONCAPITAL FINANCING ACTIVITIES:	
Donated commodities received	<u>\$ 84,897</u>

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Statement of Fiduciary Net Position**

**Fiduciary Funds**

**June 30, 2023**

	<u>Custodial Fund</u>
	<u>Student Activity</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 162,662
<b>TOTAL ASSETS</b>	<b><u>\$ 162,662</u></b>
<b>LIABILITIES</b>	
Accounts payable	\$ 973
<b>TOTAL LIABILITIES</b>	<b><u>\$ 973</u></b>
<b>NET POSITION</b>	
Restricted - students	\$ 161,689
<b>TOTAL NET POSITION</b>	<b><u>\$ 161,689</u></b>

**SALISBURY TOWNSHIP SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended June 30, 2023**

	<u>Custodial Fund</u>
	<u>Student Activity</u>
ADDITIONS	
Activity fees	\$ 134,807
Interest income	670
<b>TOTAL ADDITIONS</b>	<u>135,477</u>
DEDUCTIONS	
Supplies	101,877
Bank fees	720
<b>TOTAL DEDUCTIONS</b>	<u>102,597</u>
<b>CHANGE IN NET POSITION</b>	<b>32,880</b>
NET POSITION, July 1, 2022	<u>128,809</u>
<b>NET POSITION, June 30, 2023</b>	<b><u>\$ 161,689</u></b>



# SALISBURY TOWNSHIP SCHOOL DISTRICT

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## Notes to the Financial Statements

June 30, 2023

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Salisbury Township School District is a primary governmental entity whose operational procedures are defined by the Pennsylvania Public School Code of 1949. The School District operates under the direction of a board of school directors chosen in a general election. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania.

The School District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District is discussed below.

#### **Reporting Entity**

Governmental accounting standards establish the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A primary government is financially accountable for those organizations that make up the legal entity as well as legally separate organizations if the primary government appoints a voting majority of an organization's governing body, and either it can impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burden on the primary government.

In evaluating the School District as a reporting entity, management has evaluated all potential component units, which may or may not fall within the School District's accountability. This report includes all of the funds of Salisbury Township School District based upon the above criteria.

#### **Related Organizations**

##### *Lehigh Career and Technical Institute*

The School District is a participating member in the Lehigh Career and Technical Institute (LCTI). The LCTI is a school organized under an operating agreement with other local participating school districts for the purpose of providing career or technical training and education for those individuals residing within the participating districts. LCTI is governed by a committee consisting of members from each participating district.

# SALISBURY TOWNSHIP SCHOOL DISTRICT

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## Notes to the Financial Statements

June 30, 2023

The School District's contribution to LCTI's operating, debt service and capital costs totaled \$1,217,405 for the year ended June 30, 2023. Complete financial statements for the LCTI may be obtained from the LCTI's administration office at 4500 Education Park Drive, Schnecksville, Pennsylvania.

### *Lehigh Carbon Community College*

The School District is a participating member in the Lehigh Carbon Community College (LCCC). LCCC is organized under an operating agreement with other local participating school districts. The Organization is governed by a Board of Trustees, consisting of individuals representing each member district. Each member district is responsible for lease rental debt in the amount of its pro-rata share of the LCCC's outstanding bonds. The School District's contribution to LCCC's operating and capital costs totaled \$145,612 for the year ended June 30, 2023. Complete financial statements for LCCC may be obtained at the College's administrative office at 4525 Education Park Drive, Schnecksville, Pennsylvania.

## **Basis of Presentation**

### **Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. Government-wide financial statements report information on all of the nonfiduciary activities of the School District. The statement of net position includes all of the government's assets, deferred outflows of resources, deferred inflows of resources, and liabilities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. As a general rule the effect of interfund activity has been eliminated from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

### **Fund Financial Statements**

The financial transactions of the School District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses.

# SALISBURY TOWNSHIP SCHOOL DISTRICT

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## Notes to the Financial Statements

June 30, 2023

Fund financial statements are provided in the report for all of the governmental funds, proprietary funds, and the fiduciary funds of the School District. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Fiduciary funds are reported by fund type. The School District has elected to report all funds as major funds in its fund financial statements.

The following represent the three categories of funds used by the School District.

### ***Governmental Funds***

These are funds through which most functions of the School District are typically financed. The following is a description of the governmental funds of the School District:

*General Fund* - The principal operating fund of the School District used to account for all financial resources except those required to be in another fund.

*Capital Projects Fund* - This fund is used to account for financial resources held for future capital improvements, for acquisition, construction or improvements of major capital facilities, other than those financed by proprietary funds, if applicable.

*Capital Reserve Fund* – This fund is used to account for reserves held for future capital improvements.

### ***Proprietary Fund***

These funds are accounted for similar to businesses in the private sector. These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the School District's enterprise fund are food service charges. Operating expenses for the School District's enterprise fund include food service management costs, food production costs, supplies, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following is a description of the proprietary fund of the School District:

*Food Service Fund* - This fund is used to account for the operation of the School's Food Service Division. The Food Service Fund has established fees and charges and state and federal subsidies designed to recover the cost of its operation.

### ***Fiduciary Funds***

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the School District's programs.

# SALISBURY TOWNSHIP SCHOOL DISTRICT

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## Notes to the Financial Statements

June 30, 2023

The fund included in this category is:

### Custodial Funds

*Student Activity Fund* - This fund is used to account for assets held by the School District as trustee for high school and middle school student organizations and activities.

### **Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The fund financial statements, with the exception of the proprietary fund and the fiduciary fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Taxes receivable not deemed available under accounting principles generally accepted in the United States of America are included on the Fund Financial Statements as deferred inflows of resources. Revenue from federal, state and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred. Accordingly, when such funds are received, they are recorded as unearned revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

### **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, liabilities, deferred inflows and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses

## **SALISBURY TOWNSHIP SCHOOL DISTRICT**

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### **Notes to the Financial Statements**

**June 30, 2023**

during the reporting period. Actual results could differ from those estimates.

#### **Budgets and Budgetary Accounting**

Pennsylvania school districts budget and expend funds according to procedures mandated by the Pennsylvania Department of Education ("PDE"). An annual operating budget is prepared by school district administrative officials in a uniform document furnished by the PDE and submitted to the board of school directors for approval prior to the beginning of the fiscal year on July 1.

Under Act 1 of 2006 (The Taxpayer Relief Act), the School District must adopt a preliminary budget proposal (including proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the next fiscal year. The preliminary budget proposal must be made available for public inspection at least 20 days prior to its adoption. The board of school directors may hold a public hearing on the budget; if they do not the board must give at least 10 days public notice of its intent to adopt such budget.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to the PDE no later than 85 days prior to the date of the election immediately preceding the next fiscal year. The PDE is to compare the proposed percentage increase in the rate of any tax with the school district's "Index" and within 10 days, but not later than 75 days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If the PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, seek voter approval for the tax increase at the election immediately preceding the next fiscal year or seek approval to utilize one of the referendum exceptions authorized under Act 1. If the School District seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one of the referendum exceptions available under Act 1, and the referendum question is not approved by a majority of the voters voting on the question, the board of school directors may not approve an increase in the tax rate greater than the applicable Index.

The Board of Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the Board is required. There were no supplemental budget amendments for the year ended June 30, 2023.

Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Directors, which authorize the School District to make expenditures. Appropriations lapse at the end of the fiscal period. The level of control or the level on which expenditures may not legally exceed appropriations is the fund. Encumbrance accounting is not employed by the School District; therefore, there are no reservations of fund balance as of June 30, 2023 for the General Fund.

