



# KENNETT CONSOLIDATED SCHOOL DISTRICT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2021



# **Kennett Consolidated School District**

**Kennett Square, Pennsylvania 19348**

**[www.kcsd.org](http://www.kcsd.org)**

## **Comprehensive Annual Financial Report**

**For the**

**Fiscal Year Ended June 30, 2021**

**Prepared by the Business Office  
Mark T. Tracy, Chief Financial Officer  
Penny L. Shaffer, Supervisor of Business Services**

**300 East South Street, Kennett Square, Pennsylvania 19348  
610-444-6600**



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# **INTRODUCTORY SECTION**





# KENNETT CONSOLIDATED SCHOOL DISTRICT

LEARN ♦ APPLY ♦ ACHIEVE

December 15, 2021

To the Members of the Board of School Directors and Citizens of the  
Kennett Consolidated School District

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Kennett Consolidated School District (KCS D) for the fiscal year ended June 30, 2021. The District's Business Office prepared this report.

The Comprehensive Annual Financial Report (CAFR) is published to present complete and accurate financial information on all the funds and financial activities of the District for the 2020-21 school year. The business staff and management are responsible for the accuracy of the statements, notes, schedules, and statistical tables. We believe that the information in the report is a fair presentation of the financial position and the results of operations of the District based upon a comprehensive framework of internal control that has been established for this purpose. The report is prepared in accordance with generally accepted accounting and financial reporting principles applicable to governmental entities in the United States of America. Most importantly, this report will provide the reader with a comprehensive understanding of the District's financial affairs.

Barbacane, Thornton & Company LLP, Certified Public Accountants, have audited the financial statements. They have issued an unmodified opinion on the Kennett Consolidated School District's financial statements for the year ending June 30, 2021. Their report is located at the beginning of the financial section of the CAFR.

The Management's Discussion and Analysis (MD&A), which follows the independent auditors' report provides an overview of the District's financial performance during the fiscal year ending June 30, 2021. It should be read in conjunction with this transmittal letter and the District's basic financial statements.

## Reporting Entity

School districts were established by the Public School Code of 1949 to assist the General Assembly in its constitutionally mandated duty to provide for the maintenance and support of a thorough and efficient system of public education in the Commonwealth of Pennsylvania. As established by the School Code, the Kennett Consolidated School District is a legally autonomous and fiscally independent political subdivision of the third class. The laws of Pennsylvania give the District corporate powers that distinguish it as a legally separate entity from the Commonwealth of Pennsylvania and any of its subdivisions. The District has the power to determine its budget; to approve and modify that budget; to levy taxes, set rates and establish charges; and to issue bonded debt. The powers may be exercised without substantive approval by another government.

300 EAST SOUTH STREET KENNETT SQUARE, PENNSYLVANIA 19348

Telephone (610) 444-6600 Fax (610) 444-6614

WWW.KCSD.ORG

## **District Profile**

Kennett Consolidated School District is comprised of the Townships of Kennett, New Garden, a portion of East Marlborough and the Borough of Kennett Square, all in Chester County. The School District covers an area of approximately 35 square miles. The area is located just north of New Castle County, Delaware, in southern Chester County. The School District lies 10 miles north of Wilmington, Delaware; 24 miles west of Philadelphia, Pennsylvania; 10 miles southwest of West Chester, Pennsylvania and 35 miles east of Lancaster, Pennsylvania. The School District is characterized by rolling hills and valleys that surround the Brandywine River and the White Clay and Red Clay creeks and their tributaries. Economically, the townships within the School District are primarily residential.

The Borough of Kennett Square is located at the geographic center (intersection of Routes #1 and #82) and provides the economic hub for the area served by the schools of the District. The Borough has a business center containing a full range of retail and service stores as well as professional offices to serve this suburban-rural community. Major shopping and commercial centers located in West Chester, Pennsylvania, and the cities of Wilmington and Newark, Delaware, are accessible easily to School District residents for shopping and employment.

The governing body of the School District is a board of nine school directors who are each elected for a four-year term. The daily operation and management of the School District is carried out by the administrative staff of the School District, headed by the Superintendent of Schools who is appointed by the Board of School Directors.

Most school district residents, a population of 27,488, find employment in the well-diversified agricultural, financial, medical and industrial sectors of Chester County and the surrounding areas labor markets. Information from U.S. Department of Labor, Bureau of Labor Statistics show for 2020 total employment rates in Chester County to be 277,025 employed and 6.6% unemployed. The state of Pennsylvania shows 8.3% unemployed and 7.1% for the U.S.

