

REPORT ON
BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2023



**BRANDYWINE
HEIGHTS**
AREA
SCHOOL
DISTRICT

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2023

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INTRODUCTORY SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of School Directors
Brandywine Heights Area School District
200 West Weis Street
Topton, PA 19562

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

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

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

Respectfully submitted,

Gorman & Associates, P.C.

December 28, 2023

REPORT DISTRIBUTION LIST

The Brandywine Heights Area School District has distributed copies of the Single Audit Act Package to the following:

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

ONE COPY TO: COMMONWEALTH OF PENNSYLVANIA
(Submitted Electronically) BUREAU OF AUDITS

ONE COPY TO: BERKS COUNTY INTERMEDIATE UNIT
RIVER CHASE BUSINESS CENTER
1111 COMMONS BOULEVARD
PO BOX 16050
READING, PA 19612-6050

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Brandywine Heights Area School District
200 West Weis Street
Topton, PA 19562

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Brandywine Heights Area School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Brandywine Heights Area School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Brandywine Heights Area School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-17, the schedules associated with the District's Defined Benefit Pension Plan, and the Schedules of the District's OPEB Plans, on pages 77-84, 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 Brandywine Heights Area School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative*

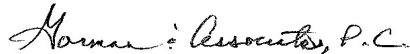
Brandywine Heights Area School District

Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023, on our consideration of the Brandywine Heights Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Brandywine Heights Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brandywine Heights Area School District's internal control over financial reporting and compliance.

Respectfully submitted,



Northampton, Pennsylvania
December 6, 2023

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

As management of the Brandywine Heights Area School District (District), we offer readers a discussion and analysis overview of Brandywine Heights Area School District's financial for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

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

FINANCIAL HIGHLIGHTS

- In the 2022-23 fiscal year, the District's overall financial position, as represented by total net position of \$8,870,791, reflecting a 137.40% improvement over the prior year. This deficit is due to the GASB Statement No. 68 requirements for reporting net pension liability. Prior to 2015-16, no liability was reported if the school district paid its contractually required pension contribution. Under GASB Statement No. 68, pension liability is reported as employees earn their pension benefits. The net pension liability is the District's share of the Pennsylvania Public School Employees' Retirement System (PSERS) pension trust unfunded actuarial pension liability. It is determined based on the prior fiscal year and represents the total pension liability (actuarial present value of projected benefit payments attributed to past employee service) less the plan's fiduciary net position.
- In Governmental Funds, the total fund balance increased by \$598,268 to \$16,691,709 due to the fund balance decrease of \$600,544 in the Capital Project Funds largely but offset by the \$1,203,679 increase to the General Fund balance. Actual expenditures were \$482,443 or 1.36% under budget and the revenues were \$844,471 or 2.39% over budget.
- The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The Governmental Fund statements tell how general District services were financed in the short term as well as what remains for future spending. Proprietary Fund statements offer short-term and long-term financial information about the activities that the District operates like a business. The Food Service Fund is the only Proprietary Fund for the Brandywine Heights Area School District.
- The Taxpayer Relief Act of 2006, or more commonly referred to as Act 1, subjects the Pennsylvania Public Schools to a real estate property tax cap, or adjusted tax cap, if applicable, annually. For fiscal year 2022-23, the District's adjusted index cap was 4.1% or 1.41 mills. The District increased millage by 3.0% or 1.0326 to 35.4526 mills and therefore did not need to include exceptions approved by the Pennsylvania Department of Education.

Under the provisions of the Homestead Property Exclusion Program Act and the Taxpayer Relief Act, the School Board passed the 2022-23 Homestead and Farmstead Exclusion Resolution in June 2022 whereby County approved homestead and farmstead property taxpayers received an assessment reduction on the July 1, 2022 real estate tax bills of \$8,298 each, which resulted in a \$294.19 tax reduction per homestead and farmstead. This property tax reduction was the result of the District's allocation of gambling tax funds, Philadelphia tax credit reimbursement funds and remaining 2021-22 property tax reduction funds received, totaling \$990,860.75 available during the current year for real estate tax reduction.

- The required District contribution to the Pennsylvania School Employees Retirement System (PSERS) increased from 34.94% to 35.26% for 2022-23, with additional rate increases projected in future years. As of June 30, 2023, \$1.5 million of the General Fund balance has been committed by the School Board to be used toward future PSERS contribution increases.

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

- As a member of the Berks County School District Health Trust, the District experienced a 1.5% increase in health insurance premiums over the prior year. This is the first increase in premiums by the Health Trust since its 4.0% increase in 2019-20. The annualized rate change over the 11-year history of the self-funded Berks Trust has been 3.91% per year.

- The Food Service fund net position as of June 30, 2023, was approximately \$190,018 higher than June 30, 2022, at \$225,086. With the state declaring free breakfast to all students for the 2022-23 fiscal year, the Food Service Fund has received significantly more revenue via state and federal sources, and less receipts from family deposits to student meal accounts. This enables the fund to overcome the operating loss of (\$418,157).

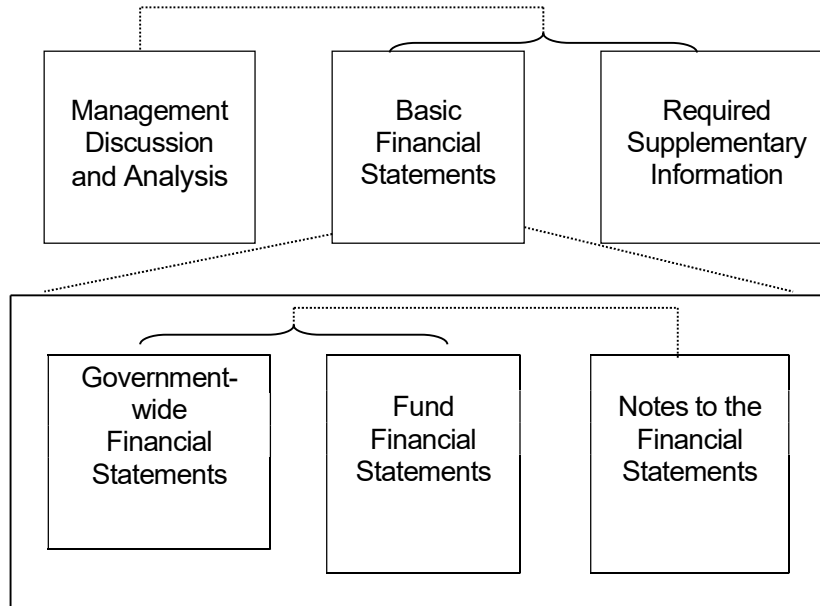
OVERVIEW OF FINANCIAL STATEMENTS

These statements are organized so the reader can understand Brandywine Heights Area School District as a whole. This annual report consists of three parts: (1) management's discussion and analysis, (2) the basic financial statements, and (3) required supplementary information. The basic financial statements include two kinds of statements that present different views of the District. The district-wide financial statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. The financial statements also include notes that explain some of the information in the financial statements, as well as provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

Figure A-1
Required components of
Brandywine Heights Area School District's
Financial Report



**BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis**

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

**Figure A-2
Major Features of Brandywine Heights Area School District's
Government-wide and Fund Financial Statements**

	Fund Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that is not proprietary or fiduciary, such as education, bussing, administration and athletics.	Activities the District operates similar to private business - Food Services	Instances in which the District is the trustee or agent to someone else's resources - Scholarship Funds Activity Fund
Required financial statements	Statement of net position Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

OVERVIEW OF FINANCIAL STATEMENTS

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Position includes all the District's assets and liabilities, deferred inflows and outflows of resources with the difference reported as "net position." Over time, increases and decreases in net position measure whether the District's financial condition is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in the statements for some events that will result in cash flows in future periods: uncollected taxes, accrued interest expense, retirement incentives, and unused sick leave.

The Government-Wide financial statements of the District are divided into two categories:

- **Governmental Activities** – All of the District's basic services are included here, such as instruction, administration, and community services. Taxes along with state and federal subsidies and grants finance most of these activities.
- **Business Type Activities** – The District operates a food service operation and charges fees to students and staff to help it cover the costs of the food service operation along with receiving revenues from federal and state subsidies and in-district catering.

Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds – not the District as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to keep track of specific sources of funding and spending for particular programs. The District's funds are divided into three categories: (1) governmental, (2) proprietary, and (3) fiduciary. Some funds are required by state law and by bond requirements.

Governmental Funds – Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

Proprietary Funds – These funds are used to account for the District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides – whether to outside customers or to other units in the District – these services are generally reported in proprietary funds. The Food Service Fund is the District's only Proprietary Fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

Fiduciary Funds - The District is the trustee, or fiduciary, for some scholarship funds and student clubs and organizations. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As of June 30, 2023, the District's total net position was \$8,645,705.

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

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and Other Assets	\$ 22,006,319	\$ 1,015,179	\$ 22,505,480	\$ 21,532,982	\$ 563,527	\$ 21,975,602
Non-Current Assets	52,448,861	239,428	52,688,289	53,265,619	210,780	53,476,399
Deferred Outflow of Resources	<u>5,916,604</u>	<u>91,137</u>	<u>6,007,741</u>	<u>7,189,247</u>	<u>97,108</u>	<u>7,286,355</u>
Total Assets & Deferred Outflow of Resources	\$ 80,371,784	\$ 1,345,744	\$ 81,201,510	\$ 81,987,848	\$ 871,415	\$ 82,738,356
Current and Other Liabilities	\$ 6,660,940	\$ 445,263	\$ 6,590,185	\$ 6,763,026	\$ 107,824	\$ 6,749,943
Long-Term Liabilities	62,516,152	642,006	63,158,158	64,327,930	625,884	64,953,814
Deferred Inflow of Resources	<u>2,548,987</u>	<u>33,389</u>	<u>2,582,376</u>	<u>7,195,337</u>	<u>102,639</u>	<u>7,297,976</u>
Total Liabilities & Deferred Inflow of Resources	<u>71,726,079</u>	<u>1,120,658</u>	<u>72,330,719</u>	<u>78,286,293</u>	<u>836,347</u>	<u>79,001,733</u>
Net Position						
Net Investment in Capital Assets	\$ 35,364,223	\$ 239,428	\$ 35,603,651	\$ 34,424,188	\$ 210,780	\$ 34,634,968
Restricted	2,591,617	-	2,591,617	2,787,358	-	2,787,358
Unrestricted	<u>(29,310,135)</u>	<u>(14,342)</u>	<u>(29,324,477)</u>	<u>(33,509,991)</u>	<u>(175,712)</u>	<u>(33,685,703)</u>
Total Net Position	\$ 8,645,705	\$ 225,086	\$ 8,870,791	\$ 3,701,555	\$ 35,068	\$ 3,736,623

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

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position is combined of reserved and undesignated amounts.

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the local taxes assessed to community taxpayers and the Basic Education Subsidy provided by the Commonwealth of Pennsylvania.

Table A-2 takes the information from that Statement, rearranges it slightly, so you can see our total revenues for the year.

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

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES						
<i>Program Revenues:</i>						
Charges for Services	\$ 67,055	\$ 292,123	\$ 359,178	\$ 63,882	\$ 45,748	\$ 109,630
Operating Grants and Contributions	6,833,710	591,158	7,424,868	6,929,252	904,060	7,833,312
Capital Grants and Contributions	431,444	-	431,444	-	-	-
<i>General Revenues:</i>						
Property Taxes	\$20,265,776	-	20,265,776	19,687,142	-	19,687,142
Other Taxes	2,332,099	-	2,332,099	2,275,424	-	2,275,424
Grants, Subsidies and Contributions, Unrestricted	5,634,945	-	5,634,945	5,220,802	-	5,220,802
Other	<u>629,262</u>	<u>17,017</u>	<u>646,279</u>	<u>154,335</u>	<u>353</u>	<u>154,688</u>
TOTAL REVENUES	\$ 36,194,291	\$ 900,298	\$ 37,094,589	\$ 34,330,837	\$ 950,161	\$ 35,280,998
EXPENSES						
Instruction	\$19,828,488	\$ -	\$ 19,828,488	\$ 18,502,063	\$ -	\$ 18,502,063
Instructional Student Support	3,169,855	-	3,169,855	3,045,479	-	3,045,479
Administrative and Financial Support	2,813,978	-	2,813,978	2,789,815	-	2,789,815
Operation and Maintenance of Plant	2,512,284	-	2,512,284	2,361,554	-	2,361,554
Pupil Transportation	1,563,163	-	1,563,163	1,534,679	-	1,534,679
Student Activities	629,535	-	629,535	636,229	-	636,229
Community Services	959	-	959	1,450	-	1,450
Scholarships and Awards	-	-	-	-	-	-
Interest on Long-Term Debt	437,669	-	437,669	449,179	-	449,179
Unallocated Depreciation Expense	294,210	-	294,210	1,434,433	-	1,434,433
Food Services	-	710,280	710,280	-	646,187	646,187
TOTAL EXPENSES	\$ 31,250,141	\$ 710,280	\$ 31,960,421	\$ 30,754,881	\$ 646,187	\$ 31,401,068
Increase (Decrease) in Net Position	\$ 4,944,150	\$ 190,018	\$ 5,134,168	\$ 3,575,956	\$ 303,974	\$ 3,879,930

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

The tables below present the expenses of both the Governmental Activities and the Business-Type Activities of the District.

Table A-3 shows the District's largest functions as well as each function's net cost, total cost less revenues generated by the activities. This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

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

Functions/Programs	2023		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$19,828,488	\$15,267,186	\$ 18,502,063	\$ 13,895,311
Instructional Student Support	3,169,855	2,035,445	3,045,479	1,956,891
Administrative and Financial Support	2,813,978	2,518,952	2,789,815	2,519,782
Operation and Maintenance of Plant	2,512,284	1,912,735	2,361,554	2,261,374
Pupil Transportation	1,563,163	972,440	1,534,679	734,557
Student Activities	629,535	510,519	636,229	508,770
Community Services	959	959	1,450	1,450
Scholarships and Awards	-	-	-	-
Interest on Long-Term Debt	437,669	405,486	449,179	449,179
Unallocated Depreciation Expense	294,210	294,210	1,434,433	1,434,433
Total Governmental Activities	\$ 31,250,141	\$ 23,917,932	\$ 30,754,881	\$ 23,761,747
Less:				
Unrestricted Grants, Subsidies		5,634,945		5,220,802
Total Needs from Local Taxes and Other Revenues		\$ 18,282,987		\$ 18,540,945

Table A-4 reflects the activities of the Food Service program, the only Business-Type Activity of the District.

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

Functions/Programs	2023		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Food Services	\$ 710,280	\$ (173,001)	\$ 646,187	\$ (303,621)
Less:				
Transfers In		-		-
Gain (Loss) on Sale of Capital Assets		-		-
Investment Earnings and Other		17,017		353
Total Cost of Business-Type Activities		\$ (190,018)		\$ (303,974)

The Statement of Revenues, Expenses and Changes in Fund Net Position for this Proprietary Fund will further detail the actual results of operations.

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

THE DISTRICT FUNDS

As of June 30, 2023, the District's Governmental Funds reported a combined fund balance of \$16,691,709, which is a increase of \$598,268 from 2022. The major changes are:

- The General Fund balance increased by \$1,203,679 to \$11,584,417. Actual expenditures were \$482,443 or 1.36% under budget and the revenues were \$844,471 or 2.39% over budget.
- The expenditure variance resulted from Districtwide savings and is primarily attributed to unmaterialized yet anticipated operational expenditures.
- The revenue variance resulted from higher than budgeted local and state revenues.
- Local tax revenue provides approximately 65.28% of the District's total revenues. These revenues include real estate, interim real estate, delinquent real estate, earned income, real estate transfer, per capita, delinquent per capita, and occupation privilege taxes. These revenues, especially earned income tax and real estate transfer tax, are difficult to budget as changing economic conditions directly impact both the basis and current collection rates.
- The Capital Projects Fund balance decreased by \$600,544 as the District wrapped up its third phase of the four-phase construction project along with other district-wide capital improvements.