## **SALISBURY TOWNSHIP SCHOOL DISTRICT**

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### **Notes to the Financial Statements**

**June 30, 2023**

Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding the programs. These budgets are approved on a program by program basis by the state or federal funding agency.

A Proprietary Fund budget is not adopted; however, an informal budget is prepared and expenditures are controlled on the basis of this budget.

#### **Interfund Transactions**

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

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers are used to move unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

#### **Cash and Cash Equivalents**

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

#### **Investments**

Investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application, except for investments in external investment pools, which are valued at amortized costs if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, Certain External Investment Pools and Pool Participants.

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

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

## **SALISBURY TOWNSHIP SCHOOL DISTRICT**

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### **Notes to the Financial Statements**

**June 30, 2023**

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values.

Furthermore, while the School District believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

All of the District's investments as of June 30, 2023 are considered Level 1 investments within the fair value hierarchy.

#### **Inventory**

Inventory consists of the Food Service Fund's food and supplies. All inventories are valued at the lower of cost (first-in, first-out method) or market. The inventory includes government donated commodities, which are valued at estimated fair market value at the date of donation as determined by the U.S. Department of Agriculture.

#### **Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets acquired by donation or purchase that have a useful life of longer than one year or extends the life of another capitalized asset or increase its value and meets a specific dollar threshold established by class of asset. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$1,000. Capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Capital assets are recorded at historical cost at acquisition date or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

# SALISBURY TOWNSHIP SCHOOL DISTRICT

## Notes to the Financial Statements

June 30, 2023

Assets	Useful Life in Years
Land improvements	50
Buildings and improvements	20
Furniture and Equipment	5 - 20
Vehicles	3 - 5

Proprietary fund equipment purchases are capitalized in fund financial statements at cost and depreciated on a straight-line basis over the above estimated useful lives.

### Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the Statement of Net Position and the Balance Sheet in the Governmental Funds report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

### Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized using a systematic and rational method over the life of the bonds. Bond issuance costs are expensed as incurred, however, bond insurance payments are recorded as prepaid expenses and amortized over the life of the related debt.

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

### Compensated Absences

The School District's policies regarding vacation and sick leave are governed primarily by the collective bargaining or employment contracts of each employee class.

Certain employees' accumulated sick leave is payable to each employee upon retirement or death on a per diem basis, depending upon the employee's collective



## SALISBURY TOWNSHIP SCHOOL DISTRICT

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### Notes to the Financial Statements

June 30, 2023

bargaining or employment contract, provided that certain length of service requirements are met.

Compensated absences are accrued in the government-wide financial statements as it is earned. In the fund financial statements, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability in governmental funds. Compensated absences related to proprietary funds are accrued as earned. The School District has no accumulated compensated absences liability in the District's proprietary funds.

#### **Unearned Revenues**

Unearned revenues in the government-wide financial statements represent the value of USDA donated commodities that have been received but not yet consumed.

#### **Governmental Fund Balances**

In the fund financial statements, governmental funds report the following classifications of fund balance:

*Nonspendable fund balance* - amounts that are not in spendable form (such as prepaid expenditures) or are required to be maintained intact.

*Restricted fund balance* - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Committed fund balance* - amounts constrained to specific purposes by the School District itself, using its highest level of decision-making authority (School Board). To be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest level action to remove or change the constraint.

*Assigned fund balance* - amounts the School District intends to use for a specific purpose. The Board has authorized the School District's Superintendent and the Director of Business Administration as the officials authorized to assign fund balance to a specific purpose.

*Unassigned fund balance* - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School Board has provided otherwise in its commitment or assignment actions.

# **SALISBURY TOWNSHIP SCHOOL DISTRICT**

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## **Notes to the Financial Statements**

**June 30, 2023**

### **Pension**

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 fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Other Postemployment Benefits (OPEB)**

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

### **Right to Use Leased Assets**

In accordance with GASB 87, the right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use leased assets are amortized on a straight-line basis over the life of the related lease. The School District did not have any right of uses assets for the year ended June 30, 2023.

### **Recently Adopted Accounting Principles**

GASB Statement No. 96, Subscription-Based Information Technology Arrangements became effective for the fiscal year ending June 30, 2023. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, the School District is required to recognize a subscription liability and an intangible right-to-use subscription asset.

The School District had implemented a \$25,000 threshold materiality to all subscriptions under GASB 96. The School District will use the total subscription contract as the basis for determining if the subscription right to use asset exceeds the materiality threshold.

# SALISBURY TOWNSHIP SCHOOL DISTRICT

## Notes to the Financial Statements

June 30, 2023

### Date of Management's Review

The School District has evaluated subsequent events through January 23, 2024, the date which the financial statements were available to be issued.

### NOTE 2. DEPOSITS AND INVESTMENTS

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest funds in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law, therefore, shall be pledged by the depository.

Pennsylvania Act 10 of 2016 became effective May 25, 2016, and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

The deposit and investment policy of the District adheres to state statutes. There were no deposits or investment transactions during the year that were in violation of either the state statutes or the policy of the District.

The breakdown of total cash and cash equivalents at June 30, 2023, is as follows:

Demand deposit accounts	\$ 3,144,941
Pooled investments	<u>22,973,692</u>
	<u>\$ 26,118,633</u>

### Deposits

The deposit policy of the School District adheres to state statutes and prudent business practices. School District deposits must be held in insured, federally regulated banks or financial institutions which have appropriate collateral in accordance with Pennsylvania law.

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Notes to the Financial Statements**

**June 30, 2023**

a deposit policy for custodial credit risk. As of June 30, 2023, the School District's bank balances of \$3,495,812 was exposed to custodial credit risk as follows:

Insured under FDIC	\$ 250,000
Uninsured and collateralized by securities held by the pledging institution's trust department but not in the District's name	3,245,812
	\$ 3,495,812

**Investments (Cash Equivalents)**

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

<u>Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less Than 1 Year</u>	<u>1-5 Years</u>
PA Local Government Investment Trust (PLGIT):			
Class	\$ 18,476,731	\$ 18,476,731	\$ -
Prime	4,053,267	4,053,267	-
Reserve - Class	428,101	428,101	-
PA School District Liquid Asset Fund (PSDLAF):			
Max Series	15,594	15,594	-
	\$ 22,973,693	\$ 22,973,693	\$ -

The School District considers all the investments above to be cash equivalents.

Certain external investments held by the District, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and participating government level consistent with GASB Statement No. 79. The District measures those investments, which include \$22,973,693 (PLGIT and PSDLAF) at amortized cost. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

**Pennsylvania School District Liquid Asset Fund (PSDLAF)**

A portion of the District's deposits are in the Pennsylvania Local Government Investment Trust and the Pennsylvania School District Liquid Asset Fund. PSDLAF is a common law trust organized and existing under the laws of the Commonwealth of Pennsylvania, in accordance with the provisions of the Pennsylvania Intergovernmental Cooperation Act and Section 521 of the Pennsylvania Public School Code of 1949, as amended. PSDLAF provides various types of investment programs offered from time to time through a number of Series: a single Liquid Series, a single MAX Series, multiple Cash Flow Optimization Series, multiple Fixed Term Series, multiple Total Return Management Program Series and multiple Choice Program Series. The District invests in the following PSDLAF funds:

## SALISBURY TOWNSHIP SCHOOL DISTRICT

### Notes to the Financial Statements

June 30, 2023

Max Series – Invests in short term money market instruments and seeks to maintain a constant net asset value of \$1.00 per share. All participants in the Fund are required to have an account in the MAX series.