During the 2020-21 fiscal year, the district employed 448 employees comprised of 25 administrators, 336 classroom teachers and specialists, and 87 support staff. Teachers in the district are members of the Pennsylvania State Education Association (PSEA) and the Kennett Education Association (KEA), which is the representative bargaining unit.

The facilities presently operated by the School District consist of one Senior High School (grades 9-12), one Middle School (grades 6-8), three elementary schools (grades 1-5) and a full-day Kindergarten Center. The School District also shares facilities at the Chester County Technical College High School and the Chester County Child Development Center with neighboring school districts. Total enrollment at all schools for the 2020-21 school year was 4,012.

Bancroft Elementary School, located in New Garden Township, opened in September, 2011. Greenwood Elementary School, which serves the students from Kennett Township, opened in 1963 and was added to in 1984. The New Garden Elementary School, which serves New Garden Township, opened in 1955 with additions in 1960, 1966, 1989, 1994 and 1998. The District introduced full-day kindergarten in September 2011 and renovated the Mary D. Lang Elementary School, renamed Mary D. Lang Kindergarten Center, for this purpose. The Kennett Middle School building, which serves all District students in grades six, seven, and eight, was opened in 2002. Kennett High School, which observed its ninetieth anniversary in 2020, underwent extensive renovations in 2007 including the addition of a new multi-purpose stadium and improvements to existing playing fields.

While the District does not have any Charter Schools within its geographic boundaries, there are currently one hundred and eighty-six (186) students who live within the District that attend Charter Schools. The District is obligated to pay the tuition for students that attend Charter Schools. During the year ending June 30, 2021, \$3,128,700 in tuition fees was paid to Charter Schools, including cyber charter schools.

#### **Budget Controls**

The District budgets and expends funds following the Pennsylvania Public School Code and according to procedures mandated by the Pennsylvania Department of Education. The District's annually required general fund budget is the approved spending plan for the fiscal year and is revised as necessary in compliance with the requirements of State law and Board Policy. The Board may not obligate funds in excess of the budgeted amounts. However, the Board of Directors may during any fiscal year amend the budget by making additional appropriations or by increasing existing appropriations to meet emergencies. The funds must be provided from unexpended balances in existing appropriations, from un-appropriated revenues, or from temporary loans. Legal budgetary control is maintained by the Board of Directors at the department level. Transfers between departments, whether between funds or within a fund, or revisions that alter the total revenues and expenditures of any fund must be approved by the Board of Directors.

#### **Internal Controls**

The objective of a system of internal controls is to provide reasonable, but not absolute, assurance that District assets are properly protected and to ensure that financial transactions, which are relied on in the preparation of financial reports, are accurately recorded. The concept of reasonable assurance recognizes that the cost of the system of internal controls should not exceed the benefits likely to be realized and that the valuation of costs and benefits requires estimates and judgments by management. Management has established policies and procedures to implement and maintain a system of internal accounting controls effectively. Management and independent auditors continually evaluate these policies and procedures to ensure the adequacy and effectiveness of the internal control structure.

#### **Economic Condition and Outlook**

The District's tax base declined by 4% from 2010 to 2014 due to poor economic conditions and increased tax assessment appeals for both residential and commercial properties. However, after four consecutive years of diminishing real estate tax valuations, the District has realized small increases over the past seven years, a .81% increase from 2020 to the 2021, but still failing to return to the 2010 level of \$2,087,547,878. Earned income tax collections were steadily increasing with the appointment of a new county-wide tax collector in January 2011 but job loss as a result of COVID-19 and the extended due date for 2019 income tax returns caused a decline in earned income taxes for 2019-20. Earned income tax collections rebounded for 2020-21 by nearly 40% or \$1,564,358. 20% of the increase was caused by the extended due date for 2019 income tax returns. Another cause was the fact that employees were working from home and not commuting to large nearby cities like Philadelphia, Pennsylvania and Wilmington, Delaware.

The student population of the District declined. Current enrollment shows a decrease from 4,156 for 2019-20 to 4,012 for 2020-21 and projections have enrollment trending down below 4,000 over the next decade. The District is carefully monitoring active and proposed developments. Active housing when complete will have a combined unit count of 469 new residential dwellings over the next five (5) years. 70 students are expected to be added to the District enrollment projection. The District is in constant communication with our four municipalities to keep informed of all future and proposed new developments that will potentially impact not only our student enrollment but our tax base.

Chester County's economy remained at the lowest unemployment rate in Southeastern Pennsylvania at 6.6% for 2020. Due to the drastic, but necessary,

lockdowns that occurred because of COVID-19, many of businesses – small and large – faced incredible uncertainty in their ability to continue to operate. While still comparatively low, unemployment rates reached double-digits in the second quarter of 2020, before gradually reducing as the year progressed. Chester County remains one of the fastest growing counties in the Commonwealth according to the Delaware Valley Planning Commission. Major employers in the County include growth industries such as financial and insurance services, retail trade and medical services, and computer hardware and software development and design. Such employers include the Vanguard Group of Investments, Inc., Main Line Hospitals and QVC, Inc.