Business-Type Activity

As of June 30, 2023, the Food Service Program reported an income of \$190,018. A huge contributor to this surplus was the \$608,175 from non-operating revenue sources, 97.2% of which is from reimbursement for free or reduced meal offerings. In shifting from both free breakfast and lunch meal offerings to just free breakfast, operating revenues remained below pre-pandemic levels, but increased to \$292,123 from \$45,748 the prior year. The Food Service team continues to pivot as program changes arise and provide a high level of service to our District families. The Food Service Program is a Business-Type Activity fund and continues to be self-sufficient with no fund transfers from the General Fund during the 2022-23 fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of June 30, 2023, the District had \$52,688,289 invested in a broad range of capital assets, including land, buildings, furniture, equipment, and vehicles. This amount represents a net decrease (including additions, deletions, and depreciation) of \$788,110 or 1.47% from last year.

Table A-5
Capital Assets - Net of Depreciation

	2023	2022
Land & Land Improvements	\$ 1,464,782	\$ 1,228,563
Buildings	48,631,388	44,748,668
Furniture, Equipment, & Vehicles	1,769,902	1,987,673
Intangible Right-to-Use Equipment (Net of Amortization)	36,590	54,885
Construction in Progress	785,627	5,456,610

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

DEBT ADMINISTRATION

As of June 30, 2023, the District had \$18,815,000 of outstanding debt on four general obligation borrowings, this represents a decrease of \$1,940,000 from the prior year. While the District is in the final quarter of a major capital projects' improvement initiative, it should be noted that all debt issuance is scheduled to be repaid by the 2031-32 fiscal year and is well within the recommended borrowing capacity limits.

Table A-6
Outstanding Debt

	2023	2022
General Obligation Bonds & Direct Borrowing:		
- Series A of 2019	\$ 10,345,000	\$ 10,350,000
- Series B of 2019	635,000	2,100,000
- Series of 2020	5,805,000	6,270,000
- Series of 2021	2,030,000	2,035,000

Other obligations include accrued vacation pay and sick leave for specific employees of the District. More detailed information about our long-term liabilities is included in the notes to the financial statements.

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The revenue budget for the 2023-24 year is \$35,694,564.66, a \$303,563.38 increase from the 2022-23 budget. This represents an 8.58% increase in budgeted revenues. This is primarily due to the fluctuation in pandemic related Federal revenue streams. The District's real estate tax rate increased from the prior year by 1.5%. To balance the budget, \$200,000 in PSERS Committed Fund Balance and \$38,822.74 in Unassigned Fund Balance was utilized to offset increases in employer retirement obligations and increases in necessary operating costs.

At the state level, gaming proceeds continue to be available to provide tax relief for qualified homestead and farmstead properties. The district will receive \$990,148, which is passed through to 3,367 property owners to provide approximately \$295.58, up from \$294.19 in 2022-23, in tax relief.

In shifting over to expenditures, the overall budget increased \$419,151.62 to \$35,933,387.40 inclusive of the overall salary increases, retirement system funding and grant related expenditures. The retirement rate and health insurance costs, notable and significant benefit costs, experienced a decrease of 1.26% and increase 8.75% heading into fiscal year 2024. The District participates in the Berks Health Trust, a consortium of school districts for employee health coverage. To better control the costs, the group converted to a self-funded plan July 1, 2012 for health coverage. Further, the District reached a contract agreement with unionized teachers in May 2016 beginning July 1, 2016. The contract with extensions runs through June 30, 2025. The unionized support staff voted to decertify in April 2014.

LOOKING FORWARD

At the time these financial statements were prepared and audited, the District was aware of existing factors, primarily economic, that could affect its financial health in the future. This is compounded with the District's ongoing dependence on local funding, coupled with the tax levy limitations on growth revenues as a result of the district's overall assessed values. The District locally does not expect significant growth in the near future given the residential nature of the community and lack of economic opportunities to develop within its borders.

Despite five-and-a-half months of impasse and false starts, Pennsylvania's fiscal year 2023-24 is anticipated to see a historic investment in public education as the state continue building on the \$567 million increase in basic education funding (BEF) for Pennsylvania school districts, the largest BEF increase in history, and the \$46.5 million increase to provide universal free breakfast to 1.7 million Pennsylvania K-12 students. The additional funding is essential to help pay for the increased mandate costs and ensure additional resources are directed into the classroom.

There are many factors to consider in the short-term and long-term when setting the fiscal year budgets. Changes in the state's economy and legislation surely impact the finances of the District, even more so in an environment of high interest rates. While approximately 31% of the District's General Fund budget revenue is from the state, we must be mindful that it is affected by student count, a number that is anticipated to decline further. In addition, the recent, and additional, Federal revenue streams related to the COVID-19 pandemic will expire on September 30, 2024.

Like most K-12 public school districts in the state of Pennsylvania, Brandywine Heights Area SD will continue to face many additional challenges, including, but not limited to, high fixed costs stemming from rising cyber/charter school tuition, special education costs, and employer pension contributions. These financial pressures are anticipated to remain in the foreseeable future pending any legislative action.

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
Management's Discussion and Analysis

While the state mandated retirement system funding increases have started to level off and the District receives some financial support from the Commonwealth for their pension contributions, the employer contribution rate undoubtedly continues to burden the budget. To add, the short-term and long-term models are showing the employer contribution rate could reach 38.35% by fiscal year 2031, up from its fiscal year 2024 number of 34.00%. As is the general practice, the District will continue to look for operational efficiencies and cost-saving measures to alleviate fiscal pressures beyond its control.

Additional potential stresses to the budget are post pandemic economic conditions. Aside from the guarantee, contractual increases in salaries, the economic conditions are resulting in flat or declining tax revenues with steep increases in expenditures, and flat to declining state and federal funding sources that may require an increase in real estate tax rates. The District's current adjusted Act 1 tax increase limit is 6.2% for the 2024-25 fiscal year. The Board has voted to stay within the Act 1 index and will vote on the final 2024-25 fiscal year real estate tax rate in June of 2024.

Table A-7

BUDGETED REVENUES

	2023-24	2022-23
Local	65.87%	64.78%
State	31.11%	29.78%
Federal/Other	3.02%	5.44%

BUDGETED EXPENDITURES

	2023-24	2022-23
Instruction	56.41%	56.10%
Support Services	32.24%	32.25%
Non-Instruction/Community	2.01%	2.01%
Facilities Acquisition, Construction and Improvement	1.95%	1.98%
Fund Transfers/Debt/Reserve	7.40%	7.66%

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Nicole DelGuercio, Business Manager/Board Secretary at Brandywine Heights Area School District, 200 West Weis Street, Topton Pa. 19562, 610-682-5141, nicdel@bhasd.org.

BASIC FINANCIAL STATEMENTS

Brandywine Heights Area School District
Statement of Net Position
As of June 30, 2023

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 14,385,792	\$ 813,603	\$ 15,199,395
Restricted Cash	25,000	-	25,000
Investments	3,556,657	-	3,556,657
Receivables, Net	1,028,449	-	1,028,449
Internal Balances	430,024	85,994	- (1)
Due From Other Governments	2,149,926	91,290	2,241,216
Lease Receivable	333,665	-	333,665
Other Receivables	24,113	-	24,113
Inventories	15,798	24,292	40,090
Prepaid Expenses	17,450	-	17,450
Other Current Assets	39,445	-	39,445
Total Current Assets	22,006,319	1,015,179	22,505,480
Non-Current Assets:			
Land	434,117	-	434,117
Site Improvements (Net of Depreciation)	1,030,665	-	1,030,665
Building and Bldg. Improvements (Net of Depreciation)	48,631,388	-	48,631,388
Machinery and Equipment (Net of Depreciation)	1,530,474	239,428	1,769,902
Intangible Right-to-use Equipment (Net of Amortization)	36,590	-	36,590
Construction in Progress	785,627	-	785,627
Total Non-Current Assets	52,448,861	239,428	52,688,289
Total Assets	74,455,180	1,254,607	75,193,769
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Related to Pension	5,734,158	89,372	5,823,530
Deferred Outflows of Resources - Related to OPEB	171,342	1,765	173,107
Deferred Amount on Debt Refundings, Net	11,104	-	11,104
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 80,371,784	\$ 1,345,744	\$ 81,201,510
LIABILITIES			
Current Liabilities:			
Internal Balances	\$ 85,994	\$ 430,024	\$ - (1)
Due to Other Governments	46,879	-	46,879
Accounts Payable	601,307	1,325	602,632
Current Portion of Long-Term Obligations	2,211,987	-	2,211,987
Accrued Salaries and Benefits	1,562,430	3,171	1,565,601
Payroll Deductions and Withholdings	1,847,973	-	1,847,973
Unearned Revenue - Grants	41,910	-	41,910
Other Current Liabilities	262,460	10,743	273,203
Total Current Liabilities	6,660,940	445,263	6,590,185
Non-Current Liabilities:			
Bonds Payable	17,665,274	-	17,665,274
Finance Purchase Obligations	373,955	-	373,955
Lease Purchase Obligation	18,527	-	18,527
Long-Term Portion of Compensated Absences	142,500	-	142,500
Net Pension Liability	40,551,576	617,683	41,169,259
Net OPEB Liability - Single Employer Plan	1,889,511	-	1,889,511
Net OPEB Liability - Multiple Employer Plan	1,663,455	24,323	1,687,778
Other Retirement Benefits	186,354	-	186,354
Other Long-Term Liabilities	25,000	-	25,000
Total Liabilities	69,177,092	1,087,269	69,748,343
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Related to Pension	1,202,874	29,126	1,232,000
Deferred Inflows of Resources - Related to OPEB	1,012,448	4,263	1,016,711
Deferred Inflows of Resources - Related to Leases	333,665	-	333,665
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	71,726,079	1,120,658	72,330,719
NET POSITION			
Net Investment in Capital Assets	35,364,223	239,428	35,603,651
Restricted For:			
Retirement of Long-Term Debt	-	-	-
Capital Projects	2,591,617	-	2,591,617
Other Restrictions	-	-	-
Unrestricted (Deficit)	(29,310,135)	(14,342)	(29,324,477)
Total Net Position	8,645,705	225,086	8,870,791
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 80,371,784	\$ 1,345,744	\$ 81,201,510

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

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

Brandywine Heights Area School District
Statement of Activities
For the Year Ended June 30, 2023

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 19,828,488	\$ 4,726	\$ 4,545,279	\$ 11,297	\$ (15,267,186)	\$ -	\$ (15,267,186)
Instructional Student Support	3,169,855	-	1,134,410	-	(2,035,445)	-	(2,035,445)
Admin. & Fin'l Support Services	2,813,978	-	295,026	-	(2,518,952)	-	(2,518,952)
Oper. & Maint. Of Plant Svcs.	2,512,284	-	211,585	387,964	(1,912,735)	-	(1,912,735)
Pupil Transportation	1,563,163	-	590,723	-	(972,440)	-	(972,440)
Student Activities	629,535	62,329	56,687	-	(510,519)	-	(510,519)
Community Services	959	-	-	-	(959)	-	(959)
Scholarship and Awards	-	-	-	-	-	-	-
Interest on Long-Term Debt	437,669	-	-	32,183	(405,486)	-	(405,486)
Unallocated Depreciation Expense	294,210	-	-	-	(294,210)	-	(294,210)
TOTAL GOVERNMENTAL ACTIVITIES	31,250,141	67,055	6,833,710	431,444	(23,917,932)	-	(23,917,932)
BUSINESS-TYPE ACTIVITIES:							
Food Services	710,280	292,123	591,158	-	-	173,001	173,001
Other Enterprise Funds	-	-	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT	\$ 31,960,421	\$ 359,178	\$ 7,424,868	\$ 431,444	\$ (23,917,932)	\$ 173,001	\$ (23,744,931)
GENERAL REVENUES:							
Property Taxes. Levied for General Purposes, Net					\$ 20,265,776	\$ -	\$ 20,265,776
Taxes Levied for Specific Purposes					2,332,099	-	2,332,099
Grants, Subsidies, & Contributions not Restricted					5,634,945	-	5,634,945
Investment Earnings					582,659	17,017	599,676
Miscellaneous Income					177,583	-	177,583
Special Item - Gain (Loss) on Sale of Capital Assets					(130,980)	-	(130,980)
Extraordinary Items					-	-	-
Transfers					-	-	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					28,862,082	17,017	28,879,099
CHANGES IN NET POSITION					4,944,150	190,018	5,134,168
NET POSITION - BEGINNING					3,701,555	35,068	3,736,623
NET POSITION - ENDING					\$ 8,645,705	\$ 225,086	\$ 8,870,791

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

**Brandywine Heights Area School District
Balance Sheet
Governmental Funds
As of June 30, 2023**

	GENERAL	CAPITAL PROJECT FUNDS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 9,538,898	\$ 4,829,646	\$ 17,248	\$ 14,385,792
Restricted Cash	25,000	-	-	25,000
Investments	3,231,657	325,000	-	3,556,657
Taxes Receivable, Net	1,028,449	-	-	1,028,449
Due from Other Funds	480,935	3,400	-	484,335
Due from Other Governments	2,149,926	-	-	2,149,926
Lease Receivables	333,665	-	-	333,665
Other Receivables	9,704	-	-	9,704
Prepaid Expenditures	17,450	-	-	17,450
Other Current Assets	39,445	-	-	39,445
TOTAL ASSETS	16,855,129	5,158,046	17,248	22,030,423
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charges on Refundings, Net	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 16,855,129	\$ 5,158,046	\$ 17,248	\$ 22,030,423
<u>LIABILITIES</u>				
Due to Other Funds	\$ 89,394	\$ 50,910	\$ -	\$ 140,304
Due to Other Governments	46,879	-	-	46,879
Current Portion of Compensated Absences	65,822	-	-	65,822
Other Post Retirement Benefits	5,270	-	-	5,270
Accounts Payable	584,215	17,092	-	601,307
Accrued Salaries and Benefits	1,562,430	-	-	1,562,430
Payroll Deductions and Withholdings	1,847,973	-	-	1,847,973
Unearned Revenue - Grants not Meeting Eligibility Requirements	41,910	-	-	41,910
Other Current Liabilities	8,330	-	-	8,330
TOTAL LIABILITIES	4,252,223	68,002	-	4,320,225
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Property Taxes	684,824	-	-	684,824
Leases	333,665	-	-	333,665
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	5,270,712	68,002	-	5,338,714
<u>FUND BALANCES</u>				
Nonspendable Fund Balance	17,450	-	-	17,450
Restricted Fund Balance	34,394	5,090,044	-	5,124,438
Committed Fund Balance	1,500,000	-	-	1,500,000
Assigned Fund Balance	6,388,822	-	17,248	6,406,070
Unassigned Fund Balance	3,643,751	-	-	3,643,751
TOTAL FUND BALANCES	11,584,417	5,090,044	17,248	16,691,709
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 16,855,129	\$ 5,158,046	\$ 17,248	\$ 22,030,423

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

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

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 16,691,709

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$79,815,281 and the accumulated depreciation/amortization is \$27,366,420.	52,448,861
Additional receivables established that do not meet the availability criteria reflected in the fund financial statements. This amount represents the difference between the prior year receivables and the current year receivables established under the accrual basis of accounting.	14,409
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.	684,824
This represents deferred outflows of resources resulting in deferred charges on refunding prior bond issues.	11,104
This represents deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension/OPEB Liability.	3,690,178
The governmental funds follow the purchase method of inventory; therefore no inventory is reflected on the balance sheet. However, the Statement of Net Position uses the consumption method of inventory.	15,798
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	(64,911,178)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 8,645,705**

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

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

	<u>GENERAL</u>	<u>CAPITAL PROJECT FUNDS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES				
Local Sources	\$ 23,655,258	\$ 131,872	\$ 7,007	\$ 23,794,137
State Sources	10,900,285	-	-	10,900,285
Federal Sources	1,669,546	-	-	1,669,546
TOTAL REVENUES	<u>36,225,089</u>	<u>131,872</u>	<u>7,007</u>	<u>36,363,968</u>
EXPENDITURES				
Instruction	20,055,368	-	-	20,055,368
Support Services	11,065,168	150,524	-	11,215,692
Operation of Non-Instructional Services	671,105	-	11,874	682,979
Capital Outlay	387,964	581,892	-	969,856
Debt Service	2,852,188	-	-	2,852,188
TOTAL EXPENDITURES	<u>35,031,793</u>	<u>732,416</u>	<u>11,874</u>	<u>35,776,083</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,193,296</u>	<u>(600,544)</u>	<u>(4,867)</u>	<u>587,885</u>
OTHER FINANCING SOURCES (USES)				
Sale/Compensation for Fixed Assets	9,060	-	-	9,060
Insurance Proceeds	1,323	-	-	1,323
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,383</u>	<u>-</u>	<u>-</u>	<u>10,383</u>
SPECIAL/EXTRAORDINARY ITEMS				
Special Items	-	-	-	-
Extraordinary Items	-	-	-	-
NET CHANGE IN FUND BALANCES	1,203,679	(600,544)	(4,867)	598,268
FUND BALANCES - BEGINNING	<u>10,380,738</u>	<u>5,690,588</u>	<u>22,115</u>	<u>16,093,441</u>
FUND BALANCES - ENDING	<u>\$ 11,584,417</u>	<u>\$ 5,090,044</u>	<u>\$ 17,248</u>	<u>\$ 16,691,709</u>

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

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 598,268

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

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

Depreciation/amortization expense	\$ 2,066,909	
less - capital outlays	<u>1,390,192</u>	(676,717)

In the Statement of Activities, certain operating revenues are recognized when earned versus the revenues using the modified accrual basis of accounting in the fund statements that are recognized when the funds are available. As such, the amount shown here represents the difference between earned revenues and revenues that are earned, but not available.