#### Pennsylvania Local Government Investment Trust (PLGIT)

The School District invests in the Pennsylvania Local Government Investment Trust (PLGIT), which is an external governmental investment pool. The purpose of the pool is to allow local governmental units to maximize investment potential through cash pooling while providing security and liquidity. PLGIT is governed by a Board of Trustees who is responsible for the overall management of the Trust, including the formulation and implementation of investment policies and the oversight of the Trust's investment advisor and its custodians. Pool participants are allocated a pro-rata share of each investment purchased by the pool. PLGIT's investment policies are consistent with the investment policies of its participants. The investments of the pool serve as collateral and are held in safekeeping by the pool's investment custodian.

PLGIT invests primarily in U.S. Treasury and federal agency securities and repurchase agreements secured by such obligations, as well as certain municipal obligations and collateralized or insured certificates of deposit. The fund manager intends to comply with guidelines similar to those mandated for money-market funds as contained in Rule 2a-7 of the Investment Company Act of 1940. The District invests in the following PLGIT funds:

PLGIT Class - Account requires no minimum balance, no minimum initial investment and a one day minimum investment period. Dividends are paid monthly.

PLGIT Prime - Account requires no minimum balance and no minimum initial investment. This option limits redemptions or exchanges to two per calendar month.

PLGIT Reserve Class - Account requires a \$50,000 minimum initial investment, \$5,000 minimum additional deposits and one day minimum investment period. Dividends are paid monthly.

#### Investment Policies

*Interest Rate Risk* - The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates..

*Credit Risk* – The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2023, the District's investment in PLGIT and PSDLAF were rated AAAM by Standard & Poor's.

*Concentration of Credit Risk* – The District places no limit on the amount the District may invest in any one issuer.

*Custodial Credit Risk* - This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Notes to the Financial Statements**

**June 30, 2023**

that are in the possession of another party. The School District does not have custodial credit risk policies for investments.

**NOTE 3. REAL ESTATE TAXES**

Real estate taxes for the School District are billed and collected by the District. The tax on real estate in the area served by the School District for public school purposes for the year ended June 30, 2023 is 21.84410 mills (\$21,84410 per \$1,000 of taxable valuation) as levied by the School Board. Assessed valuations of property are determined by the County of Lehigh and the elected tax collectors are responsible for collection. Taxes are levied on July 1 and are payable as follows:

July 1	- Levy Date
July 1 - August 31	- 2% Discount Period
September 1 - October 31	- Face Payment Period
November 1 - December 31	- 10% Penalty Period
January 1	- Lien Date

**NOTE 4. INTERFUND TRANSACTIONS**

The due to and due from other funds as of June 30, 2023 are as follows:

	Due From Other Funds	Due To Other Funds
General fund	\$ 236,961	\$ -
Capital reserve fund	-	6,390
Food service fund	-	230,571
	<u>\$ 236,961</u>	<u>\$ 236,961</u>

There were no interfund transfers between funds during June 30, 2023:

**NOTE 5. DUE FROM OTHER GOVERNMENTS**

Due from other governments represent receivables for revenues earned by the School District or collections made by another governmental unit on behalf of the School District. As of June 30, 2023, the following amounts are due from other governmental units:

	General Fund	Food Service Fund
Local	\$ 140,233	\$ -
State	1,116,666	1,739
Federal	263,374	44,423
	<u>\$ 1,520,273</u>	<u>\$ 46,162</u>

# SALISBURY TOWNSHIP SCHOOL DISTRICT

## Notes to the Financial Statements

June 30, 2023

### NOTE 6. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Transfers/ Deletions	Balance June 30, 2023
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 492,022	\$ -	\$ -	\$ 492,022
Construction work in progress	-	3,043,261	-	3,043,261
	<u>492,022</u>	<u>3,043,261</u>	<u>-</u>	<u>3,535,283</u>
Capital assets being depreciated:				
Land improvements	2,961,881	90,055	-	3,051,936
Building and building improvements	79,716,691	75,427	-	79,792,118
Vehicles	279,670	-	-	279,670
Furniture and equipment	9,792,195	-	-	9,792,195
	<u>93,242,459</u>	<u>3,208,743</u>	<u>-</u>	<u>96,451,202</u>
Less accumulated depreciation:				
Land improvements	(1,854,937)	(112,574)	-	(1,967,511)
Building and building improvements	(38,830,741)	(1,506,998)	-	(40,337,739)
Vehicles	(238,008)	(21,879)	-	(259,887)
Furniture and equipment	(4,913,793)	(807,602)	-	(5,721,395)
	<u>(45,837,479)</u>	<u>(2,449,053)</u>	<u>-</u>	<u>(48,286,532)</u>
Governmental activities capital assets, net	<u>\$ 47,404,980</u>	<u>\$ 759,690</u>	<u>\$ -</u>	<u>\$ 48,164,670</u>
<b>Business-Type Activities</b>				
Capital assets being depreciated:				
Furniture and equipment	\$ 461,649	\$ 33,916	\$ -	\$ 495,565
Less accumulated depreciation	(453,342)	(5,795)	-	(459,137)
Business-type activities capital assets, net	<u>\$ 8,307</u>	<u>\$ 28,121</u>	<u>\$ -</u>	<u>\$ 36,428</u>

# SALISBURY TOWNSHIP SCHOOL DISTRICT

## Notes to the Financial Statements

June 30, 2023

Depreciation expense was not allocated to the various functions and programs.

### NOTE 7. LONG-TERM LIABILITIES

The changes in long-term liabilities during the year ended June 30, 2023 are as follows:

	Balance July 1, 2022	Additions	Retirement	Balance June 30, 2023	Due Within One Year
Governmental activities:					
Bonds payable, net	\$ 35,560,000	\$ 7,805,000	\$ (120,000)	\$ 43,245,000	\$ 2,200,000
Bond premium/(discount)	707,305	(209,520)	(99,506)	398,279	78,554
Other post employment benefits - PSERS	2,196,000	-	(366,000)	1,830,000	-
Other post employment benefits - Other	6,179,295	-	(429,414)	5,749,881	-
Financed purchases	1,105,805	-	(1,036,466)	69,339	33,011
Subscriptions	-	209,880	(41,976)	167,904	41,976
Compensated absences	1,403,680	-	(185,397)	1,218,283	-
Net pension liability	38,101,000	6,224,000	-	44,325,000	-
 Total Governmental Activities	 <u>\$ 85,253,085</u>	 <u>\$ 14,029,360</u>	 <u>\$ (2,278,759)</u>	 <u>\$ 97,003,686</u>	 <u>\$ 2,353,541</u>

Long-term liabilities are generally liquidated by the General Fund.

#### Bonds and Notes Payable

Bonds and notes payable as of June 30, 2023 consists of the following:

General Obligation Bonds, Series of 2019, maturing through April 1, 2035, bearing interest ranging from 2.00% to 3.00%, interest payable semi-annually on April 1 and October 1.	\$ 8,420,000
General Obligation Bonds, Series A of 2019, maturing through February 15, 2028, bearing interest ranging from 2.00% to 4.00%, interest payable semi-annually on February 15 and August 15.	2,830,000
General Obligation Bonds, Series of 2020, maturing through February 15, 2037, bearing interest ranging from 1.05% to 2.50%, interest payable semi-annually on February 15 and August 15.	6,045,000
General Obligation Bonds, Series of 2021, maturing through April 1, 2037, bearing interest ranging from 1.00% to 2.00%, interest payable semi-annually on April 1 and October 1. This debt	