The District's financial results for 2020-21 remained positive for its governmental activities. Total revenues increased by \$3,950,730, or 4.5% over the prior year. Property taxes and other taxes levied for general purposes accounted for most of the District's revenue in the amount of \$70,519,108, or 76.2%. The District's expenses are predominately related to instructing, caring for and transporting students, which represents 97.6% of total expenses. The continued closure of schools for the early part of the school year due to COVID-19 resulted in a decline in expenses in the areas of instruction and non-instructional services. The District's expenses decreased by \$1,271,120, or 1.6%.

An existing Board Policy requires the maintenance of an unassigned fund balance in the amount of the lesser of eight percent (8%) of the following year's budgeted expenditures or the maximum amount permitted by the Commonwealth of Pennsylvania. At the end of each fiscal year, the excess of eight percent (8%) of budgeted expenditures, as certified by the local auditor of the District, is transferred to the Capital Reserve Fund. Reserve monies can only be used for expenditures for which the Board has granted its approval.

At the close of the fiscal year, the District's governmental funds reported combined ending fund balances of \$29,016,276. This is an increase of \$7,197,337 in comparison with the prior year and 24.8% of the total amount, \$7,207,585, is available for spending at the District's discretion. The remaining is restricted mainly for capital projects.

However, financially the future is not without challenges. The district continually explores new and improved methods of delivering the best education possible for students while minimizing the financial impact on the taxpayers providing this education especially in this new COVID-19 world. More information can be found in the Management's Discussion and Analysis and the statistical section of this document.

**Long-Term  
Financial Planning  
and Financial  
Policies**

The Board of Directors has adopted a three-prong strategy to minimize the impact of decreasing local revenues on educational and extra-curricular programs. The Board has authorized appropriations from fund balance, reductions in expenditures, and tax increases slightly above the Act 1 Index. Under the governance of Act 1 of 2006, the Homeowners Tax Relief Act, the District is restricted from increasing taxes beyond an inflationary index that is calculated and published annually by the Department of Education. If the District requires a tax increase beyond the index, the electorate must approve a referendum ballot question unless granted an exception by the Department of Education or the Chester County Courts.

The Board has been proactive in addressing the needs for expanding and renovating existing facilities. In August of 2011, the District opened the new Bancroft Elementary School. The 105,000 square foot building is designed for energy efficiency, use of sustainable materials, and low environmental impact. Financing for the project was obtained through the Build America Bonds program. The District has begun the process of renovating two of its older elementary schools. The District

also works closely with its financial advisors to monitor refinancing opportunities of its existing debt continually when economic and market conditions are favorable.

## **Major Initiatives**

During the past year, the Kennett Consolidated School District graduated 320 students, 75% of which continued their education at two- and four-year colleges, technical schools, and universities. The mean SAT scores for 2021 graduates were 598 for Evidence Based Reading and Writing and 612 for Math. The Class of 2021 had three National Merit finalist and ten commended students in the National Merit Scholarship Program.

In 2021 The *U.S. News & World Report* named Kennett High School one of America's Best High Schools. To produce the 2021 Best High Schools rankings, *U.S. News & World Report* teamed up with North Carolina-based RTI International, a global nonprofit social-science research firm. Kennett High School ranked 40 out of 283 in the Philadelphia Metro Area, 54 out of 711 in the Commonwealth and 1,565 out of 17,857 of the country's eligible schools. The comprehensive rankings methodology is based on the key principles that a great high school must serve all of its students well, not just those who are college bound, and that it must be able to produce measurable academic outcomes to show it is successfully educating its student body across a range of performance indicators.

In 2021 for the fourth time since 2012, Kennett Middle School was recognized by the Pennsylvania Don Eichhorn Schools: School to Watch program. The program annually recognizes a small number of diverse, high-performing, growth-oriented middle schools that demonstrate academic excellence, developmental responsiveness to the unique challenges of early adolescence, social equity, and school structures and processes that support and sustain the path to excellence. The middle school joins a very select cadre of 37 schools in Pennsylvania that have earned the distinction of being a School to Watch and one of five in the Commonwealth to be re-designated three separate times. A middle school that is designated as a School to Watch retains that honor for three years and must reapply, as Kennett Middle School did.