17,426

In the Statement of Activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of capital assets sold.

(140,040)

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

(57,447)

Repayment of bonds, finance purchases, and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

2,146,676

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

111,685

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING **\$ 1,999,851**

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

**SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING
(cont'd) \$ 1,999,851**

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. This would include accumulated interest accreted on capital appreciation bonds. The additional interest accrued in the Statement of Activities over the amount due is shown here. 267,843

The governmental funds use the purchase method of inventory, where all items purchased are charged to expenditures. However, the Statement of Activities is reflected on the consumption method of recording inventory type items; therefore, this adjustment reflects the inventory difference. (1,274)

The difference between current year pension/OPEB expense reported on the governmental activities column of the government-wide financial statements and the pension/OPEB contributions made this past year reported as expenditures in the governmental funds. 2,677,730

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 4,944,150

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

**Brandywine Heights Area School District
Statement of Fund Net Position
Proprietary Funds
As of June 30, 2023**

	FOOD SERVICE
<u>ASSETS</u>	
CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 813,603
Due From Other Funds	85,994
Due From Other Governments	91,290
Inventories	24,292
TOTAL CURRENT ASSETS	1,015,179
NON-CURRENT ASSETS:	
Machinery & Equipment (Net)	239,428
TOTAL NON-CURRENT ASSETS	239,428
TOTAL ASSETS	1,254,607
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources - Related to Pension	89,372
Deferred Outflows of Resources - Related to OPEB	1,765
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 1,345,744
<u>LIABILITIES</u>	
CURRENT LIABILITIES:	
Due to Other Funds	\$ 430,024
Accounts Payable	1,325
Accrued Salaries and Benefits	3,171
Deposits Payable	9,816
Other Current Liabilities	927
TOTAL CURRENT LIABILITIES	445,263
NON-CURRENT LIABILITIES:	
Net Pension Liability	617,683
Net OPEB Liability - Multiple Employer Plan	24,323
TOTAL NON-CURRENT LIABILITIES	642,006
TOTAL LIABILITIES	1,087,269
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows of Resources - Related to Pension	29,126
Deferred Inflows of Resources - Related to OPEB	4,263
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	1,120,658
FUND NET POSITION	
Net Investment in Capital Assets	239,428
Unrestricted	(14,342)
TOTAL FUND NET POSITION	225,086
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION	\$ 1,345,744

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

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

	FOOD SERVICE
OPERATING REVENUES:	
Food Service Revenue	\$ 234,009
Other Operating Revenues	58,114
TOTAL OPERATING REVENUES	292,123

OPERATING EXPENSES:	
Salaries	215,648
Employee Benefits	83,782
Purchased Property Service	24,596
Other Purchased Services	16,355
Supplies	355,260
Depreciation	14,639
TOTAL OPERATING EXPENSES	710,280

OPERATING INCOME (LOSS)	(418,157)

NON-OPERATING REVENUES (EXPENSES)	
Earnings on Investments	17,017
State Sources	125,581
Federal Sources	465,577
TOTAL NON-OPERATING REVENUES (EXPENSES)	608,175

INCOME (LOSS) BEFORE CONTRIBUTIONS	190,018
Transfers In (Out)	-
CHANGES IN FUND NET POSITION	190,018

TOTAL FUND NET POSITION - BEGINNING	35,068

TOTAL FUND NET POSITION - ENDING	\$ 225,086

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

Brandywine Heights Area School District
Statement of Cash Flows
Proprietary Funds
As of June 30, 2023

	FOOD SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Users	\$ 186,687
Cash Received from Other Operating Revenue	59,041
Cash Payments to Employees for Services	(342,789)
Cash Payments to Suppliers for Goods and Services	(21,309)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(118,370)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Sources	115,441
Federal Sources	428,152
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	543,593
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Equipment	(43,288)
Interest Paid on Financing Agreements	-
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(43,288)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	17,017
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	17,017
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	398,952
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	414,651
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 813,603
OPERATING INCOME (LOSS)	\$ (418,157)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Depreciation and Net Amortization	14,639
Donated Commodities Used	49,249
CHANGES IN ASSETS AND LIABILITIES:	
(Increase) Decrease in Accounts Receivable	(47,322)
(Increase) Decrease in Inventories	(7,061)
(Increase) Decrease in Deferred Outflows of Resources - Current Year Contributions	(8,346)
(Increase) Decrease in Deferred Outflows of Resources - Change in Assumptions	14,523
(Increase) Decrease in Deferred Outflows of Resources - Diff. in Projected vs Actual Invest. Earnings	3,375
(Increase) Decrease in Deferred Outflows of Resources - Diff. in Projected vs Actual Contributions	(990)
Increase (Decrease) in Accounts Payable	(5,812)
Increase (Decrease) in Advances from Other Funds	347,789
Increase (Decrease) in Accrued Salaries and Benefits	1,026
Increase (Decrease) in Net OPEB Liability - Multiple Employer Plan	(7,463)
Increase (Decrease) in Net Pension Liability	23,585
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Invest. Earnings	(73,382)
Increase (Decrease) in Deferred Inflows of Resources - Change in Proportion of NPL	3,328
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	(1,787)
Increase (Decrease) in Other Current Liabilities	(5,564)
TOTAL ADJUSTMENTS	299,787
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (118,370)

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

Brandywine Heights Area School District
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2023

	PRIVATE- PURPOSE TRUST	CUSTODIAL FUNDS
ASSETS		
Cash and Cash Equivalents	\$ 26,853	\$ 94,572
TOTAL ASSETS	26,853	94,572
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 26,853	\$ 94,572
LIABILITIES		
Accounts Payable	\$ -	\$ 1,250
TOTAL LIABILITIES	-	1,250
DEFERRED INFLOWS OF RESOURCES	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	1,250
NET POSITION		
Restricted for		
Individuals, Organizations, and Other Governments	26,853	93,322
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	\$ 26,853	\$ 94,572

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

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

	PRIVATE- PURPOSE TRUST FUND	CUSTODIAL FUNDS
ADDITIONS		
Contributions - Students	\$ -	\$ 48,775
Contributions - Gifts and Bequests	26,129	-
Special Events	-	35,873
Other Income	-	6,485
INVESTMENT EARNINGS:		
Interest and Dividends	82	348
Net Increase (Decrease) in Fair Value of Investments	-	-
Less: Investment Expense	-	-
TOTAL ADDITIONS	26,211	91,481
	-----	-----
 DEDUCTIONS		
Administrative Expense	-	11,066
Benefits Paid to Participants or Beneficiaries	23,475	-
Payments for Student Club Activities	-	87,922
Other	-	-
TOTAL DEDUCTIONS	23,475	98,988
 CHANGES IN NET POSITION	 2,736	 (7,507)
 NET POSITION - BEGINNING OF YEAR	 24,117	 100,829
NET POSITION - END OF YEAR	\$ 26,853	\$ 93,322

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

Brandywine Heights Area School District
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2023

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>GAAP BASIS</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 22,927,370	\$ 22,927,370	\$ 23,655,258	\$ 727,888
State Sources	10,538,817	10,538,817	10,900,285	361,468
Federal Sources	1,909,814	1,909,814	1,669,546	(240,268)
TOTAL REVENUES	<u>35,376,001</u>	<u>35,376,001</u>	<u>36,225,089</u>	<u>849,088</u>
EXPENDITURES				
Regular Instruction	14,394,369	14,335,368	14,332,092	3,276
Special Programs	4,888,180	4,966,181	4,943,297	22,884
Vocational Programs	593,876	593,876	593,876	-
Other Instructional Programs	47,090	77,741	77,741	-
Pre-Kindergarten	-	108,362	108,362	-
Pupil Personnel Services	1,273,673	1,231,809	1,217,408	14,401
Instructional Staff Services	1,761,416	1,860,615	1,852,002	8,613
Administrative Services	1,674,348	1,583,405	1,581,901	1,504
Pupil Health	413,876	508,378	508,278	100
Business Services	615,300	647,408	631,079	16,329
Operation & Maintenance of Plant Services	3,149,021	3,167,571	2,914,500	253,071
Student Transportation Services	1,710,183	1,610,183	1,569,764	40,419
Central Support Services	830,136	844,036	768,150	75,886
Other Support Services	25,000	25,000	22,086	2,914
Student Activities	713,750	713,192	670,146	43,046
Community Services	500	959	959	-
Facilities, Acquisition and Construction	701,717	387,964	387,964	-
Debt Service	2,621,801	2,852,188	2,852,188	-
TOTAL EXPENDITURES	<u>35,414,236</u>	<u>35,514,236</u>	<u>35,031,793</u>	<u>482,443</u>
Excess (deficiency) of revenues over expenditures	(38,235)	(138,235)	1,193,296	1,331,531
OTHER FINANCING SOURCES (USES)				
Sale/Compensation for Fixed Assets	15,000	15,000	9,060	(5,940)
Insurance Recoveries	-	-	1,323	1,323
Budgetary Reserve	(100,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(85,000)</u>	<u>15,000</u>	<u>10,383</u>	<u>(4,617)</u>
Special Items	-	-	-	-
Extraordinary Items	-	-	-	-
NET CHANGE IN FUND BALANCES	<u>(123,235)</u>	<u>(123,235)</u>	<u>1,203,679</u>	<u>1,326,914</u>
FUND BALANCE - JULY 1, 2022	<u>\$ 8,483,446</u>	<u>\$ 8,483,446</u>	<u>\$ 10,380,738</u>	<u>\$ 1,897,292</u>
FUND BALANCE - JUNE 30, 2023	<u>\$ 8,360,211</u>	<u>\$ 8,360,211</u>	<u>\$ 11,584,417</u>	<u>\$ 3,224,206</u>

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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Note 1 - Description of the School District and Reporting Entity

School District

The Brandywine Heights Area School District is located in Tipton, Pennsylvania. The District tax base consists of the Borough of Tipton and the Townships of District, Longswamp, and Rockland.

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

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

Board of School Directors

The public-school system of the Commonwealth shall be administered by a board of school directors, to be elected or appointed, as hereinafter provided. At each election of school directors, each qualified voter shall be entitled to cast one vote for each school director to be elected.

The Brandywine Heights Area School District is governed by a board of nine School Directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term.

The Board of School Directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person, residing in such district, between the ages of six and twenty-one years, who may attend.

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

Administration

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

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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Brandywine Heights Area School District, this includes general operations, food service, and student related activities of the School District.

Brandywine Heights Area School District is a municipal corporation governed by an elected nine-member board. As required by generally accepted accounting principles, these financial statements are to present Brandywine Heights Area School District (the primary government) and organizations for which the primary government is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the School District in that the School District approved the budget, the issuance of debt, or the levying of taxes. The Brandywine Heights Area School District does not have any component units.

Joint Ventures

Berks Vocational-Technical School d/b/a Berks Career and Technology Center

The School District is a participating member of the Berks Career and Technology Center. The Berks Career and Technology Center is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the Berks Career and Technology Center's annual operating budget. Each participating district pays a pro-rata share of the District's operating costs based on the number of students attending the Center for each district. The District's share of the Center's operating costs for 2022-2023 was \$593,876. During the 1998-99 fiscal year, the by-laws of the Center were amended to state that any school district terminating their active participation in paying ongoing operating costs and debt, shall cease being a participating member district and shall have no further obligation to the Center.

On dissolution of the Berks Career and Technology Center, the net position of the Center will be shared on a pro-rata basis of each participating district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in the Center as defined by GASB Statement No. 14 except a residual interest in the net position upon dissolution that should not be reflected on the basic financial statements. Complete financial statements for the Center can be obtained from the District's administrative office at 1057 County Road, Leesport, PA 19533.

Jointly Governed Organizations

Berks County Intermediate Unit

The School District is a participating member of the Berks County Intermediate Unit (BCIU). The BCIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the BCIU's annual operating budget. The BCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no on-going financial interest or responsibility in the BCIU. The BCIU contracts with participating districts to supply special education services, computer services, and serves as a conduit for certain federal programs.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position, a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the School District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for one business-type activity of the School District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School District.

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

B. Fund Accounting

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

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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

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

General Fund

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

Capital Projects Funds

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

Construction Fund (39)

This fund received the proceeds of General Obligation Bonds - Series A of 2019 to fund certain capital projects.

Capital Reserve Fund

This fund was created in accordance with Section 1432 of the Municipal Code. The Municipal Code restricts how the resources are spent within this fund.

Special Revenue Funds

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

Student Sponsored Activity Fund

This fund is set up in accordance with Section 511 of the PA School Code for student sponsored school organizations and publication which do not meet the criteria to be reported as custodial funds per GASB Statement 84.

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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Enterprise Funds

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

Food Service Fund

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

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

Scholarship Trust Funds – These funds are considered private-purpose trust funds and are reported as such in the Statement of Net Position Fiduciary Funds and the Statement of Changes in Fiduciary Net Position. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs.

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

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet, along with deferred outflows of resources or deferred inflows of resources required to be reported. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation's with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities, including required deferred outflows of resources or required deferred inflows of resources, associated with the operation of these funds are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its enterprise activities.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

D. Basis of Accounting

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

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

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

E. Budgetary Process

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

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

Accelerated Budget Process Option

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

If the preliminary budget exceeds the increase authorized by the Index, an application for an exception may be filed with either a Court of Common Pleas with jurisdiction or PDE and made available for public inspection. The Board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1. The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The Board shall annually adopt the final budget by a majority vote of all members of the Board prior to June 30.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Board Resolution Option

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

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the School Board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the Board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2022-23 budget transfers.