**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Notes to the Financial Statements**

**June 30, 2023**

was issued for the advanced refunding of GOB Series A of 2017 and Series B of 2017.	2,375,000
General Obligation Bonds, Series A of 2021, maturing through October 15, 2032, bearing interest ranging from 0.23% to 4.00%, interest payable semi-annually on April 15 and October 15.	6,000,000
General Obligation Notes, Series of 2021, maturing through April 1, 2037, bearing interest ranging from 1.00% to 2.00%, interest payable semi-annually on April 1 and October 1. This debt was issued for the advanced refunding GOB Series A of 2015.	1,955,000
General Obligation Bonds, Series B of 2021, maturing through April 1, 2030, bearing interest ranging from 1.00% to 4.00%, interest payable semi-annually on April 1 and October 1.	7,815,000
General Obligation Bonds, Series of 2023, maturing through April 1, 2043, bearing interest ranging from 3.00% to 4.25%, interest payable semi-annually on April 1 and October 1.	<u>7,805,000</u>
	<u>\$ 43,245,000</u>

Aggregate Debt Service

The aggregate future annual payments required to amortize all outstanding bonds payable as of June 30, 2023, including total interest payments are as follows:

Year Ended	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,200,000	\$ 1,232,358	\$ 3,432,358	
2025	2,230,000	1,132,240	3,362,240	
2026	2,295,000	1,068,227	3,363,227	
2027	2,255,000	1,010,702	3,265,702	
2028	2,325,000	942,065	3,267,065	
2029-2033	13,525,000	3,777,789	17,302,789	
2034-2038	12,560,000	2,231,362	14,791,362	
2039-2043	5,855,000	756,817	6,611,817	
	<u>\$ 43,245,000</u>	<u>\$ 12,151,560</u>	<u>\$ 55,396,560</u>	

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Notes to the Financial Statements**

**June 30, 2023**

**NOTE 8. FINANCED PURCHASES**

The School District entered into various financing purchase agreements for financing the acquisition of HVAC and technological equipment used throughout the District.

The aggregate future annual finance payments for those agreements are as follows:

Year Ended June 30	Principal	Interest	Total
2024	\$ 33,011	\$ 817	\$ 33,828
2025	33,513	315	33,828
2026	2,815	4	2,819
	<u>\$ 69,339</u>	<u>\$ 1,136</u>	<u>\$ 70,475</u>

**NOTE 9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)**

On April 18, 2022, the School District entered into a 60 month subscription for the use of Sapphire. On July 1, 2022, an initial subscription liability was recorded in the amount of \$209,880. As of June 30, 2023, the value of the subscription liability is \$167,904. The School District is required to make annual fixed payments of \$41,976. The subscription has an interest rate of 0.00%. The value of the right to use asset as of June 30, 2023 of \$209,880 with accumulated amortization of \$41,976 is included with Software on the Subscription Class activities table found below.

	Balance July 01, 2022	Additions	Decreases	Balance June 30, 2023
<b>Government Activities:</b>				
Subscription assets:				
Software	\$ -	\$ 209,880	\$ -	\$ 209,880
	-	209,880	-	209,880
Less accumulated amortization:				
Software	-	(41,976)	-	(41,976)
	-	(41,976)	-	(41,976)
Governmental activities, right to use subscription assets, net	<u>\$ -</u>	<u>\$ 167,904</u>	<u>\$ -</u>	<u>\$ 167,904</u>

The aggregate future annual subscription payments required to amortize subscription payable as of June 30, 2023, including total interest payments are as follows:

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Notes to the Financial Statements**

**June 30, 2023**

Year Ended June 30	Principal	Interest	Total
2024	\$ 41,976	\$ -	\$ 41,976
2025	41,976	-	41,976
2026	41,976	-	41,976
2027	41,976	-	41,976
	<u>\$ 167,904</u>	<u>\$ -</u>	<u>\$ 167,904</u>

**NOTE 10. GOVERNMENTAL FUND BALANCES**

The details of governmental fund balances are presented below.

General Fund

The School District has nonspendable fund balance of \$41,727 as of June 30, 2023 related to prepaid expenditures.

The School District has assigned fund balance of \$250,000 as of June 30, 2023 which is budgeted for fiscal year 2023-2024 expenditures.

The School District has committed fund balance in the amount of \$14,000,000 as of June 30, 2023 for PSERS retirement rate stabilization and OPEB obligations.

The School District has unassigned fund balance of \$3,392,860 as of June 30, 2023.

Capital Projects Fund

Restricted fund balance in the capital projects fund in the amount of \$4,940,195, consists primarily of unspent bond proceeds. The bond proceeds may only be spent on capital improvements.

Capital Reserve Fund

Restricted fund balance in the capital reserve fund in the amount of \$150,421 may only be spent on capital improvements, deferred maintenance and for the replacement of school buses.

**NOTE 11. PENSION PLAN**

**Plan Description**

The School District participates in the Public School Employees' Retirement System of Pennsylvania (PSERS), a state-administered pension program established by authority of the Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as

## SALISBURY TOWNSHIP SCHOOL DISTRICT

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### Notes to the Financial Statements

June 30, 2023

amended) (24 Pa. C. S. 8101-9102). PSERS is a governmental cost-sharing multi-employer defined benefit plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in a 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). PSERS prepares its financial statements in accordance with generally accepted accounting principles. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to statutory requirements. Benefits are recognized in the month they are earned and withdrawals are recognized in the month they are due and payable. Investments are recognized at fair value.

#### **Benefits Provided**

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to greater than 92 with a minimum of 35 years of service. Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service. Benefits are generally equal to 1.0% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

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

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three of credited service for

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Notes to the Financial Statements**

**June 30, 2023**

Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day of death.

**Contributions**

Member contributions:

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

<b>Member Contribution Rates</b>				
<b>Membership Class</b>	<b>Continuous Employment Since</b>	<b>Defined Benefit (DB) Contribution Rate</b>	<b>DC Contribution Rate</b>	<b>Total Contribution Rate</b>
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

*Employer contributions:*

The School District’s contractually required contribution rate for the fiscal year ended June 30, 2023 was 34.31% (34.11% for the pension component and 0.20% for the defined contribution component) of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$4,911,000 for the year ended June 30, 2023.

# SALISBURY TOWNSHIP SCHOOL DISTRICT

## Notes to the Financial Statements

June 30, 2023

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

At June 30, 2023, the School District reported a liability of \$44,325,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023, the School District's proportion was 0.0997%, which was an increase of 0.0069% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of \$1,272,667. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,000	\$ 383,000
Changes in assumptions	1,324,000	-
Net difference between projected and actual investment earnings	-	752,000
Changes in proportion	2,386,000	4,426,000
Difference between employer contributions and the proportionate share of total contributions	338,384	-
Contributions subsequent to the measurement date	<u>4,911,000</u>	<u>-</u>
	<u>\$ 8,979,384</u>	<u>\$ 5,561,000</u>

\$4,911,000 reported as deferred outflows of resources related to pensions resulting from the School District contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

# SALISBURY TOWNSHIP SCHOOL DISTRICT

## Notes to the Financial Statements

June 30, 2023

Measurement Year Ended <u>June 30</u>	
2023	\$ (1,381,000)
2024	(974,131)
2025	(224,518)
2026	<u>1,087,033</u>
	<u>\$ (1,492,616)</u>

### Actuarial Assumptions

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

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

# SALISBURY TOWNSHIP SCHOOL DISTRICT

## Notes to the Financial Statements

June 30, 2023

### Investments

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

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

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 2.40%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	28.0%	5.3%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Absolute return	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	-11.0%	0.5%
	<u>100.0%</u>	

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

### Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the



**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Notes to the Financial Statements**

**June 30, 2023**

long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	<u>\$ 57,332,000</u>	<u>\$ 44,325,000</u>	<u>\$ 33,359,000</u>

**Pension Plan Fiduciary Net Position**

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

**NOTE 12. OTHER POST-EMPLOYMENT BENEFITS**

**PSERS Health Insurance Premium Assistance Program**

**Plan Description**

The Health Insurance Premium Assistance Program is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS’ Health Options Program. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public

## SALISBURY TOWNSHIP SCHOOL DISTRICT

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### Notes to the Financial Statements

June 30, 2023

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**

##### Premium Assistance Eligibility Criteria

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age

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

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

Participating eligible retirees are entitled to receive premium assistance payments equal to the less 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.

#### **Employer Contributions**

The School District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$107,000 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$1,830,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.0994%, which was an increase of 0.0066% from its proportion measured as of June 30, 2022.

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Notes to the Financial Statements**

**June 30, 2023**

For the year ended June 30, 2023, the District recognized OPEB expense of \$29,238. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17,000	\$ 10,000
Changes in assumptions	203,000	432,000
Net difference between projected and actual investment earnings	5,000	-
Changes in proportion	123,000	304,000
Difference between employer contributions and the proportionate share of total contributions	2,801	-
Contributions subsequent to the measurement date	<u>107,000</u>	<u>-</u>
	<u>\$ 457,801</u>	<u>\$ 746,000</u>

\$107,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Year Ended	
<u>June 30</u>	
2023	\$ (86,000)
2024	(68,207)
2025	(78,207)
2026	(81,207)
2026	(81,206)
Thereafter	<u>(372)</u>
	<u>\$ (395,199)</u>

## SALISBURY TOWNSHIP SCHOOL DISTRICT

### Notes to the Financial Statements

June 30, 2023

#### Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level percentage of pay.
- Investment return – 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% of utilization assumption for eligible retirees
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

#### Change in Actuarial Assumptions

- The discount rate used to measure the Total OPEB Liability increased from 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate - decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates – Previously based on the RP-2014 Mortality tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Notes to the Financial Statements**

**June 30, 2023**

with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP- 2020 Improvement Scale.

**Discount Rate**

The discount rate used to measure the Total OPEB Liability was 4.09%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.09% which represents the S&P 20 year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

**Investments**

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

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

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

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

For the year ended June 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 0.35%. The money

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Notes to the Financial Statements**

**June 30, 2023**

weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2022, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2022, 93,293 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2022, 582 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2022, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System net OPEB liability	<u>\$ 1,830,000</u>	<u>\$ 1,830,000</u>	<u>\$ 1,830,000</u>

**Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the discount rate**

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

	<u>1% Decrease 4.09%</u>	<u>Current Discount Rate 3.09%</u>	<u>1% Increase 5.09%</u>
District's proportionate share of the net OPEB liability	<u>\$ 2,069,000</u>	<u>\$ 1,830,000</u>	<u>\$ 1,629,000</u>

**OPEB plan fiduciary net position**

Detailed information about PSERS’ fiduciary net position is available in the PSERS Comprehensive Annual Financial Report which can be found on the PSERS System’s

## SALISBURY TOWNSHIP SCHOOL DISTRICT

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### Notes to the Financial Statements

June 30, 2023

website at [www.psers.pa.gov](http://www.psers.pa.gov).

#### **Salisbury Township School District Post Retirement Benefits Plan**

In addition to the Health Insurance Premium Assistance Program administered through the PSERS, the School District offers additional single-employer defined benefit healthcare plan to eligible retirees and their dependents. The Plan provides medical, prescription drug, dental and life insurance benefits with varying coverage for three groups of employees and their dependents.

#### **Summary of Plan Provisions**

The specific eligibility requirements and benefits for each plan member group are as follows:

##### ***Administrators***

*Eligibility:* Subsidized - PSERS Retirement. Unsubsidized – Based upon Act 110/43 eligibility, all employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

*Coverage:* Medical, prescription drug, dental and vision insurance.

*Premium Sharing:* The member will receive full paid benefits for medical and prescription drug coverage until Medicare eligibility. The member must forward the \$100 PSERS Supplement to the district if eligible. The spouse may receive medical and prescription drug coverage by paying the full premiums. The member and spouse may receive dental and vision coverage by paying the full premiums.

If the member does not reach the eligibility for the School District paid benefit but reaches Act 110/43 eligibility, the member and spouse may elect medical, prescription drug, dental and vision benefits by paying the full premiums as determined for the purposes of COBRA.

*Dependents:* Spouses included.

*Duration:* The member and spouse may each continue coverage until Medicare age.

##### **ACT 93**

*Eligibility:* Subsidized - PSERS Retirement with 10 years of service with the district. Unsubsidized – Based upon Act 110/43 eligibility, all employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

*Coverage and Premium Sharing:* Same as Administrators above, but the member contribution is equal to 2% of the member's final monthly salary.

# SALISBURY TOWNSHIP SCHOOL DISTRICT

## Notes to the Financial Statements

June 30, 2023

*Duration:* The member and spouse may each continue coverage until Medicare age.

### **PROFESSIONALS**

*Eligibility:* Subsidized - PSERS Retirement with 15 years of service with the district. Unsubsidized – Based upon Act 110/43 eligibility, all employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

*Coverage:* Medical, prescription drug, dental and vision insurance.

*Premium Sharing:* The member will receive full paid benefits for medical and prescription drug coverage until the earlier of 10 years and Medicare eligibility. The member contribution is equal to the greater of the \$100 PSERS Supplement and the active employees' average contribution for single coverage (based on 2% of salary, and equal to \$118 for the 2021-2022 fiscal year). The spouse may receive medical and prescription drug coverage by paying the full premiums. The member and spouse may receive dental and vision coverage by paying the full premiums.

If the member does not reach the eligibility for the School District paid benefit but reaches Act 110/43 eligibility, the member and spouse may elect medical, prescription drug, dental and vision benefits by paying the full premiums as determined for the purposes of COBRA.

*Dependents:* Spouses included

*Duration:* The member and spouse may each continue coverage until Medicare age.

### **CONFIDENTIAL/SUPPORT**

*Eligibility:* Subsidized - PSERS Retirement with 15 years of service with the district. Unsubsidized – Based upon Act 110/43 eligibility, all employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

*Coverage and Premium Sharing:* Same as Professionals above, but the member contribution is equal to the \$100 PSERS Supplement.

*Duration:* The member and spouse may each continue coverage until Medicare age.

As of June 30, 2023, the plan membership data is as follows:

Active Participants	173
Vested Former Participants	0
Retired Participants	26
Total	<u>199</u>



**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Notes to the Financial Statements**

**June 30, 2023**

**Contributions**

The contribution requirements of plan members and the School District are established by various union or individual employment contracts. For the year ended June 30, 2023, the School District contributed \$269,370 of pay as you go payments.

**Actuarial Methods and Assumptions**

*Discount Rate:* 4.13%. Based on S&P Municipal Bond 20 Year High Grade Index at June 30, 2023.

*Salary:* An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75 to 0.0%.

*Withdrawal:* Rates of withdrawal vary by age, gender and years of service. Sample rates for employees with more than 10 years of service are show below. Rates for new employees start at 25.93% for men and 27.46% for women and decrease with age and service.

Age	Male Rate	Female Rate	Age	Male Rate	Female Rate
25	4.5500%	3.9000%	45	1.4100%	1.6000%
30	4.5500%	3.9000%	50	1.8900%	2.0800%
35	1.6800%	2.8300%	55	3.6300%	3.6600%
40	1.4200%	1.6700%	60	5.4900%	5.9400%

*Mortality:* PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

*Disability:* No disability was assumed.