F. Use of Estimates

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

G. Changes in Accounting Principles

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

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

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

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

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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

H. Pensions

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

I. Other Post-Employment Benefits

Multiple Employer Cost Sharing OPEB Plan

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

Single Employer OPEB Plan

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

J. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

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

Investments

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

A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share of the investment. This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets. These assets were previously required to be measured at fair value.

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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

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

Receivables and Payables

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

Property Tax Levy

Property taxes, which were levied during the fiscal year ended June 30, 2023, are recognized as revenue in the fund financial statements when received by the District during the fiscal year and also estimated to be received by the District within sixty (60) days after the fiscal year ended.

Property taxes that were levied during the current fiscal year, which are not estimated to be received within sixty (60) days after the fiscal year-end, are recorded as receivable and deferred inflows of resources in the fund financial statements.

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

Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used. A physical inventory taken at June 30, 2023, shows \$15,798 as an asset in the governmental activities column of the Government-wide Statement of Net Position; a physical inventory taken at June 30, 2023, shows \$24,292 as an asset in the business-type activities column of the Government-wide Statement of Net Position.

Inventory type items in governmental funds utilize the purchase method, that is, they are charged to expenditures when purchased; therefore, there is no inventory shown on the governmental funds balance sheet. Inventory type items in Proprietary Funds use the consumption method, in which items are purchased for inventory and charged to expenses when used. The only Proprietary Fund of the District is the Food Service Fund. Inventory within this fund consists of donated commodities, which are valued at U.S.D.A.'s approximate costs, and purchased food.

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

Purchased Food/Commodities		\$ 13,088
Supplies		11,204
TOTAL		\$ 24,292

Prepaid Expenses

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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of two thousand-five hundred (\$2,500) dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

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

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Site Improvements	10 - 20 years	10 - 20 years
Buildings and Improvements	20 - 50 years	20 - 50 years
Furniture and Equipment	5 - 20 years	5 -20 years
Right-to-use Equipment	Length of Lease	Length of Lease

Compensated Absences

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

Sick leave benefits for administrators are accrued as a liability using the termination method. An accrual for accumulated sick days is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

LEASES

Lessee:

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

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

Lessor:

The Brandywine Heights Area School District is a lessor for a noncancellable lease of a cell tower. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

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

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

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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

SBITAs (Subscription Based Information Technology Arrangements)

Occasionally the District enters into Subscription-Based Information Technology Arrangements. These arrangements grant the District the right to access use of software that is hosted by third-party vendors over a specified contract term. Unlike traditional software, the District does not take physical possession of or have the right to control the software; instead, it accesses the uses the software remotely.

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

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

Other Long-Term Obligations

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

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

Reclassification

Certain amounts have been reclassified to conform to the June 30, 2022, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements reported on the modified accrual basis of accounting.

Net Position

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

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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Fund Balance Categories

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

This category includes all remaining amounts that are reported in governmental funds, except the general fund, that are not classified in one of the above-mentioned categories. In the general fund, this category represents the District's intent to use resources for a specific purpose, which does not require formal action by the governing body. The District's policy dictates the business manager is responsible to make these assignments.

Unassigned Fund Balance

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

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

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds received no capital contributions during this fiscal year.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

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

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

The governmental fund balance sheet includes a reconciliation between "fund balance - total governmental funds" and "net position - governmental activities" as reported in the Government-wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds."

The details of this \$64,911,178 difference are:

Bonds/Notes payable	\$ 18,815,000
Less: Issuance Discount (To be Amortized as Interest Expense)	-
Add: Issuance Premium (To be Amortized as a Contra to Interest Expense)	790,274
Accrued Interest Payable	254,130
Finance Purchase Obligations	556,488
Lease Obligations	36,890
Other Post Retirement Benefits	186,354
Net OPEB Liability - Single Employer Plan	1,889,511
Net OPEB Liability - Multiple Employer Plan	1,663,455
Net Pension Liability	40,551,576
Other Long-Term Liabilities	25,000
Compensated absences	<u>142,500</u>
Net Adjustment to Reduce "Fund Balance - Total Governmental Funds" to Arrive at "Net Position - Governmental Activities"	 <u>\$ 64,911,178</u>

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

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories.

The amounts shown in the columns below represent:

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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

- c) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the Statement of Activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

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

	TOTAL GOVERN- MENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANS- ACTIONS	TOTAL FOR STATEMENT OF ACTIVITIES
REVENUES AND OTHER SOURCES					
LOCAL SOURCES:					
Property Taxes	\$ 20,323,223	\$ (57,447)	\$ -	\$ -	\$ 20,265,776
Taxes Levied for Specific Purposes	2,332,099	-	-	-	2,332,099
Interest and Investment Earnings	568,812	13,847	-	-	582,659
Miscellaneous	109,467	3,581	-	-	113,048
Contributions and Donations	64,535	-	-	-	64,535
Charges for Services	67,055	-	-	-	67,055
Grants, Subsidies & Contributions not Restricted	5,634,945	-	-	-	5,634,945
STATE SOURCES:					
Operating and Capital Grants and Contributions	5,265,340	-	-	-	5,265,340
FEDERAL SOURCES:					
Operating and Capital Grants and Contributions	1,999,814	-	-	-	1,999,814
SPECIAL AND EXTRAORDINARY ITEMS:					
Gain or (Loss) on Disposal of Assets	9,060	-	(140,040)	-	(130,980)
TOTAL REVENUES	36,374,350	(40,019)	(140,040)	-	36,194,291
EXPENDITURES/EXPENSES					
Instruction	20,055,368	(1,953,703)	1,726,823	-	19,828,488
Instructional Student Support	3,577,688	(395,663)	(12,170)	-	3,169,855
Admin. & Fin'l Support Services	3,153,554	(264,608)	(74,968)	-	2,813,978
Oper. & Maint. Of Plant Svcs.	2,914,685	(114,442)	(287,959)	-	2,512,284
Pupil Transportation	1,569,764	(6,601)	-	-	1,563,163
Student Activities	682,020	(53,124)	639	-	629,535
Community Services	959	-	-	-	959
Capital Outlay	969,856	-	(969,856)	-	-
Debt Service	2,852,188	-	-	(2,414,519)	437,669
Depreciation - Unallocated	-	-	294,210	-	294,210
TOTAL EXPENDITURES/EXPENSES	35,776,082	(2,788,141)	676,719	(2,414,519)	31,250,141
NET CHANGE FOR THE YEAR	\$ 598,268	\$ 2,748,122	\$ (816,759)	\$ 2,414,519	\$ 4,944,150

Note 4 - Stewardship, Compliance, and Accountability

A. Compliance with Finance Related Legal and Contractual Provisions

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

B. Deficit Fund Balance or Net position of Individual Funds

No individual fund contains a deficit fund balance or net position at June 30, 2023.

C. Excess of Expenditures Over Appropriations in Individual Funds

No individual fund, which had a legally adopted budget, had an excess of expenditures over appropriations.

D. Budgetary Compliance

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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Note 5 - Detailed Notes on All Funds and Account Groups

Assets

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2023, \$1,934,390 of the District's bank balance of \$3,306,050, was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	307
Collateralized with securities held by the pledging financial institution		-
Uninsured and collateral held by the pledging bank's trust department not in the District's name		1,934,083
TOTAL	\$	<u>1,934,390</u>

Reconciliation to Financial Statements

Uncollateralized Amount Above	\$	1,934,390
Plus: Insured Amount		1,371,659
Less: Outstanding Checks		(61,939)
Carrying Amount - Bank balances		3,244,110
Plus: Petty Cash		2,224
Deposits in Investment Pool Considered Cash Equivalents		12,424,486
Less: Certificates of Deposit considered Investment by School Code		(325,000)
TOTAL CASH PER FINANCIAL STATEMENTS	\$	<u>15,345,820</u>

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Investments

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

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

**Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

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

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

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

<i>Investment</i>	Maturities	Fair Value
Pa. School District Liquid Asset Fund	N/A	\$ 12,424,486
Money Market Mutual Fund	N/A	3,231,657
PSDLAF Certificates of Deposit	12 months	325,000
TOTAL		\$ 15,981,143

Interest Rate Risk

The 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

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The District has no other policies that would limit its investments to a certain credit rating. The District's investments in the PA School District Liquid Asset Fund and money market mutual fund were rated AAAM by S&P.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. Of the General Fund's investments, 30.65% are invested in Money Market Funds through Fulton Advisors. Of the Construction Fund's investments, 12.66% are held in various CDs within the PA School District Liquid Asset Fund's CD Program. Of the governmental activities investments, 21.03% are held in Money Market Funds through Fulton Advisors. Of the investments held entity wide, 20.22% are held in Money Market Funds through Fulton Advisors.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Custodial Credit Risk

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

Reconciliation to Financial Statements

Total Investments Above	\$ 15,981,143
Less: Deposits in Investment Pool Considered Cash Equivalents	<u>(12,424,486)</u>
Total Investments Per Financial Statements	<u>\$ 3,556,657</u>

Fair Value Reporting

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

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

Property Taxes

Property taxes are levied on July 1, on the assessed value listed, as of that date, for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$605,411,600. In accordance with Act 1 of 2006, the District received \$990,807 in property tax reduction funds for the 2022-23 fiscal year. The tax rate for the year was \$3.54526 per \$100 of assessed valuation or 35.4526 mills. The property tax calendar is:

- | | | |
|--------------------------|---|---|
| July 1 | - | Full year tax assessed for current year. |
| July 1 - August 31 | - | Discount period during which a 2% discount is allowed. |
| September 1 - October 31 | - | Face amount of tax is due |
| November 1 - January 15 | - | A 10% penalty is added to all payments. |
| January 15 | - | All unpaid taxes become delinquent and are turned over to the County Tax Claim Bureau for Collection. |

**Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements.

Receivables

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

	GENERAL FUND	CAPITAL PROJECTS FUND	FOOD SERVICE FUND	NON- MAJOR FUNDS	FIDUCIARY FUNDS	TOTAL
RECEIVABLES:						
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	1,028,449	-	-	-	-	1,028,449
Accounts	9,704	-	-	-	-	9,704
Lease	333,665	-	-	-	-	333,665
Intergovernmental	2,149,926	-	91,290	-	-	2,241,216
GROSS RECEIVABLES	3,521,744	-	91,290	-	-	3,613,034
Less: Allowance for Uncollectibles	-	-	-	-	-	-
NET RECEIVABLES	\$ 3,521,744	\$ -	\$ 91,290	\$ -	\$ -	\$ 3,613,034

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

Schedule on Deferred Inflows of Resources - Unavailable and Unearned

	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
Delinquent Property Taxes - General Fund	\$ 684,824	\$ -
Leases	333,665	-
TOTAL	\$ 1,018,489	\$ -

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Capital Assets

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

CAPITAL ASSET BALANCES AND CURRENT YEAR ACTIVITY

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being Depreciated:				
Land	\$ 371,714	\$ 62,403	\$ -	\$ 434,117
Construction in Progress	5,456,610	1,218,082	(5,889,065)	785,627
Total Capital Assets not being Depreciated	<u>5,828,324</u>	<u>1,280,485</u>	<u>(5,889,065)</u>	<u>1,219,744</u>
Capital Assets being Depreciated/Amortized:				-
Site Improvements	1,886,702	242,624	-	2,129,326
Buildings and Building Improvements	67,810,951	5,610,418	(225,892)	73,195,477
Furniture and Equipment	3,846,931	145,731	(795,108)	3,197,554
Right-to-Use Equipment	73,180	-	-	73,180
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED	<u>73,617,764</u>	<u>5,998,773</u>	<u>(1,021,000)</u>	<u>78,595,537</u>
Less Accumulated Depreciation/Amortization for:				
Site Improvements	(1,029,853)	(68,808)	-	(1,098,661)
Buildings and Building Improvements	(23,062,283)	(1,665,708)	163,902	(24,564,089)
Furniture and Equipment	(2,070,038)	(314,100)	717,058	(1,667,080)
Right-to-Use Equipment	(18,295)	(18,295)	-	(36,590)
TOTAL ACCUMULATED DEPRECIATION	<u>(26,180,469)</u>	<u>(2,066,911)</u>	<u>880,960</u>	<u>(27,366,420)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	<u>47,437,295</u>	<u>3,931,862</u>	<u>(140,040)</u>	<u>51,229,117</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	<u>\$ 53,265,619</u>	<u>\$ 5,212,347</u>	<u>\$ (6,029,105)</u>	<u>\$ 52,448,861</u>
BUSINESS-TYPE ACTIVITIES:				
Capital Assets being Depreciated:				
Furniture and Equipment	\$ 578,543	\$ -	\$ -	\$ 578,543
Less: Accumulated Depreciation	(367,763)	(13,966)	-	(381,729)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 210,780</u>	<u>\$ (13,966)</u>	<u>\$ -</u>	<u>\$ 196,814</u>

*** DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:**

Instruction	\$ 1,742,359
Admin. & Fin'l Support Services	4,549
Oper. & Maint. Of Plant Svcs.	21,496
Student Activities	4,297
Depreciation - Unallocated	<u>294,210</u>
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	<u>\$ 2,066,911</u>

The District's governmental activities disposed or scrapped \$1,021,000 of capital assets during the year, with accumulated depreciation of \$880,960. The District was able to recoup \$9,060 from the sale of certain equipment, this resulted in a net loss on disposition of \$130,980 for the year. The business-type activities did not dispose of any capital assets during the year.

**Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Commitments

Encumbrances

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

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

Construction Commitments

The District had the following construction commitments at year end:

<u>VENDOR</u>	<u>CONTRACT AMOUNT</u>	<u>EXPENDED TO 6/30/23</u>	<u>OUTSTANDING COMMITMENTS</u>
<u>HVAC Maintenance</u>			
HT Lyons	\$ 370,800	\$ 119,960	\$ 250,840
<u>ES Kitchen Tile Wall Replacement</u>			
Division 9	76,777	51,505	25,272
<u>HS Track</u>			
Architerra	192,605	9,401	183,204
<u>Chiller Replacement</u>			
The Brewer-Garrett Company	1,467,985	352,057	1,115,928
<u>Auditorium Lighting</u>			
The Brewer-Garrett Company	446,287	97,169	349,118
<u>Wireless Access Point</u>			
IntegraOne	157,401	65,932	91,469
<u>GRAND TOTALS</u>	<u>\$ 2,711,855</u>	<u>\$ 696,024</u>	<u>\$ 2,015,831</u>

Short-term Debt

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

Interfund Receivables and Payables

The following interfund receivables and payables existed on June 30, 2023:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 480,934	\$ 89,394
Enterprise (Food Service) Fund	85,994	430,024
Capital Reserve (Capital Project) Fund	3,400	-
Construction (Capital Project) Fund	-	50,910
TOTAL	<u>\$ 570,328</u>	<u>\$ 570,328</u>

**Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Interfund Transfers

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

	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
General Fund	\$ -	\$ -
Capital Projects Fund	-	-
TOTAL	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Lease Receivable

IS/MS Rooftop Lease

Effective July 1, 2021, Brandywine Heights Area School District was leasing space on the rooftop of the IS/MS building for a communications tower to American Tower. The lease is for a remaining period of 18 years, with an initial term through August 31, 2025 and two five-year options and one four-year option to extend that are reasonably certain to be exercised. The District will receive monthly payments of \$1,661.08 which will increase 3% annually on the commencement date each year, which is September 1st. The District recognized \$10,253 in lease revenue and \$10,179 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the District's receivable for lease payments was \$333,665. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$333,665.

The future lease payments as of June 30, 2023, were as follows:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>
2023-24	\$ 11,186
2024-25	12,166
2025-26	13,196
2026-27	14,276
2027-32	89,528
2032-37	125,537
2037-40	67,776
TOTAL OUTSTANDING	<u><u>\$ 333,665</u></u>

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Long-term Liabilities

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

CHANGES IN LONG-TERM LIABILITIES

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
<u>GOVERNMENTAL ACTIVITIES</u>					
General Obligation Debt:					
<i>Bonds and Notes Payable:</i>					
Bonds	\$ 19,771,365	\$ -	\$ 2,196,091	\$ 17,575,274	\$ 1,935,000
Notes	<u>2,035,000</u>	<u>-</u>	<u>5,000</u>	<u>2,030,000</u>	<u>5,000</u>
Total General Obligation Debt	21,806,365	-	2,201,091	19,605,274	1,940,000
<i>Other Liabilities:</i>					
Finance Purchases	744,966	-	188,478	556,488	182,533
Lease Obligations	55,088	-	18,199	36,889	18,362
<i>Vested Employee Benefits:</i>					
Vacation Pay	53,923	11,718	-	65,641	13,529
Sick Pay	178,421	-	35,740	142,681	52,293
Net OPEB Liability - Single Employer Plan	2,361,176	-	471,665	1,889,511	-
Net OPEB Liability - Multiple Employer Plan	2,202,891	-	539,436	1,663,455	-
Net Pension Liability	38,835,001	1,716,575	-	40,551,576	-
Retirement Termination Benefits	275,658	-	84,034	191,624	5,270
Other Long-Term Liabilities	<u>28,580</u>	<u>-</u>	<u>3,580</u>	<u>25,000</u>	<u>-</u>
Total Other Liabilities	44,735,704	1,728,293	1,341,132	45,122,865	271,987
TOTAL GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES	\$ 66,542,069	\$ 1,728,293	\$ 3,542,223	\$ 64,728,139	\$ 2,211,987
<u>BUSINESS-TYPE ACTIVITIES</u>					
<i>Other Liabilities:</i>					
<i>Vested Employee Benefits:</i>					
Vacation Pay	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability	594,098	23,585	-	617,683	-
Net OPEB Liability - Single Employer Plan	-	-	-	-	-
Net OPEB Liability - Multiple Employer Plan	<u>31,786</u>	<u>-</u>	<u>7,463</u>	<u>24,323</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES	\$ 625,884	\$ 23,585	\$ 7,463	\$ 642,006	\$ -

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

Total Interest paid and accrued during the year:

<u>GOVERNMENTAL ACTIVITIES:</u>		
	EXPENSE	PAID
General Obligation Debt	\$ 414,844	\$ 682,686
Finance Purchases	3,040	3,040
Leases	418	418
Refund of Prior Year Receipts	<u>19,367</u>	<u>19,367</u>
TOTAL INTEREST	\$ 437,669	\$ 705,511

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Finance Purchase – Chromebooks #20210484

On February 10, 2022, the District entered a lease purchase arrangement with CN Financing Inc. to lease computer equipment. The present value of the financed payments is \$927,105 with an interest rate of 1.614%.

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

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 182,533	\$ 8,984
2024-25	185,480	6,037
2025-26	188,475	3,043
TOTAL OUTSTANDING	\$ 556,488	\$ 18,064

Lease - Sharp Copiers – Fraser Advanced

On July 1, 2021, Brandywine Heights Area School District entered a 48-month lease as lessee for the acquisition and use of Sharp copiers. An initial lease liability was recorded in the amount of \$73,180 during the current fiscal year. As of June 30, 2023, the value of the lease liability was \$36,890. The District is required to make monthly fixed payments of \$1,551. The lease has an interest rate of 0.893%. The Equipment has a five-year estimated useful life. The value of the right to use asset as of June 30, 2023 was \$73,180 with accumulated amortization of \$36,590.

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

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 18,363	\$ 254
2024-25	18,527	90
TOTAL OUTSTANDING	\$ 36,890	\$ 344

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

General Obligation Bonds - Series A of 2019

On June 18, 2019, the District authorized the issue of \$10,135,000 of General Obligation Bonds - Series A of 2019. Proceeds of the Bonds were used to (1) currently refund and restructure a portion of the GON Series of 2014, (2) finance various capital projects of the district, and (3) pay the costs of issuing the 2019A Bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature February 1, 2020 to February 1, 2029. Interest rates range from 1.65% to 5.0% with total indebtedness of \$3,418,508.

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

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 1,345,000	\$ 478,700
2024-25	1,910,000	424,900
2025-26	2,035,000	348,500
2026-27	2,135,000	252,750
2027-28	2,235,000	146,000
2028-29	<u>685,000</u>	<u>34,250</u>
Sub-Total	\$ 10,345,000	\$ 1,685,100
Unamortized Premium	<u>777,693</u>	
TOTAL OUTSTANDING	\$ 11,122,693	

General Obligation Bonds - Series B of 2019

On June 18, 2019, the District authorized the issue of \$2,115,000 of General Obligation Bonds - Series B of 2019. Proceeds of the bonds were used to (1) currently refund and restructure a portion of the GON, Series of 2016 of the District and (2) to pay the costs of issuing the 2019B Bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from February 1, 2020 to February 1, 2025. Interest rates range from 1.65% to 4.0% with total interest indebtedness of \$318,993

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

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 585,000	\$ 23,400
2024-25	<u>50,000</u>	<u>2,000</u>
Sub-Total	\$ 635,000	\$ 25,400
Unamortized Premium	<u>12,580</u>	
TOTAL OUTSTANDING	\$ 647,580	

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

General Obligation Bonds – Series of 2020

On October 22, 2020, the District issued \$7,290,000 of General Obligation Bonds - Series of 2020. The proceeds will be used to (1) undertake the refunding or restructuring of the School District's outstanding General Obligation Note, Series of 2014, in the amount of \$2,225,000, (2) provide funds for and towards various capital projects, and (3) pay the costs of issuing the bond.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with a paying agent. The bonds mature from February 1, 2021 to February 1, 2031. The outstanding debt service requirements, using a fixed interest rate of 1.42% is a total interest indebtedness of \$796,758.

The outstanding debt service requirements as of June 30, 2023 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 5,000	\$ 82,431
2024-25	5,000	82,360
2025-26	5,000	82,289
2026-27	5,000	82,218
2027-28	10,000	82,147
2028-31	<u>5,775,000</u>	<u>164,294</u>
Sub-Total	\$ 5,805,000	\$ <u>575,739</u>
Unamortized Premium	-	
TOTAL OUTSTANDING	\$ <u>5,805,000</u>	

General Obligation Notes – Series of 2021

On June 24, 2021, the District issued \$2,040,000 of General Obligation Notes - Series of 2021. The proceeds will be used to (1) provide funds for and towards various capital projects, and (2) pay the costs of issuing the bond.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with a paying agent. The bonds mature from February 1, 2022 to February 1, 2032. The outstanding debt service requirements, using a fixed interest rate of 1.62% is a total interest indebtedness of \$333,634.

The outstanding debt service requirements as of June 30, 2023 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 5,000	\$ 32,886
2024-25	5,000	32,805
2025-26	5,000	32,724
2026-27	5,000	32,643
2027-28	5,000	32,562
2028-32	<u>2,005,000</u>	<u>117,126</u>
Sub-Total	\$ 2,030,000	\$ <u>280,746</u>
Unamortized Premium	-	
TOTAL OUTSTANDING	\$ <u>2,030,000</u>	

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Combined General Obligation Debt

The combined general debt obligations for subsequent years are:

Bonds

Fiscal Year Ended June 30	GO Bonds - 2019A		GO Bonds - 2019B		GO Bonds - 2020		Total Bonds	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2024	\$ 478,700	\$ 1,345,000	\$ 23,400	\$ 585,000	\$ 82,431	\$ 5,000	\$ 584,531	\$ 1,935,000
2025	424,900	1,910,000	2,000	50,000	82,360	5,000	509,260	1,965,000
2026	348,500	2,035,000	-	-	82,289	5,000	430,789	2,040,000
2027	252,750	2,135,000	-	-	82,218	5,000	334,968	2,140,000
2028	146,000	2,235,000	-	-	82,147	10,000	228,147	2,245,000
2029-2032	34,250	685,000	-	-	164,294	5,775,000	198,544	6,460,000
TOTAL	\$ 1,685,100	\$ 10,345,000	\$ 25,400	\$ 635,000	\$ 575,739	\$ 5,805,000	\$ 2,286,239	\$ 16,785,000

Direct Borrowing

Fiscal Year Ended June 30	GO Notes - 2021	
	Interest	Principal
2024	\$ 32,886	\$ 5,000
2025	32,805	5,000
2026	32,724	5,000
2027	32,643	5,000
2028	32,562	5,000
2029-2032	117,126	2,005,000
TOTAL	\$ 280,746	\$ 2,030,000

Bonds & Direct Borrowing

Grand Total	
Interest	Principal
\$ 617,417	\$ 1,940,000
542,065	1,970,000
463,513	2,045,000
367,611	2,145,000
260,709	2,250,000
315,670	8,465,000
\$ 2,566,985	\$ 18,815,000

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Compensated Absences

Sick-Pay

Under the District's administrative regulations, professional employees, cafeteria workers, custodians, aides and secretaries accumulate unused sick days from year to year. These accumulated sick days are cumulative with no limitation. Upon retirement, professional employees are eligible for remuneration for unused sick days, at \$30 per day after 10 years of service. Administrators covered under the Administrator Evaluation Plan, and the superintendent shall receive severance pay of their daily fee for each unused sick day accumulated up to a payment of \$15,000; business manager maximum is \$20,000. To be eligible for severance pay a minimum of 120 days' notice must be given prior to leaving.

The District maintains records on the eligible accumulated unused sick days. In accordance with GASB Statement No. 16, the District has recorded a long-term liability within the governmental activities column of the Government-wide Statement of Net Position of \$90,388, which includes the employer's share of FICA tax (net of reimbursement). The portion that will use currently available financial resources is \$52,293, and is recorded as a liability for the compensated absence recorded in the General Fund.

Vacation Leave

Unused vacation leave is paid upon an employee's termination. The District maintains records of each employee's accumulated vacation days. In accordance with GASB Statement No 16, the amount recorded for vacation leave earned as of June 30, 2023 in the General Fund that will use currently available financial resources is \$13,529, which includes the employer's share of FICA tax and retirement contributions (net of reimbursement). This amount is shown as current portion of long-term debt in the governmental activities column of the Government-wide Statement of Net Position. The remaining balance of vacation leave, earned at June 30, 2023, of \$52,112, which includes the employer's share of FICA tax and retirement contributions (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the Government-wide Statement of Net Position.

Defined Benefit Pension Plan

Public School Employees' Retirement System (PSERS) Pension Plan

Summary of Significant Accounting Policies

Pensions

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

General Information about the Pension Plan

Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year

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in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution 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 between to 1% to 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

Contributions

Member Contributions:

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

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

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

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2023 was 34.31% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$4,551,963 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$41,169,259 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023, the District's proportion was 0.0898 percent, which was a decrease of 0.0029 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$1,770,183. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	\$ 12,395	\$ -
Changes in Assumptions	1,192,000	-
Net difference between projected and actual contributions made	67,172	-
Net difference between projected and actual earnings on pension plan investments	-	677,000
Difference between expected and actual experience	-	327,000
Changes in proportion of the Net Pension Liability	-	228,000
District contributions subsequent to the measurement date	4,551,963	-
Total	<u>\$ 5,823,530</u>	<u>\$ 1,232,000</u>

\$4,551,963 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>Amount</u>
2023	\$ 653,000
2024	(223,960)
2025	(1,330,748)
2026	953,591
Thereafter	<u>(12,316)</u>
Total	<u>\$ 39,567</u>

Changes in Actuarial Assumptions

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

- Valuation Date - June 30, 2021
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.75%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	28.0%	5.3%
Private Equity	12.0%	8.0%
Fixed Income	33.0%	2.3%
Commodities	9.0%	2.3%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Absolute return	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	-11.0%	0.5%
	<u>100%</u>	

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

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Discount Rate

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 51,639,000	\$ 39,924,000	\$ 30,047,000

Pension Plan Fiduciary Net Position

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

State Funding

The Commonwealth of Pennsylvania generally reimburses the School District for 50%-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2023, the School District recognized revenue of \$2,381,581 as reimbursement from the State for its current year pension payments

Payables to the Pension Plan

As of June 30, 2023, the School District had \$1,599,698 included in accrued wages liability, of which \$1,075,853 is for the contractually required contribution for the second quarter of 2023 and \$523,698 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

Defined Contribution Pension Plan

Retirement Termination Benefit

All professional employees of the District are entitled at retirement with a minimum of ten years' service with the District, to receive \$150 per year of employment up to a maximum of \$6,000. Employees must submit their intention to retire prior to March 1; however, if notice is received after March 1, employees are only entitled to \$90 per year of employment, up to a maximum of \$3,000.

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In accordance with GASB Statement No. 16, an employer that provides severance benefits shall recognize a liability when that benefit has been earned. The portion of the liability that will use currently available financial resources of \$5,270, including the employer's share of FICA tax (net of reimbursement), is recorded in the General Fund and as a current portion of long-term debt in governmental activities column of the Government-wide Statement of Net Position. The remaining estimate of severance benefits in the amount of \$186,354, including the employer's share of FICA tax (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the Government-wide Statement of Net Position.

Other Postemployment Benefits

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

Summary of Significant Accounting Policies

Other Postemployment Benefits

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

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

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

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

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

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

Pension Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program.

Contributions

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2023, was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$99,504 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 \$1,687,778 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 0.0896 percent, which was a decrease of 0.0029 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$46,868. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	\$ 621	\$ -
Changes in Assumptions	-	207,000
Net difference between projected and actual contributions made	6,591	-
Net difference between projected and actual investment earnings	4,000	-
Difference between expected and actual experience	6,000	-
Changes in proportion of the Net OPEB Liability	-	55,000
District contributions subsequent to the measurement date	<u>99,504</u>	<u>-</u>
Total	<u>\$ 116,716</u>	<u>\$ 262,000</u>

\$99,504 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Amount
2023	\$ (46,000)
2024	(41,131)
2025	(64,744)
2026	(31,004)
2027	(62,010)
Thereafter	<u>101</u>
Total	<u>\$ (244,788)</u>

Actuarial Assumptions

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

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

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

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

The following assumptions were used to determine the contribution rate:

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

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

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

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

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

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.09%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-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.

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

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

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System net OPEB liability	\$ 1,649,000	\$ 1,649,000	\$ 1,649,000

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

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

	<u>1% Decrease 3.09%</u>	<u>Current Discount Rate 4.09%</u>	<u>1% Increase 5.09%</u>
District's proportionate share of the net OPEB liability	\$ 1,865,000	\$ 1,649,000	\$ 1,469,000

OPEB Plan Fiduciary Net Position

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

Payables to the Multiple Employer OPEB Plan

As of June 30, 2023, the School District had \$34,766 included in accrued wages liability, of which \$23,381 is for the contractually required contribution for the second quarter of 2023 and \$11,385 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

Single Employer OPEB Plan

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

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Plan Description: Brandywine Heights Area School District has one single-employer defined benefit plan with the pertinent descriptions shown on the tables below:

Summary of Plan Provisions			
Group	Eligibility	Coverage And Premium Sharing	Duration
<u>I. ADMINISTRATORS</u>	<p>Must meet one of the following conditions to be eligible:</p> <p>i) Must be eligible for PSERS retirement and have at least 10 years of District service.</p> <p>ii) ACT 110/43</p>	<ul style="list-style-type: none"> • Coverage: Medical, Prescription Drug, Dental and Vision. • Premium Sharing: If member has at least 15 years of District service and meets certain eligibility requirements, the District will pay \$5,000 per year until Medicare age. Upon the member reaching Medicare age, a younger spouse can continue coverage by paying the full premium determined for the purpose of COBRA. <p>If the member does not reach 15 years of District service, the member and spouse can continue coverage by paying the full premium determined for the purpose of COBRA.</p> <ul style="list-style-type: none"> • Dependents: Family Included. 	<p>Medical and prescription drug coverage for the member and spouse continue until Medicare age. Dental and vision coverage beyond Medicare age provided the member and spouse pay the premiums.</p> <p>Upon the death of the member, the spouse and any eligible dependents can continue medical, prescription drug, dental and vision coverage by paying the full premiums.</p>
<u>II. ALL OTHER EMPLOYEES</u>	Same as I	<ul style="list-style-type: none"> • Coverage: Medical, Prescription Drug, Dental and Vision • Premium Sharing: The member and spouse can continue coverage by paying the full premium determined for the purpose of COBRA. • Dependents: Family Included. 	Same as I

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

Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

PSERS Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 62 with 5 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 65 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service, or upon attainment of a total combination of age plus service equal to or greater than 92 a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 5) All individuals except for those in Pension Class T-G are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service. Individuals in Pension Class T-G are eligible for a special early retirement upon reaching age 57 with 25 years of PSERS service.