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

Special Early Retirement			TC & TD		TE, TF, TG, & TH	
Age	Male	Female	Male	Female	Male	Female
55	14.5%	14.5%	25.0%	16.0%	16.3%	19.5%
56	14.5%	14.5%	25.0%	20.0%	16.3%	19.5%
57	14.5%	15.0%	28.0%	28.0%	16.3%	19.5%
58	14.5%	15.0%	28.0%	30.0%	16.3%	19.5%
59	21.6%	20.7%	28.0%	30.0%	16.3%	19.5%
60	14.5%	15.0%	29.0%	31.0%	16.3%	19.5%
61	29.0%	29.0%	29.0%	31.0%	16.3%	19.5%

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Notes to the Financial Statements**

**June 30, 2023**

62	29.0%	29.0%	36.0%	31.0%	16.3%	19.5%
63	29.0%	29.0%	21.0%	20.0%	16.3%	19.5%
64	29.0%	29.0%	22.0%	25.0%	16.3%	19.5%
65	29.0%	29.0%	23.0%	28.0%	16.3%	19.5%
66	29.0%	29.0%	23.0%	27.0%	16.3%	19.5%
67	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
68	29.0%	29.0%	20.0%	22.0%	16.3%	19.5%
69	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
70	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
71-73	29.0%	29.0%	20.0%	20.0%	16.3%	19.5%
74-79	29.0%	29.0%	25.0%	25.0%	16.3%	19.5%
80+	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Percent of Eligible Retirees Electing Coverage in Plan:* 100% of eligible retirees are assumed to elect coverage.

*Percent Married at Retirement:* 10% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

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

*Per Capita Claims Cost:* Making use of weighted averages for various plan designs, the per capita 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. The resulting costs are as follows:

Medical and Prescription Drug Combined		
Age	Males	Females
45-49	\$6,903	\$9,970
50-54	\$9,143	\$11,268
55-59	\$11,136	\$11,790
60-64	\$14,532	\$13,544

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

*Health Care Cost Trend Rate:* 7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

*Actuarial Value of Assets:* Equal to the Market Value of Assets

*Actuarial Cost Method – Entry Age Normal:* Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the

# SALISBURY TOWNSHIP SCHOOL DISTRICT

## Notes to the Financial Statements

June 30, 2023

valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

*Participant Data:* Based on census information as of November 2021. Due to the timing of school district turnover, the data believed to be representative of the population for the 2021-2022 school year.

The following changes in actuarial assumptions have been made since the prior measurement date:

- The discount rate changed from 4.09% to 4.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS experience study

### Net OPEB Liability

The Districts' net OPEB liability was measured as of July 1, 2022; the total OPEB liability used to calculate the net OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of that date.

Changes in the Net OPEB liability were as follows:

Balance at 7/1/2022	\$ 6,179,295
Service Cost	324,416
Interest	260,034
Change of Assumptions	(744,494)
Benefit Payments	<u>(269,370)</u>
Net Change	<u>(429,414)</u>
Balance at 6/30/2023	<u>\$ 5,749,881</u>

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$22,399. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Notes to the Financial Statements**

**June 30, 2023**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 263,897	\$ 2,108,379
Changes in assumptions	<u>129,955</u>	<u>1,943,118</u>
	<u>\$ 393,852</u>	<u>\$ 4,051,497</u>

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

Year Ended	
<u>June 30</u>	
2024	\$ (562,051)
2025	(561,879)
2026	(561,408)
2027	(561,408)
2028	(561,408)
Thereafter	<u>(849,491)</u>
	<u>\$ (3,657,645)</u>

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability, calculated using the discount rate of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage-point higher (5.13%) than the current rate:

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
Net OPEB liability	<u>\$ 6,119,294</u>	<u>\$ 5,749,881</u>	<u>\$ 5,396,338</u>

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

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

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Notes to the Financial Statements**

**June 30, 2023**

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$ 5,131,323</u>	<u>\$ 5,749,881</u>	<u>\$ 6,463,779</u>

**NOTE 13. CONTINGENT LIABILITIES**

The School 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 School District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance, which would result in the disallowance of program expenditures.

**NOTE 14. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs.

**NOTE 15. LITIGATION**

In the normal course of business, the School District is involved in various other claims and civil disputes. It is believed that any potential losses on these other claims will not have a material impact on the School District.

**NOTE 16. PRIOR PERIOD ADJUSTMENTS**

The School District has determined certain transactions and amounts were recorded incorrectly in the prior year. As a results, the School District restated certain beginning balances. Below is a summary of the prior period adjustments:

To restate the beginning fund balance of the Food Service Fund to properly account for prior year receivables and pension and OPEB deferred inflows:

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Notes to the Financial Statements**

**June 30, 2023**

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Proprietary Funds:			
Food Service Fund			
Fund Balance	\$ (262,795)	\$ 521,434	\$ 258,639
	<u>\$ (262,795)</u>	<u>\$ 521,434</u>	<u>\$ 258,639</u>

To restate the beginning net position of the Governmental Activities to properly account for the cost of capital assets:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Governmental Activities:			
Net investment in capital assets	\$ 12,090,715	\$ (2,058,845)	\$ 10,031,870
Restricted for capital projects	712,267	-	712,267
Unrestricted	<u>(44,848,524)</u>	<u>-</u>	<u>(44,848,524)</u>
	<u>\$ (32,045,542)</u>	<u>\$ (2,058,845)</u>	<u>\$ (34,104,387)</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Required Supplementary Information**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget vs. Actual**

**General Fund**

**Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative) Final to Actual</u>
<b>REVENUES</b>				
Local revenues	\$ 31,655,683	\$ 31,655,683	\$ 35,034,812	\$ 3,379,129
State program revenues	8,464,422	8,464,422	9,415,895	951,473
Federal program revenues	1,271,421	1,271,421	1,187,165	(84,256)
<b>TOTAL REVENUES</b>	<b>41,391,526</b>	<b>41,391,526</b>	<b>45,637,872</b>	<b>4,246,346</b>
<b>EXPENDITURES</b>				
INSTRUCTION:				
Regular programs	14,379,341	13,938,620	13,523,920	414,700
Special programs	7,866,558	7,866,558	7,378,807	487,751
Vocational programs	1,190,559	1,459,405	1,217,405	242,000
Other instructional programs	199,339	280,026	280,026	-
Nonpublic school programs	30,000	121,188	121,188	-
Adult education programs	184,587	184,587	145,612	38,975
<b>TOTAL INSTRUCTION</b>	<b>23,850,384</b>	<b>23,850,384</b>	<b>22,666,958</b>	<b>1,183,426</b>
SUPPORT SERVICES:				
Pupil personnel services	1,635,459	1,566,301	1,566,301	-
Instructional staff services	928,722	1,059,966	1,059,966	-
Administrative services	2,760,595	3,140,319	3,140,319	-
Pupil health	731,792	573,477	573,477	-
Business services	697,968	677,612	677,612	-
Operation and maintenance of plant	3,192,053	3,143,587	3,143,587	-
Student transportation services	2,592,619	2,819,751	2,819,751	-
Central	752,695	694,189	694,189	-
Other support services	31,417	30,355	30,355	-
<b>TOTAL SUPPORT SERVICES</b>	<b>13,323,320</b>	<b>13,705,557</b>	<b>13,705,557</b>	<b>-</b>
OPERATING OF NONINSTRUCTIONAL SERVICES:				
Student activities	978,862	940,737	940,737	-
Community services	4,770	204	204	-
<b>TOTAL OPERATING OF NONINSTRUCTIONAL SERVICES</b>	<b>983,632</b>	<b>940,941</b>	<b>940,941</b>	<b>-</b>
FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENT SERVICES				
	6,000	58,947	58,947	-
DEBT SERVICE:				
Principal	3,333,190	1,355,692	1,198,442	157,250
Interest	-	854,829	854,829	-
<b>TOTAL DEBT SERVICE</b>	<b>3,333,190</b>	<b>2,210,521</b>	<b>2,053,271</b>	<b>157,250</b>
REFUND OF PRIOR YEAR REVENUE	-	730,176	730,176	-
<b>TOTAL EXPENDITURES</b>	<b>41,496,526</b>	<b>41,496,526</b>	<b>40,155,850</b>	<b>1,340,676</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(105,000)</b>	<b>(105,000)</b>	<b>5,482,022</b>	<b>5,587,022</b>