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Employees Covered by Benefit Terms

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

Active Participants	186
Vested Former Participants	0
Retired Participants	<u>25</u>
Total	211

Total OPEB Liability

The School's total OPEB liability under this single employer plan of \$1,889,511, was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Inputs

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

Actuarial Methods and Assumptions

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

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

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

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

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

Changes in the Total OPEB Liability

	<u>2022-23</u>
Total OPEB Liability	
Service Cost	\$ 190,419
Interest	57,496
Changes in Benefit Terms	-
Difference between expected and actual experience	(118,955)
Changes in assumptions	(545,533)
Benefit payments	<u>(55,092)</u>
Net change in total OPEB Liability	(471,665)
Total OPEB Liability - beginning	<u>2,361,176</u>
Total OPEB Liability - ending	<u>\$ 1,889,511</u>
Covered employee payroll	<u>\$ 13,068,722</u>

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

For the year ended June 30, 2023, the School recognized OPEB expense of \$165,922. At June 30, 2023, the School reported deferred outflows of resource and deferred inflows of resources related to this single employer OPEB plan from the following sources:

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ -	\$ 310,889
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	-	443,822
Changes in proportion of the Net OPEB Liability	-	-
District contributions subsequent to the measurement date	<u>56,391</u>	<u>-</u>
Total	<u>\$ 56,391</u>	<u>\$ 754,711</u>

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

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

Year ended June 30:	<u>Amount</u>
2024	\$ (81,993)
2025	(81,993)
2026	(81,993)
2027	(81,993)
2028	(81,993)
Thereafter	<u>(344,746)</u>
Total	<u>\$ (754,711)</u>

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

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

	1% Decrease	Current	1% Increase
	3.06%	Discount Rate	5.06%
		4.06%	
District's proportionate share of the net OPEB liability	\$ 2,040,787	\$ 1,889,511	\$ 1,745,847

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

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

	1% Decrease	Current	1% Increase
		Trend Rate	
System net OPEB liability	\$ 1,682,781	\$ 1,889,511	\$ 2,131,513

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Combined Deferred Outflows/Inflows on Pensions and OPEB

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

GOVERNMENTAL ACTIVITIES				
	<i>Pension - GASB 68</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension & OPEB Total</i>
	DR OR (CR)	DR OR (CR)	DR OR (CR)	DR OR (CR)
	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ (207,496)	\$ -	\$ (53,519)	\$ (261,015)
Current Year Contributions	4,481,647	56,391	97,967	4,636,005
Change in Assumption	1,173,838	(310,889)	(204,218)	658,731
Diff in Projected Vs Actual Contributions	66,278	-	6,495	72,773
Difference in Investment Earnings	(675,698)	-	3,945	(671,753)
Diff. between Expected vs Actual Experience	(319,680)	(443,822)	5,923	(757,579)
Diff. between Prop. Share vs Actual POS	12,395	-	621	13,016
Net Pension Liability	\$ 40,551,576	\$ -	\$ -	\$ 40,551,576
Net OPEB Liability	\$ -	\$ 1,889,511	\$ 1,663,455	\$ 3,552,966

STATEMENT OF NET POSITION	
<i>Governmental & Business-Type Activities</i>	<i>Total</i>
DR OR (CR)	DR OR (CR)
CURRENT YR	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE
Change in Proportion	\$ (283,000)
Current Year Contributions	4,707,858
Change in Assumption	674,111
Diff in Projected Vs Actual Contributions	73,763
Difference in Investment Earnings	(673,000)
Diff. between Expected vs Actual Experience	(764,822)
Diff. between Prop. Share vs Actual POS	13,016
Net Pension Liability	\$ 41,169,259
Net OPEB Liability	\$ 3,577,289

BUSINESS-TYPE ACTIVITIES				
	<i>Pension - GASB 68</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension & OPEB Total</i>
	DR OR (CR)	DR OR (CR)	DR OR (CR)	DR OR (CR)
	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ (20,504)	\$ -	\$ (1,481)	\$ (21,985)
Current Year Contributions	70,316	-	1,537	71,853
Change in Assumption	18,162	-	(2,782)	15,380
Diff in Projected Vs Actual Contributions	894	-	96	990
Difference in Investment Earnings	(1,302)	-	55	(1,247)
Diff. between Expected vs Actual Experience	(7,320)	-	77	(7,243)
Diff. between Prop. Share vs Actual POS	-	-	-	-
Net Pension Liability	\$ 617,683	\$ -	\$ -	\$ 617,683
Net OPEB Liability	\$ -	\$ -	\$ 24,323	\$ 24,323

RECONCILIATION TO FINANCIAL STATEMENTS		
	Governmental Activities	Business-Type Activities
<i>Pension Plan</i>		
Net Pension Liability	\$ 40,551,576	\$ 617,683
Deferred Outflow Related to Pension	(5,734,158)	(89,372)
Deferred Inflows Related to Pension	1,202,874	29,126
Total liab. Net deferred inflows/outflows	\$ 36,020,292	\$ 557,437
<i>OPEB - Single & Multiple Employer Plans</i>		
Net OPEB Liability	\$ 3,552,966	\$ 24,323
Deferred Outflows Related to OPEB	(171,342)	(1,765)
Deferred Inflows Related to OPEB	1,012,448	4,263
Total liab. Net deferred inflows/outflows	\$ 4,394,072	\$ 26,821

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Note 6 - Risk Management

The District is subject to risk of loss from employee acts, property damage, personal injury auto accidents, theft, etc. The District covers those risks through the purchase of commercial insurance. The Brandywine Heights Area School District is a participating member of a Workers' Compensation Consortium. The Consortium is comprised of 81-member School Districts which jointly self-assume their workers' compensation liabilities. Each District is required to make contributions to the Consortium based on formulae set forth in the contract. Each member school district individually retains sole liability up to a retention level, which is fixed annually by multiplying its Experience Modification Factor times the last audited fiscal year payroll of the member. The result is then multiplied by a contribution rate, which is the same for all members. Even though the member school districts contribute to a central fund, they remain individually liable for any workers' compensation claims.

Above the level of retention, the Consortium pays claims up to the level of coverage of \$100,000 for the year ended June 30, 2023, provided by an excess insurance policy. Claims above the maximum coverage of excess insurance are paid by the members of the Consortium through additional assessments against members.

The members of the Consortium are required to participate in deficiencies and are subject to periodic assessments by the Executive Committee, as required.

At June 30, 2023, the most recent available financial statements, the consortium did not have a deficit, in which the ultimate responsibility to pay for a deficit belongs to the member districts.

Note 7 - Fund Balance Allocations

Nonspendable Fund Balance

The General Fund had \$17,450 in nonspendable fund balance made up of prepaid expenditures.

Restricted Fund Balance

The Construction Fund had \$2,566,429 in restricted fund balance at June 30, 2023. The Capital Reserve Fund has restricted fund balance of \$2,591,617 at June 30, 2023. The General Fund had \$25,000 restricted for future compensatory special education payments, and \$9,394 for various donor restricted contributions and grants.

Committed Fund Balance

The governing body (Board of School Directors) has committed \$1,500,000 of the General Fund's year end fund balance for future retirement rate increases.

Assigned Fund Balance

The General Fund has \$2,000,000, assigned for maintenance projects, \$50,000 for Early Education, \$238,822 to balance the 2023-24 budget, \$100,000 for litigation, \$300,000 for Innovation Program Initiatives, \$250,000 for Technology, \$2,500,000 for State Budget Delay Reserve, \$150,000 for Integration of the new science standards for 2025-26, and \$800,000 for a future Capital Reserve fund transfer.

Note 8 - Restricted

Net Investment in Capital Assets

The components of this restriction are total capital assets of \$52,448,862, unspent bond process of \$2,498,427 and related debt of \$19,583,066, which includes unamortized bonds discounts, premiums, and deferred refunding charges. The business-type activities column reflects \$239,428 invested in capital assets with no related debt. In addition, the governmental activities have restricted \$2,591,617 for capital projects.

Brandywine Heights Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Note 9 - Contingencies

Grants

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

Litigation

The School District is currently a party to legal proceedings; however, management believes the outcome of these issues will not materially affect the financial position of the school district.

Note 10 - New Accounting Pronouncements

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

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

**REQUIRED
SUPPLEMENTAL INFORMATION**

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

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
District's proportion of the net pension liability (asset)	0.0898%	0.0927%	0.0933%	0.0856%	0.0997%	0.0945%	0.0905%	0.0951%	0.1034%
District's proportionate share of the net pension liability (asset)	\$ 39,924,000	\$ 38,060,000	\$ 45,940,000	\$ 40,046,000	\$ 47,861,000	\$ 46,672,000	\$ 44,849,000	\$ 41,193,000	\$ 36,770,000
District's covered employee payroll	13,267,161	13,328,224	12,773,919	12,526,089	11,831,344	12,338,093	12,059,335	11,616,812	11,805,224
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	300.92%	285.56%	359.64%	319.70%	404.53%	378.28%	371.90%	354.60%	311.47%
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%

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

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
Contractually required contribution	\$ 4,551,963	\$ 4,550,256	\$ 4,303,533	\$ 4,189,977	\$ 3,857,018	\$ 3,916,111	\$ 3,521,326	\$ 2,904,203	\$ 2,420,071	\$ 1,851,188
Contributions in relation to the contractually required contribution	<u>4,551,963</u>	<u>4,550,256</u>	<u>4,303,533</u>	<u>4,189,977</u>	<u>3,857,018</u>	<u>3,916,111</u>	<u>3,521,326</u>	<u>2,904,203</u>	<u>2,420,071</u>	<u>1,851,188</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 13,267,161	\$ 13,328,224	\$ 12,773,919	\$ 12,526,089	\$ 11,831,344	\$ 12,338,093	\$ 12,059,335	\$ 11,616,812	\$ 11,805,224	\$ 11,569,925
Contributions as a percentage of covered employee payroll	34.31%	34.14%	33.69%	33.45%	32.60%	31.74%	29.20%	25.00%	20.50%	16.00%

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

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
District's proportion of the net OPEB liability	0.0896%	0.0925%	0.0935%	0.0856%	0.0997%	0.0945%	0.0905%
District's proportionate share of the net OPEB liability (asset)	\$ 1,649,000	\$ 2,192,000	\$ 2,020,000	\$ 1,821,000	\$ 2,079,000	\$ 1,925,000	\$ 1,949,000
District's covered-employee payroll	13,176,366	13,113,037	12,773,919	12,526,089	11,831,344	12,338,093	12,059,335
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	12.51%	16.72%	15.81%	14.54%	17.57%	15.60%	16.16%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

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

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
Contractually required contribution	\$ 99,504	\$ 106,626	\$ 104,746	\$ 105,219	\$ 98,200	\$ 102,406	\$ 100,093	\$ 97,581	\$ 106,247	\$ 107,601
Contributions in relation to the contractually required contribution	<u>99,504</u>	<u>106,626</u>	<u>104,746</u>	<u>105,219</u>	<u>98,200</u>	<u>102,406</u>	<u>100,093</u>	<u>97,581</u>	<u>106,247</u>	<u>107,601</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 13,267,161	\$ 13,328,224	\$ 12,773,919	\$ 12,526,089	\$ 11,831,344	\$ 12,338,093	\$ 12,059,335	\$ 11,616,812	\$ 11,805,224	\$ 11,569,925
Contributions as a percentage of covered employee payroll	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%	0.83%	0.84%	0.90%	0.93%

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

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Total OPEB Liability						
Service Cost	\$ 190,419	\$ 190,694	\$ 134,184	\$ 134,886	\$ 140,995	\$ 137,399
Interest	57,496	44,959	73,981	63,888	68,833	51,964
Changes in Benefit Terms	-	-	-	-	-	-
Difference between expected and actual experience	(118,955)	-	(338,548)	-	(164,014)	-
Changes in assumptions	(545,533)	(73,093)	362,054	(59,996)	2,172	37,074
Benefit payments	<u>(55,092)</u>	<u>(60,709)</u>	<u>(87,202)</u>	<u>(71,867)</u>	<u>(126,965)</u>	<u>(106,995)</u>
Net change in total OPEB Liability	(471,665)	101,851	144,469	66,911	(78,979)	119,442
Total OPEB Liability - beginning	<u>2,361,176</u>	<u>2,259,325</u>	<u>2,114,856</u>	<u>2,047,945</u>	<u>2,126,924</u>	<u>2,007,482</u>
Total OPEB Liability - ending	<u>\$ 1,889,511</u>	<u>\$ 2,361,176</u>	<u>\$ 2,259,325</u>	<u>\$ 2,114,856</u>	<u>\$ 2,047,945</u>	<u>\$ 2,126,924</u>
Covered employee payroll	<u>\$ 13,068,722</u>	<u>\$ 12,366,870</u>	<u>\$ 12,366,870</u>	<u>\$ 11,506,519</u>	<u>\$ 11,506,519</u>	<u>\$ 11,390,744</u>
Total OPEB Liability as a percentage of covered employee payroll	14.46%	19.09%	18.27%	18.38%	17.80%	18.67%

Brandywine Heights Area School District
Notes To Required Supplemental Information
Fiscal Year Ended June 30, 2023

Public School Employees' Retirement System

Changes of Benefit Terms

None.

Changes in Assumptions

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

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

Proportionate Share of the Net Pension Liability

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

**Brandywine Heights Area School District
Notes To Required Supplemental Information
Fiscal Year Ended June 30, 2023**

Other Post-Employment Benefits – Teachers Health Insurance Assistance

Changes of Benefit terms

None

Changes in Assumptions

The discount rate used to measure the Total OPEB liability increased from 2.18% as of June 30, 2022 to 4.09% as of June 30, 2023.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

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

- Investment return – 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary increases – Effective average of 4.5%, which reflects an allowance for inflation of 2.50%, and 2.00% for real wage growth and merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSER'S experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The Following Assumptions were Used to Determine the Contribution Rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSER'S experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Proportionate Share of the Net OPEB Liability

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

**Brandywine Heights Area School District
Notes To Required Supplemental Information
Fiscal Year Ended June 30, 2023**

Other Postemployment Benefits – Single Employer Healthcare Plan

Changes of Benefit Terms

None.

Changes in Assumptions

The discount rate changed from 2.28% to 4.06%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

- Actuarial Cost Method – Entry Age Normal
- Salary Increases – 3.50% to 6.75%
- Healthcare cost trend rate – 6.5% in 2022, 6.0% in 2023 and 5.0% in 2024-25. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 based on the Society of Actuaries Long-Run Medical Cost Trend Model
- Asset Valuation Method – Pay as you go basis
- Discount Rate – The rate of 4.06% is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2022.

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

Brandywine Heights Area School District
Combining Balance Sheet - All Capital Project Funds
As of June 30, 2023

	CAPITAL RESERVE FUND	CONSTRUCTION FUND	TOTAL CAPITAL PROJECT FUNDS
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,588,217	\$ 2,241,429	\$ 4,829,646
Investments	-	325,000	325,000
Due from Other Funds	3,400	-	3,400
TOTAL ASSETS	\$ 2,591,617	\$ 2,566,429	\$ 5,158,046
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 2,591,617	\$ 2,566,429	\$ 5,158,046
 <u>LIABILITIES</u>			
Due to Other Funds	\$ -	\$ 50,910	\$ 50,910
Accounts Payable	-	17,092	17,092
TOTAL LIABILITIES	-	68,002	68,002
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	68,002	68,002

<u>FUND BALANCES</u>			
Restricted Fund Balance	2,591,617	2,498,427	5,090,044
TOTAL FUND BALANCES	2,591,617	2,498,427	5,090,044
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES			
	\$ 2,591,617	\$ 2,566,429	\$ 5,158,046

Brandywine Heights Area School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Capital Project Funds
For the Year Ended June 30, 2023

	CAPITAL RESERVE FUND	CONSTRUCTION FUND	TOTAL CAPITAL PROJECT FUNDS
REVENUES			
Local Sources	\$ 34,300	\$ 97,572	\$ 131,872
State Sources	-	-	-
Federal Sources	-	-	-
TOTAL REVENUES	<u>34,300</u>	<u>97,572</u>	<u>131,872</u>
	-----	-----	-----
EXPENDITURES			
Instruction	-	-	-
Support Services	150,524	-	150,524
Operation of Non-Instructional Services	-	-	-
Capital Outlay	79,517	502,375	581,892
Debt Service	-	-	-
TOTAL EXPENDITURES	<u>230,041</u>	<u>502,375</u>	<u>732,416</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(195,741)</u>	<u>(404,803)</u>	<u>(600,544)</u>
OTHER FINANCING SOURCES (USES)			
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
SPECIAL/EXTRAORDINARY ITEMS			
Special Items	-	-	-
Extraordinary Items	-	-	-
NET CHANGE IN FUND BALANCES	(195,741)	(404,803)	(600,544)
FUND BALANCES - BEGINNING	<u>2,787,358</u>	<u>2,903,230</u>	<u>5,690,588</u>
FUND BALANCES - ENDING	<u>\$ 2,591,617</u>	<u>\$ 2,498,427</u>	<u>\$ 5,090,044</u>

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

	<u>DISTRICT TOWNSHIP</u>	<u>LONGSWAMP TOWNSHIP</u>	<u>ROCKLAND TOWNSHIP</u>	<u>BOROUGH OF TOPTON</u>	<u>TOTAL</u>
CURRENT REAL ESTATE TAXES					
Assessed Value	\$ 76,824,500	\$ 249,495,000	\$ 200,909,800	\$ 78,182,300	\$ 605,411,600
Millage Rate	0.0354526	0.0354526	0.0354526	0.0354526	0.0354526
Total	2,723,629	8,845,246	7,122,775	2,771,766	21,463,416
Less: Act 1 Deduction	121,582	422,952	325,363	120,910	990,807
TOTAL TAXABLE DUPLICATE	2,602,047	8,422,294	6,797,412	2,650,856	20,472,609
PLUS - Additions	2,725	-	-	-	2,725
- Penalties	5,974	15,130	13,998	3,957	39,059
- Rollback	-	-	-	-	-
TOTAL TAXES TO BE COLLECTED	2,610,746	8,437,424	6,811,410	2,654,813	20,514,393
LESS - Discounts	45,225	147,483	119,064	48,093	359,865
- Reductions	-	-	-	-	-
- Refunds	5,558	1,407	227	-	7,192
- Returned to County	62,050	187,481	104,050	36,622	390,203
- Exonerations/Exemptions	280	16,826	2,053	-	19,159
- Outstanding	-	-	-	-	-
NET CURRENT REAL ESTATE TAXES COLLECTED	<u>\$ 2,497,633</u>	<u>\$ 8,084,227</u>	<u>\$ 6,586,016</u>	<u>\$ 2,570,098</u>	<u>\$ 19,737,974</u>
INTERIM REAL ESTATE TAXES COLLECTED	<u>\$ 7,741</u>	<u>\$ 30,818</u>	<u>\$ 4,065</u>	<u>\$ 1,714</u>	<u>\$ 44,338</u>
CURRENT PER CAPITA TAXES					
No. of Persons Assessed	889	3,412	2,640	1,342	8,283
Tax Rate	10	10	10	10	10
TAXABLE VALUATION	\$ 8,890	\$ 34,120	\$ 26,400	\$ 13,420	\$ 82,830
PLUS - Additions	-	-	-	-	-
- Penalties	29	178	118	66	391
TOTAL TAXES TO BE COLLECTED	8,919	34,298	26,518	13,486	83,221
LESS - Discounts	128	428	374	175	1,105
- Exonerations	230	430	-	510	1,170
- Reductions	-	-	-	-	-
- Refunds	-	-	-	-	-
- Outstanding	1,270	8,340	4,450	2,630	16,690
NET CURRENT PER CAPITA TAXES COLLECTED	<u>\$ 7,291</u>	<u>\$ 25,100</u>	<u>\$ 21,694</u>	<u>\$ 10,171</u>	<u>\$ 64,256</u>

Brandywine Heights Area School District
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2023

6000 - Revenue from Local Sources		Budget	Actual	Variance
6111	Current Real Estate Taxes	\$ 19,645,795	\$ 19,737,974	\$ 92,179
6112	Interim Real Estate Taxes	20,000	44,338	24,338
6113	Public Utility	21,000	21,007	7
6114	Payment in Lieu of Taxes	169	169	-
6120	Current Per Capita Taxes - 511	34,800	32,128	(2,672)
6141	Current Per Capita Taxes - 679	34,800	32,128	(2,672)
6143	Local Services Tax	18,500	21,054	2,554
6151	Earned Income Tax	1,826,921	2,026,762	199,841
6153	Real Estate Transfer Tax	255,000	195,625	(59,375)
6411	Delinquent Real Estate Taxes	650,000	540,911	(109,089)
6420	Delinquent Per Capita Taxes - 511	2,500	1,613	(887)
6441	Delinquent Per Capita Taxes - 679	2,500	1,613	(887)
6510	Interest	25,000	448,152	423,152
6710	Admissions	16,750	22,552	5,802
6740	Fees	30,625	34,036	3,411
6832	I/U Services - Federal	268,010	266,125	(1,885)
6833	Federal ARRA IDEA Revenue Received as Pass Through	-	64,143	64,143
6910	Rentals	40,000	35,059	(4,941)
6920	Contributions	25,000	63,337	38,337
6942	Summer School	5,000	4,726	(274)
6990	Refunds and Other Miscellaneous Revenue	-	997	997
6991	Refunds of a Prior Year Expenditure	-	49,418	49,418
6999	Other Revenues Not Specified Above	5,000	11,391	6,391
TOTAL REVENUE FROM LOCAL SOURCES		22,927,370	23,655,258	727,888
7000 - Revenue from State Sources				
7111	Basic Education Funding - Formula	4,543,645	4,644,173	100,528
7112	Basic Education Funding - Social Security	400,993	503,836	102,843
7160	Orphan Tuition	25,000	17,018	(7,982)
7271	Special Education	1,188,220	1,253,815	65,595
7292	Pre-K Counts	-	150,000	150,000
7311	Transportation (Regular and Additional)	810,000	552,601	(257,399)
7312	Transportation (Nonpublic and Charter School)	46,000	31,185	(14,815)
7320	Rental and Sinking Fund Payments / Building Reimb	-	32,183	32,183
7330	Health Services	25,000	24,198	(802)
7340	State Property Tax Reduction Allocation	990,772	990,772	-
7362	School Mental Health & Safety and Security Grant	-	151,117	151,117
7505	Ready to Learn Grant	205,220	205,220	-
7820	Retirement Revenue	2,303,967	2,344,167	40,200
TOTAL REVENUE FROM STATE SOURCES		10,538,817	10,900,285	361,468
8000 - Revenue from Federal Sources				
8514	Title I	305,439	279,513	(25,926)
8515	Title II	46,338	47,556	1,218
8517	Title IV	23,543	28,749	5,206
8743	ESSER II	491,076	498,332	7,256
8744	ARP ESSER III	915,000	773,471	(141,529)
8751	ARP ESSER Learning Loss	93,794	18,600	(75,194)
8752	ARP ESSER Summer Programs	21,028	21,028	-
8753	ARP ESSER Afterschool Programs	13,596	2,297	(11,299)
TOTAL REVENUE FROM FEDERAL SOURCES		1,909,814	1,669,546	(240,268)
9000 - Other Financing Sources				
9400	Sale of Fixed Assets	15,000	9,060	(5,940)
9990	Insurance Recoveries	-	1,323	1,323
TOTAL OTHER FINANCING SOURCES		15,000	10,383	(4,617)
TOTAL REVENUES AND OTHER FINANCING SOURCES		\$ 35,391,001	\$ 36,235,472	\$ 844,471

Brandywine Heights Area School District
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2023

<u>1000 - Instruction</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
1110 Regular Programs - Elem./Secondary	\$ 13,976,275	\$ 13,976,275	\$ -
1190 Federally Funded Regular Programs	359,093	355,817	3,276
1211 Life Skills Support - Public	399,269	391,984	7,285
1220 Sensory Support	368,129	368,129	-
1230 Emotional Support - Public	984,972	977,270	7,702
1241 Learning Support - Public	1,899,986	1,897,204	2,782
1243 Gifted Support	205,948	205,512	436
1260 Physical Support	58,000	53,321	4,679
1280 Early Intervention Support	80,589	80,589	-
1290 Other Support	969,288	969,288	-
1390 Other Vocational Education Programs	593,876	593,876	-
1420 Summer School	32,494	32,494	-
1441 Adjudicated / Court Placed Programs	17,042	17,042	-
1450 Instructional Programs Outside the Established Sch	28,205	28,205	-
1801 Instruction	99,146	99,146	-
1805 Pre-K Food Services	9,216	9,216	-
	<hr/>	<hr/>	<hr/>
Total Instruction	20,081,528	20,055,368	26,160
<u>2000 - Support Services</u>			
2111 Supervision of Pupil Personnel	44,416	43,109	1,307
2120 Guidance Services	840,255	840,255	-
2140 Psychological Services	265,893	265,893	-
2170 Student Accounting Services	81,245	68,151	13,094
2220 Technology Support Services	96,764	96,764	-
2240 Computer-Assisted Instruction Support Services	238,555	237,972	583
2250 School Library Services	451,847	444,017	7,830
2260 Instructional & Curriculum Dev. Service	940,729	940,729	-
2271 Instructional Staff Development Services (Certified)	131,836	131,836	-
2280 Nonpublic Support Services	200	-	200
2290 Other Instructional Staff Services	684	684	-
2310 Board Services	46,760	46,026	734
2320 Board Treasurer Services	360	223	137
2330 Tax Assessment & Collection Service	54,200	53,667	533
2350 Legal Services	57,159	57,159	-
2360 Office of the Superintendent Services	374,257	374,257	-
2380 Office of the Principal Services	1,021,901	1,021,901	-
2390 Other Administrative Services	28,768	28,668	100
2420 Medical Services	13,089	13,089	-
2430 Dental Services	100	-	100
2440 Support Services - Nursing Services	492,649	492,649	-
2490 Nonpublic Health Services	2,540	2,540	-
2511 Supervision of Fiscal Services	291,820	291,820	-
2513 Receiving and Disbursing Funds Services	80,434	80,434	-
2514 Payroll Services	71,548	71,548	-
2515 Financial Accounting Services	116,129	116,129	-
2520 Purchasing Services	27,161	27,161	-
	<hr/>	<hr/>	<hr/>
SUB-TOTAL - SUPPORT SERVICES	\$ 5,771,299	\$ 5,746,681	\$ 24,618

Brandywine Heights Area School District
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
SUB-TOTAL - SUPPORT SERVICES (carried forward)	5,771,299	5,746,681	24,618
2530 Warehousing and Distributing Services	51,738	36,073	15,665
2540 Printing, Publishing and Duplicating Services	2,428	1,764	664
2590 Other Support Services - Business	6,150	6,150	-
2611 Supervision of Operation and Maintenance of Plant	144,467	137,670	6,797
2619 Operation & Maintenance of Plant	69,820	33,103	36,717
2620 Operation of Buildings Services	2,438,531	2,355,276	83,255
2630 Care and Upkeep of grounds services	236,808	175,276	61,532
2640 Care and Upkeep of Equipment Services	19,500	3,860	15,640
2650 Vehicle Operation and Maintenance Services	147,895	98,765	49,130
2660 Security Services	110,550	110,550	-
2711 Supervision of Student Transportation Services	79,803	71,979	7,824
2720 Vehicle Operation Services	1,230,380	1,225,657	4,723
2750 Nonpublic Transportation	300,000	272,128	27,872
2818 System-wide Technology Services	642,213	570,673	71,540
2823 Public Information Services	450	-	450
2831 Supervision of Staff Services	113,560	113,560	-
2832 Recruitment and Placement Services	13,493	13,493	-
2834 Staff Development Services - Non-Instructional, Certified	29,407	29,407	-
2836 Staff Development Services - Non-Instructional, Non-Certified	12,722	12,722	-
2840 Data Processing Services	8,000	4,104	3,896
2850 State & Federal Agency Liaison Services	24,191	24,191	-
2910 Support services not listed elsewhere in the 2000	<u>25,000</u>	<u>22,086</u>	<u>2,914</u>
Total Support Services	11,478,405	11,065,168	413,237
<u>3000 - Operation of Non-Instructional Services</u>			
3210 Student Activities	57,286	25,892	31,394
3250 School Sponsored Athletics	655,906	644,254	11,652
3350 Welfare Activities	<u>959</u>	<u>959</u>	<u>-</u>
Total Non-Instructional Services	714,151	671,105	43,046
<u>4000 - Facilities Acquisition, Construction, and Improvement Svcs.</u>			
4600 Existing Building Improvement Services	<u>387,964</u>	<u>387,964</u>	<u>-</u>
Total Facilities Acquisition, Construction, and Improvement Svcs.	387,964	387,964	-
<u>5000 - Other Expenditures and Financing Uses</u>			
5110 Debt Service	2,814,204	2,814,204	-
5130 Refund of Prior Yr. Receipts	19,367	19,367	-
5140 Leases	18,617	18,617	-
5900 Budgetary Reserve	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Expenditures and Financing Uses	<u>2,852,188</u>	<u>2,852,188</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 35,514,236</u>	<u>\$ 35,031,793</u>	<u>\$ 482,443</u>

Brandywine Heights Area School District
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 35,391,001	\$ 36,235,472	\$ 844,471
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>35,514,236</u>	<u>35,031,793</u>	<u>482,443</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(123,235)	1,203,679	1,326,914
Special Items	-	-	-
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AFTER SPECIAL ITEMS AND EXTRAORDINARY ITEMS	(123,235)	1,203,679	1,326,914
FUND BALANCE - JULY 1, 2022	<u>8,483,446</u>	<u>10,380,738</u>	<u>1,897,292</u>
FUND BALANCE - JUNE 30, 2023	<u>\$ 8,360,211</u>	<u>\$ 11,584,417</u>	<u>\$ 3,224,206</u>

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

OPERATING REVENUES

Sales to Students	\$	223,434	
Sales to Adults		10,575	
State Social Security Reimbursement		8,090	
State Retirement Reimbursement		37,414	
State Subsidies		80,077	
Federal Subsidies		382,023	
Donated Commodities Received		49,249	
Special Functions		57,646	
Miscellaneous Revenue		468	
Federal Revenue Received from Other Sources		34,305	
Interest		17,017	\$ 900,298