**SALISBURY TOWNSHIP SCHOOL DISTRICT****Required Supplementary Information****Statement of Revenues, Expenditures and Changes in Fund Balances - Budget vs. Actual****General Fund****Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative) Final to Actual</u>
OTHER FINANCING SOURCES (USES)				
Budgetary reserve	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>250,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>250,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>(355,000)</u></b>	<b><u>(355,000)</u></b>	<b><u>5,482,022</u></b>	<b><u>5,837,022</u></b>
FUND BALANCE, July 1, 2022	<u>12,202,565</u>	<u>12,202,565</u>	<u>12,202,565</u>	<u>-</u>
<b>FUND BALANCE, June 30, 2023</b>	<b><u>\$ 11,847,565</u></b>	<b><u>\$ 11,847,565</u></b>	<b><u>\$ 17,684,587</u></b>	<b><u>\$ 5,837,022</u></b>

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Required Supplementary Information**

**Schedule of Proportionate Share of Net Pension Liability\*\***

**PSERS Pension Plan**

	Measurement Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability	0.0997%	0.0927%	0.1102%	0.1122%	0.1141%	0.1133%	0.1137%	0.1045%	0.1051%
District's proportionate share of the net pension liability	\$ 44,325,000	\$ 38,101,000	\$ 54,261,000	\$ 52,490,000	\$ 54,774,000	\$ 55,957,000	\$ 56,346,000	\$ 45,264,000	\$ 41,599,000
District's covered payroll	\$ 14,619,261	\$ 13,783,315	\$ 15,537,362	\$ 15,500,798	\$ 15,638,148	\$ 15,309,375	\$ 14,427,365	\$ 13,441,695	\$ 12,976,658
District's proportionate share of the net pension liability as a percentage of its covered payroll	303.20%	276.43%	349.23%	338.63%	350.26%	365.51%	390.55%	336.74%	320.57%
Plan fiduciary net position as a percentage of the total pension liability	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

\*\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SALISBURY TOWNSHIP SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of Contributions**  
**PSERS Pension Plan**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,911,000	\$ 4,625,682	\$ 4,618,789	\$ 5,183,264	\$ 5,053,260	\$ 4,963,715	\$ 4,470,959	\$ 3,607,435	\$ 2,755,547
Contributions in relation to the contractually required contribution	(4,911,000)	(4,625,682)	(4,618,789)	(5,183,264)	(5,053,260)	(4,963,715)	(4,470,959)	(3,607,435)	(2,755,547)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 14,760,346	\$ 14,619,261	\$ 13,783,315	\$ 15,537,362	\$ 15,500,798	\$ 15,638,148	\$ 15,309,375	\$ 14,427,365	\$ 13,441,695
Contributions as a percentage of covered payroll	33.27%	31.64%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%	20.50%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Required Supplementary Information**

**Schedule of Proportionate Share of Net OPEB Liability\*\***

**PSERS Health Insurance Premium Assistance Program**

	Measurement Year					
	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability	0.0994%	0.0928%	0.1102%	0.1122%	0.1141%	0.1133%
District's proportionate share of the net pension liability	\$ 1,830,000	\$ 2,196,000	\$ 2,379,000	\$ 2,386,000	\$ 2,379,000	\$ 2,308,000
District's covered payroll	\$ 14,619,261	\$ 13,783,315	\$ 15,537,362	\$ 15,500,798	\$ 15,638,148	\$ 15,309,375
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	12.52%	15.93%	15.31%	15.39%	15.21%	15.08%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

\*\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SALISBURY TOWNSHIP SCHOOL DISTRICT****Required Supplementary Information****Schedule of Contributions****PSERS Health Insurance Premium Assistance Program**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 107,000	\$ 108,872	\$ 113,023	\$ 130,514	\$ 128,657	\$ 127,481
Contributions in relation to the contractually required contribution	<u>(107,000)</u>	<u>(108,872)</u>	<u>(113,023)</u>	<u>(130,514)</u>	<u>(128,657)</u>	<u>(127,481)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 14,760,346	\$ 14,619,261	\$ 13,783,315	\$ 15,537,362	\$ 15,500,798	\$ 15,638,148
Contributions as a percentage of covered payroll	0.72%	0.74%	0.82%	0.84%	0.83%	0.82%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Required Supplementary Information**

**Schedule of Net OPEB Liability and Related Ratios\*\***

**Salisbury Township School District Post Retirement Benefits Plan**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>TOTAL OPEB LIABILITY</b>						
Service Cost	\$ 324,416	\$ 408,982	\$ 361,220	\$ 243,277	\$ 420,988	\$ 396,822
Interest	260,034	142,905	160,703	206,038	304,034	291,741
Differences between Expected and Actual Experience	-	329,871	-	(3,512,109)	-	(4,329)
Change of Assumptions	(744,494)	(746,342)	185,650	(1,126,663)	-	-
Benefit Payments	<u>(269,370)</u>	<u>(223,445)</u>	<u>(262,914)</u>	<u>(271,938)</u>	<u>(308,793)</u>	<u>(288,592)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(429,414)	(88,029)	444,659	(4,461,395)	416,229	395,642
TOTAL OPEB LIABILITY, BEGINNING	<u>6,179,295</u>	<u>6,267,324</u>	<u>5,822,665</u>	<u>10,284,060</u>	<u>9,867,831</u>	<u>9,472,189</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 5,749,881</u>	<u>\$ 6,179,295</u>	<u>\$ 6,267,324</u>	<u>\$ 5,822,665</u>	<u>\$ 10,284,060</u>	<u>\$ 9,867,831</u>
<b>PLAN FIDUCIARY NET POSITION</b>						
PLAN FIDUCIARY NET POSTION, BEGINNING	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PLAN FIDUCIARY NET POSTION, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISTRICT'S NET OPEB LIABILITY	<u>\$ 5,749,881</u>	<u>\$ 6,179,295</u>	<u>\$ 6,267,324</u>	<u>\$ 5,822,665</u>	<u>\$ 10,284,060</u>	<u>\$ 9,867,831</u>
Plans's fiduciary net position as a percentage of its OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's covered payroll	\$ 12,306,051	\$ 12,306,051	\$ 12,628,357	\$ 12,628,357	\$ 15,500,798	\$ 15,359,145
Net OPEB liability as a percentage of its covered payroll	46.72%	50.21%	49.63%	46.11%	66.35%	64.25%

\*\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SINGLE AUDIT SECTION**



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

To the Board of School Directors  
Salisbury Township School District  
Allentown, Pennsylvania

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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



## ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

*Buchno Lisicky + Company*

Allentown, Pennsylvania  
January 23, 2024

**SALISBURY TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Grantor Project Title	Federal Assistance Listing Number	Additional Award Identification	Pass-through Grantor's Number	Grant Period Beginning - Ending Dates	Program or Award Amount	Program Expenditures	Subrecipient Expenditures
<b>U.S. Department of Agriculture</b>							
<u>Passed Through the Pennsylvania Department of Agriculture:</u>							
National School Lunch Program - Commodities	10.555	N/A	Unavailable	7/1/22-6/30/23	\$ 84,897	\$ 76,478	\$ -
						<u>76,478</u>	<u>-</u>
<u>Passed Through the Pennsylvania Department of Agriculture</u>							
National School Lunch Program	10.555	N/A	Unavailable	7/1/22-6/30/23	361,385	361,385	-
Supply Chain Assistance Program	10.555	COVID-19	Unavailable	7/1/22-6/30/23	46,530	46,530	-
Equipment Assistance Grant	10.555	COVID-19	Unavailable	7/1/22-6/30/23	33,916	<u>33,916</u>	<u>-</u>
						<u>441,831</u>	<u>-</u>
<b>Total 10.555</b>						<b>518,309</b>	<b>-</b>
<u>Passed Through the Pennsylvania Department of Agriculture</u>							
School Breakfast Program	10.553	N/A	Unavailable	7/1/22-6/30/23	91,897	91,897	-
<b>Total 10.553</b>						<b>91,897</b>	<b>-</b>
<b>Total Child Nutrition Cluster</b>						<b>610,206</b>	<b>-</b>
<b>Total U.S. Department of Agriculture</b>						<b>610,206</b>	<b>-</b>
<b>U.S. Department of Education</b>							
<u>Passed through the Pennsylvania Department of Education:</u>							
Elementary and Secondary School Emergency Relief Fund (ESSER):							
ARP ESSER	84.425	84.425U, ARP	223-210370	3/13/20-9/30/24	3,485,389	176,885	-
ARP ESSER 7%	84.425	84.425U, ARP	225-210370	3/13/20-9/30/24	270,894	<u>143,986</u>	<u>-</u>
<b>Total 84.425</b>						<b>320,871</b>	<b>-</b>
<u>Passed through the Pennsylvania Department of Education:</u>							
Title I, Improving Basic Programs	84.010	N/A	013-210370	07/15/20-9/30/21	466,632	95,659	-
Title I, Improving Basic Programs	84.010	N/A	013-220370	07/22/21-9/30/23	602,600	<u>108,629</u>	<u>-</u>
Title I, Improving Basic Programs	84.010	N/A	013-230370	07/01/22-9/30/23	565,562	<u>519,285</u>	<u>-</u>
<b>Total 84.010</b>						<b>723,573</b>	<b>-</b>
<u>Passed through the Pennsylvania Department of Education:</u>							
Title III ESL Language Inst LEP/Immig. Students	84.365	N/A	010-200370	7/1/19-9/30/22	12,883	1,438	-
Title III ESL Language Inst LEP/Immig. Students	84.365	N/A	010-210370	7/15/20-9/30/21	13,069	<u>4,517</u>	<u>-</u>
Title III ESL Language Inst LEP/Immig. Students	84.365	N/A	010-220370	7/22/21-9/30/22	15,909	<u>3,151</u>	<u>-</u>
Title III ESL Language Inst LEP/Immig. Students	84.365	N/A	010-230370	7/1/22-9/30/23	13,937	<u>13,937</u>	<u>-</u>
<b>Total 84.365</b>						<b>23,043</b>	<b>-</b>
<u>Passed through the Pennsylvania Department of Education:</u>							
Title II Improving Teacher Quality	84.367	N/A	020-200370	7/1/19-9/30/20	60,619	674	-
Title II Improving Teacher Quality	84.367	N/A	020-210370	7/1/20-9/30/21	71,104	<u>12,378</u>	<u>-</u>
Title II Improving Teacher Quality	84.367	N/A	020-220370	7/1/21-9/30/22	79,422	<u>25,345</u>	<u>-</u>
Title II Improving Teacher Quality	84.367	N/A	020-230370	7/1/22-9/30/23	67,596	<u>41,012</u>	<u>-</u>
<b>Total 84.367</b>						<b>79,409</b>	<b>-</b>
<u>Passed through the Pennsylvania Department of Education:</u>							
Title IV Student Support and Academic Enrichment	84.424	N/A	144-200370	7/1/19-9/30/22	16,979	2,036	-
Title IV Student Support and Academic Enrichment	84.424	N/A	144-210370	7/15/20-9/30/21	16,920	<u>4,456</u>	<u>-</u>
Title IV Student Support and Academic Enrichment	84.424	N/A	144-220370	7/22/21-9/30/23	35,091	<u>11,630</u>	<u>-</u>
Title IV Student Support and Academic Enrichment	84.424	N/A	144-230370	7/1/22-9/30/24	47,283	<u>18,841</u>	<u>-</u>
<b>Total 84.424</b>						<b>36,963</b>	<b>-</b>
<u>Passed through Intermediate Unit #21</u>							
Special Education Grant IDEA, Part B, Section 611	84.027	N/A	H027A230093	7/01/21-9/30/23	382,000	382,000	-
ARP IDEA	84.027	84.027, ARP	H027A230093	7/1/21-9/30/23	89,684	<u>66,415</u>	<u>-</u>
<b>Total 84.027</b>						<b>448,415</b>	<b>-</b>
<u>Preschool Early Intervention - 619</u>							
	84.173	N/A	H173A220090	7/01/21-6/30/22	2,662	-	-
	84.173	N/A	H173A230090	7/01/21-9/30/23	1,936	<u>1,936</u>	<u>-</u>
<b>Total 84.173</b>						<b>1,936</b>	<b>-</b>
<b>Total Special Education (IDEA) Cluster</b>						<b>450,351</b>	<b>-</b>
<b>Total U.S. Department of Education</b>						<b>1,634,210</b>	<b>-</b>
<b>US Department of Health and Human Services</b>							
<u>Passed through the PA Department of Welfare</u>							
Medical Assistance Program - Admin	93.778	N/A	Unavailable	7/01/22-6/30/23	3,307	3,307	-
<b>Total U.S. Department of Health and Human Services</b>						<b>3,307</b>	<b>-</b>
<b>Total Federal Awards</b>						<b>\$ 2,247,723</b>	<b>\$ -</b>

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Notes to Schedule of Expenditures of Federal Awards**

**June 30, 2023**

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**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (“the schedule”) include the federal award activity of Salisbury Township School District for the year ended June 30, 2023. The School District’s reporting entity is defined in note 1 to the School District’s basic financial statements. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). All federal awards received directly from the federal agencies, as well as federal awards passed through other government agencies, are included on the schedule. Because the schedule presents only a selected portion of the operations of Salisbury Township School District, it is not intended to and does not present the financial position and changes in operations of Salisbury Township School District.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3. INDIRECT COST RATE**

Salisbury Township School District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4. PASS-THROUGH AWARDS TO SUBRECIPIENTS**

There were no awards passed-through to subrecipients by Salisbury Township School District for the year ended June 30, 2023.

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Findings and Questioned Costs**

**June 30, 2023**

**Section I: Summary of Auditors' Results**

***Financial Statements:***

Type of auditors' report issued on whether the financial statement audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_\_yes      X  no

Significant deficiencies identified?

\_\_\_\_yes      X  none reported

Noncompliance material to financial statements noted?

\_\_\_\_Yes      X  no

***Federal Awards:***

Internal control over major programs:

Material weaknesses identified?

\_\_\_\_yes      X  no

Significant deficiencies identified?

\_\_\_\_yes      X  none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

\_\_\_\_yes      X  no

**Identification of major programs:**

CFDA Number

Name of Federal Program

84.027, 84.173

Special Education Cluster

84.425

Elementary and Secondary School  
Emergency Relief Fund (ESSER)

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

  X  yes    \_\_\_\_no

**SALISBURY TOWNSHIP SCHOOL DISTRICT**

**Findings and Questioned Costs**

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**June 30, 2023**

**Section II: Financial Statement Findings**

No findings to be reported.

**Section III: Federal Award Findings and Questioned Costs**

No findings to be reported.

**Section IV: Prior Year Audit Findings and Questioned Costs as Prepared by Management**

N/A - No prior year findings.