COST OF GOODS SOLD

Beginning Inventory - Food and Commodities - July 1, 2022	17,231	
Food (Purchases)	230,664	
Milk (Purchases)	45,770	
Supplies	35,711	
Donated Commodities Used	50,176	
LESS-Ending Inventory-Food and Commodities - June 30, 2023	(24,292)	355,260
GROSS PROFIT		545,038

OPERATING EXPENSES

Salaries	215,648	
Employees Insurance	34,909	
Social Security	16,180	
Retirement	27,671	
Workmen's Compensation	1,708	
Other Employee Benefits	3,314	
Repairs and Maintenance	24,596	
Food Mgt. - Non-Food	16,355	
Depreciation	14,639	355,020

CHANGES IN FUND NET POSITION 190,018

FUND NET POSITION - JULY 1, 2022 35,068

FUND NET POSITION - JUNE 30, 2023 \$ 225,086

**Brandywine Heights Area School District
Construction Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2023**

FUND BALANCE - JULY 1, 2022		\$ 2,903,230
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Transfer from General Fund	\$ -	
Interest Earnings	97,572	97,572
 TOTAL FUNDS AVAILABLE		 3,000,802
 <u>EXPENDITURES AND OTHER FINANCING USES</u>		
CAPITAL OUTLAY:		
Professional Services	14,353	
Construction costs	487,731	
Supplies	291	502,375
 FUND BALANCE - JUNE 30, 2023		 \$ 2,498,427

**Brandywine Heights Area School District
Capital Reserve Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2023**

FUND BALANCE - JULY 1, 2022		\$ 2,787,358
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Transfer from General Fund	\$ -	
Refund of Prior Year Expenditures	11,280	
Interest Earnings	23,020	34,300
TOTAL FUNDS AVAILABLE		2,821,658
 <u>EXPENDITURES AND OTHER FINANCING USES</u>		
SUPPORT SERVICES:		
Professional Services	186	
Supplies	64,771	
Equipment	79,516	
Dues and Fees	6,051	
CAPITAL OUTLAY:		
Professional Services	8,704	
Construction costs	11,236	
Equipment	59,577	
Dues and Fees	-	230,041
FUND BALANCE - JUNE 30, 2023		<u>\$ 2,591,617</u>

**Brandywine Heights Area School District
Student Sponsored Special Revenue Activity Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2023**

FUND BALANCE - JULY 1, 2022	\$	22,115
<u>REVENUES AND OTHER FINANCING SOURCES</u>		
Interest Income	\$ 68	
Admissions	748	
Student Member Dues and Fees	4,993	
Contributions	1,198	
Miscellaneous	-	<u>7,007</u>
TOTAL FUNDS AVAILABLE		29,122
<u>EXPENDITURES AND OTHER FINANCING USES</u>		
NON-INSTRUCTIONAL SERVICES:		
Professional Services	4,768	
Travel	1,080	
Supplies	3,843	
Dues & Fees	2,183	<u>11,874</u>
FUND BALANCE - JUNE 30, 2023	\$	<u>17,248</u>

**Brandywine Heights Area School District
Private-Purpose Trust Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023**

ADDITIONS

Contributions	\$ 26,129	
Interest Income	82	
TOTAL ADDITIONS	26,211	\$ 26,211

DEDUCTIONS

Awards	23,475	
TOTAL DEDUCTIONS	23,475	23,475

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION 2,736

FUND NET POSITION - JULY 1, 2022 24,117

FUND NET POSITION - JUNE 30, 2023 \$ 26,853

**Private-Purpose Trust Fund
Statement of Fiduciary Net Position
As of June 30, 2023**

ASSETS

Cash and Cash Equivalents	\$ 26,853	
Other Current Assets	-	
TOTAL ASSETS	26,853	\$ 26,853

LIABILITIES

-

NET POSITION

Restricted for Individuals, Organizations, and Other Governments		26,853
		26,853

TOTAL LIABILITIES AND FUND NET POSITION \$ 26,853

**Brandywine Heights Area School District
Student Activity Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023**

ADDITIONS

Interest Income	\$ 348	
Admissions	46,544	
Student Organization Membership Dues and Fees	2,231	
Special Events	35,873	
Other Activity Income	6,485	
TOTAL ADDITIONS		\$ 91,481

DEDUCTIONS

Professional and Technical Services	13,063	
Repairs & Maintenance	936	
Rentals	11,780	
Transportation Services	9,926	
Travel	182	
General Supplies	47,961	
Food	3,836	
Dues & Fees	11,066	
Donations	238	
TOTAL DEDUCTIONS		98,988

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION (7,507)

FUND NET POSITION - JULY 1, 2022 100,829

FUND NET POSITION - JUNE 30, 2023 \$ 93,322

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

ASSETS

Cash and Cash Equivalents	\$ 94,572	
TOTAL ASSETS		\$ 94,572

LIABILITIES

Accounts Payable	\$ 1,250	
TOTAL LIABILITIES		1,250

NET POSITION

Restricted for Individuals, Organizations, and Other Governments		93,322
TOTAL LIABILITIES AND FUND NET POSITION		\$ 94,572

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

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	\$ 478,700	\$ 1,345,000
2024-25	424,900	1,910,000
2025-26	348,500	2,035,000
2026-27	252,750	2,135,000
2027-28	146,000	2,235,000
2028-29	34,250	685,000
TOTAL OUTSTANDING - JUNE 30, 2023	<u>\$ 1,685,100</u>	<u>\$ 10,345,000</u>

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

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	\$ 23,400	\$ 585,000
2024-25	2,000	50,000
TOTAL OUTSTANDING - JUNE 30, 2023	<u>\$ 25,400</u>	<u>\$ 635,000</u>

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

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	\$ 82,431	\$ 5,000
2024-25	82,360	5,000
2025-26	82,289	5,000
2026-27	82,218	5,000
2027-28	82,147	10,000
2028-29	82,005	1,670,000
2029-30	58,291	2,415,000
2030-31	23,998	1,690,000
TOTAL OUTSTANDING - JUNE 30, 2023	<u>\$ 575,739</u>	<u>\$ 5,805,000</u>

**Brandywine Heights Area School District
Schedule on General Obligation Notes - Series of 2021
For the Year Ended June 30, 2023**

FISCAL YEAR	INTEREST	PRINCIPAL
2023-24	\$ 32,886	\$ 5,000
2024-25	32,805	5,000
2025-26	32,724	5,000
2026-27	32,643	5,000
2027-28	32,562	5,000
2028-29	32,481	5,000
2029-30	32,400	5,000
2030-31	32,319	765,000
2031-32	19,926	1,230,000
TOTAL OUTSTANDING - JUNE 30, 2023	\$ 280,746	\$ 2,030,000

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

**Brandywine Heights Area School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

BRANDYWINE HEIGHTS AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS THROUGH GRANTOR NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) 7/1/2022	REVENUE	EXPEND.	ACCRUED OR (DEFERRED) 6/30/2023	FOOT- NOTES
U.S. FEDERAL COMMUNICATIONS COMMISSION											
<u>PASSED THROUGH UNIVERSAL SERVICE ADMINISTRATIVE CO.</u> EMERGENCY CONNECTIVITY FUND PROGRAM	I	32.009	N/A	N/A	\$ 19,699	\$ -	\$ -	\$ -	\$ -	\$ -	2 4
TOTAL FEDERAL COMMUNICATIONS COMMISSION						-	-	-	-	-	
U.S. DEPT. OF EDUCATION											
<u>PASSED THROUGH THE PA DEPARTMENT OF EDUCATION (PDE)</u>											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-22-0046	7/1/21 - 9/30/22	\$ 314,980	17,482	17,482	-	-	-	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-23-0046	7/1/22 - 9/30/23	\$ 309,393	309,393	-	279,513	279,513	(29,880)	4
TOTAL TITLE I PROGRAM						326,875	17,482	279,513	279,513	(29,880)	
<u>PASSED THROUGH THE PDE</u>											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-22-0046	7/1/21 - 9/30/22	\$ 54,471	(1,672)	(1,672)	-	-	-	2
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-23-0046	7/1/22 - 9/30/23	\$ 47,556	46,338	-	47,556	47,556	1,218	2
TOTAL TITLE II PROGRAM						44,666	(1,672)	47,556	47,556	1,218	
<u>PASSED THROUGH THE PDE</u>											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-22-0046	7/1/21 - 9/30/22	\$ 19,068	-	(6,310)	6,310	6,310	-	2
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-23-0046	7/1/22 - 9/30/23	\$ 24,715	16,281	-	22,439	22,439	6,158	2
TOTAL TITLE IV PROGRAM						16,281	(6,310)	28,749	28,749	6,158	
<u>PASSED THROUGH THE PDE</u>											
COVID-19 ESSER FUND (ESSER II)	I	84.425D	FA-200-21-0046	3/13/20 - 9/30/23	\$ 936,309	413,718	329,104	498,332	498,332	413,718	2
COVID-19 AMERICAN RESCUE PLAN - ESSER (ARP-ESSER)	I	84.425U	223-21-0046	3/13/20 - 9/30/24	\$ 1,893,882	688,684	405,267	773,471	773,471	490,054	1
COVID-19 ARP-ESSER - LEARNING LOSS SET ASIDE	I	84.425U	FA-225-21-0046	3/13/20 - 9/30/24	\$ 105,140	24,851	(5,779)	18,600	18,600	(12,030)	1
COVID-19 ARP-ESSER - SUMMER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0046	3/13/20 - 9/30/24	\$ 21,028	4,970	(3,441)	21,028	21,028	12,617	1
COVID-19 ARP-ESSER - AFTER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0046	3/13/20 - 9/30/24	\$ 21,028	4,970	15,290	2,297	2,297	12,617	1
COVID-19 ARP-ESSER - HOMELESS CHILDREN AND YOUTH	I	84.425W	FA-181-21-2046	7/01/21 - 9/30/24	\$ 10,579	9,765	9,765	-	-	-	1
TOTAL EDUCATION STABILIZATION FUND						1,146,958	750,206	1,313,728	1,313,728	916,976	
<u>PASSED THROUGH THE BERKS COUNTY I.U.</u>											
IDEA, PART B	I	84.027	N/A	7/1/21 - 9/30/22	\$ 274,804	24,782	24,782	-	-	-	2
IDEA, PART B	I	84.027	N/A	7/1/22 - 9/30/23	\$ 263,885	215,686	-	263,885	263,885	48,199	1
COVID-19 ARP-IDEA	I	84.027X	N/A	7/1/21 - 09/30/23	\$ 64,143	54,379	-	64,143	64,143	9,764	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/21 - 9/30/22	\$ 4,296	4,296	4,296	-	-	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/22 - 9/30/23	\$ 2,240	-	-	2,240	2,240	-	1
TOTAL IDEA CLUSTER						301,383	29,078	330,268	330,268	57,963	
TOTAL U. S. DEPARTMENT OF EDUCATION						1,836,163	788,784	1,999,814	1,999,814	952,435	

SOURCE: D -DIRECT; I -INDIRECT

**Brandywine Heights Area School District
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2023**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS THROUGH GRANTOR NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) 7/1/2022	REVENUE	EXPEND.	ACCRUED OR (DEFERRED) 6/30/2023	FOOT- NOTES
<u>U. S. DEPARTMENT OF AGRICULTURE</u>											
<u>PASSED THROUGH THE PDE</u>											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/21 - 6/30/22	N/A	76,755	76,755	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/22 - 6/30/23	N/A	236,261	-	269,837	269,837	33,576	
COVID-19 NATIONAL SCHOOL LUNCH - SUPPLY CHAIN ASSISTANCE	I	10.555	N/A	N/A	N/A	42,015	-	42,015	42,015	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/21 - 6/30/22	N/A	13,577	13,577	-	-	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/22 - 6/30/23	N/A	58,915	-	69,543	69,543	10,628	
<u>PASSED THROUGH THE PA DEPT OF AGRICULTURE:</u>											
NATIONAL SCHOOL LUNCH - USDA COMMODITIES	I	10.555	N/A	7/1/22 - 6/30/23	N/A	50,176	(1,048)	49,249	49,249	(1,975)	3
TOTAL CHILD NUTRITION CLUSTER						477,699	89,284	430,644	430,644	42,229	
<u>PASSED THROUGH THE PDE</u>											
COVID-19 STATE PANDEMIC ELECTRONIC BENEFIT TRANSFER (P-EBT) ADMIN. COSTS	I	10.649	N/A	N/A	N/A	628	-	628	628	-	2
TOTAL U.S. DEPARTMENT OF AGRICULTURE						<u>478,327</u>	<u>89,284</u>	<u>431,272</u>	<u>431,272</u>	<u>42,229</u>	
TOTAL FEDERAL AWARDS						<u>\$ 2,314,490</u>	<u>\$ 878,068</u>	<u>\$ 2,431,086</u>	<u>\$ 2,431,086</u>	<u>\$ 994,664</u>	

SOURCE: D -DIRECT; I -INDIRECT

Brandywine Heights Area School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Note 1 - Basis of Presentation

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

Note 2 - Significant Accounting Policies

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

Note 3 - Organization and Scope

The District recognized 5.5% of its total general fund revenue in federal awards, and 47.9% of its total enterprise fund revenue.

Note 4 - Indirect Costs

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

Note 5 - Program Disclosure - Footnotes

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

<u>Passed through</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
PA Department of Education	3,758,149	2,051,569
Universal Service Administrative Co.	19,699	-
Berks County I.U.	609,368	330,268
PA Department of Agriculture	N/A	49,249
Totals	\$ 4,387,216	\$ 2,431,086

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$50,176 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2022-23 fiscal year, the District used \$49,249 in commodities and established a year-end inventory of \$1,975 at June 30, 2023.

Brandywine Heights Area School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

4. The amount of ARP ECF revenue reported on the prior year's Schedule of Expenditures of Federal Awards was overstated by \$19,287. The opening accrual on 7/1/22 has been reduced by \$19,287 to account for the changes needed on the prior year's Schedule of Expenditures of Federal Awards.

FINANCIAL STATEMENT RECONCILIATION

General Fund Federal Source Revenues	\$	1,669,546
Federal Grants in Local Sources		330,268
Food Service Fund Federal Revenue		<u>431,272</u>
Total Federal Revenue, per financial statements		2,431,086
Less - Medical Access		<u>-</u>
Total Federal Revenue Reported on SEFA	\$	<u><u>2,431,086</u></u>



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

Board of School Directors
Brandywine Heights Area School District
200 West Weiss Street
Topton, PA 19562

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Brandywine Heights Area School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Brandywine Heights Area School District's basic financial statements, and have issued our report thereon dated December 6, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Northampton, Pennsylvania
December 6, 2023



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

Board of School Directors
Brandywine Heights Area School District
200 West Weiss Street
Topton, PA 19562

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

Brandywine Heights Area School District

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

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

Respectfully submitted,

Norman Associates, P.C.

Northampton, Pennsylvania
December 6, 2023

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

Section I - Summary of Auditor Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major program:

AL Numbers(s)	Name of Federal Program or Cluster
84.425D, 84.425U, 84.425W	Education Stabilization Fund

Percentage of program tested to total awards 54.0%

Dollar threshold used to distinguish between type A and type B program: \$ 750,000

Auditee qualified as low-risk auditee? yes no

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

Section II - Financial Statement Findings

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

Section III - Findings and Questioned Costs for Federal Awards

There were no findings discovered, relating to federal awards, which are required to be reported in accordance with Uniform Guidance Section 200.516.

Audit Follow-Up Procedures

We did not perform any follow-up procedures since there were no findings from the previous year.