The Kennett Consolidated School District has a curriculum that is aligned with Pennsylvania's Core standards and Common Core standards, meets the requirements of Chapter 4, and challenges its students to think critically and creatively. The District also works to utilize local assessments to measure how well students are achieving mastery of the standards. The assessments include teacher observations, traditional tests, and performance tasks such as projects, presentations, and experiments. District and classroom assessments, standardized tests, and feedback from parents all provide detailed information about children's academic progress. Kennett Consolidated teachers use information from all of these sources to make the best instructional decisions for all students.

## **Independent Audit**

As required by State law, the Kennett Consolidated School District submits its financial data to independent certified public accountants at year end for a comprehensive annual audit of the District's financial affairs. The Board of School Directors has retained Barbacane, Thornton & Company LLP, Certified Public Accountants, to complete an independent audit of the financial position and results of its operations and cash flow of its governmental and business type activities in accordance with auditing standards generally accepted in the United States of America and with Government Auditing Standards. The results of that audit for 2020-21 fiscal year are included in the financial section of this report. The District also submitted its federal program financial and operational data to independent certified public accountants in compliance with the provisions of the Federal Government's Office of Management and Budget Uniform Grant Guidance. Results of that audit are reported in the Single Audit Section of this document.



**Certificate of  
Excellence - ASBO**

The Association of School Business Officials (ASBO) International awarded the Certificate of Excellence in Financial Reporting to the Kennett Consolidated School District for its Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2020. This is the ninth consecutive year that the District has received the Certificate of Excellence from ASBO International. We believe our current report will meet or exceed the program's Certificate of Excellence requirements and we are submitting it to ASBO for review.

**Certificate of  
Achievement-  
GFOA**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kennett Consolidated School District for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the tenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

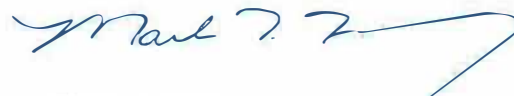
**Acknowledgments**

The preparation of this report could not have been accomplished without the diligent and dedicated services of the Business Department staff and the administrative assistants in the offices of the Superintendent and Human Resources. We would also like to express our appreciation to the administrators and employees of the Kennett Consolidated School District for their interest and support in planning and conducting the financial affairs in a responsible and progressive manner.

Respectfully submitted,



D. Dusty Blakey, Ed.D.  
Superintendent



Mark T. Tracy  
Chief Financial Officer



Penny L. Shaffer  
Director of Business Services



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting  
is presented to**

**Kennett Consolidated School District**

**for its Comprehensive Annual Financial Report  
for the Fiscal Year Ended June 30, 2020.**

The report meets the criteria established for  
ASBO International's Certificate of Excellence.



**W. Edward Chabal  
President**

**David J. Lewis  
Executive Director**



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Kennett Consolidated School District  
Pennsylvania**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morrell*

Executive Director/CEO

**KENNETT CONSOLIDATED SCHOOL DISTRICT**

**Organization  
Board of School Directors**

Joseph Meola .....	President
Victoria Gehrt .....	Vice-President
Michael H. Finnegan .....	Treasurer
Ryan Bowers .....	Member
William Brown .....	Member
Lenda Carrillo .....	Member
David Kronenberg.....	Member
Ann Parry.....	Member
Jeffrey McVey.....	Member
D. Dusty Blakey, Ed. D. (non-voting member) .....	Superintendent
Mark T. Tracy (non-voting member).....	Secretary

**KENNETT CONSOLIDATED SCHOOL DISTRICT**

**Organization  
Board Committees**

- Curriculum Committee..... Ann Parry, Chairperson
- Finance Committee .....Michael H. Finnegan, Chairperson
- Government Liaison & Communications .....Ryan Bowers, Chairperson

**Liaison with Administration**

- Intermediate Unit Board.....Victoria Gehrt
- Legislative Council .....David Kronenberg
- PSBA ..... Joseph Meola
- Chester County School Authority ..... Leon R. Spencer, Jr.

## KENNETT CONSOLIDATED SCHOOL DISTRICT

### Organization

#### District Administration

D. Dusty Blakey, Ed.D. .... District Superintendent  
Michael A. Barber, Ed.D. ....Assistant Superintendent  
Mark T. Tracy ..... Chief Financial Officer  
Heather Collins, Ed.D. .... Director of Special Education  
Lydia M. Hallman, Ed.D.....Director of Curriculum  
George Wolhaffe, III .....Director of Construction and Facilities  
Daniel E. Maguire ..... Director of Technology Services  
Penny L. Shaffer .....Director of Business Services  
Jeremy M. Hritz, Ed.D. .... Principal, Kennett High School  
Lorenzo G. DeAngelis, Jr., Ed.D. .... Principal, Kennett Middle School  
Elizabeth A. Weaver ..... Principal, New Garden Elementary School  
Tracey L. Marino..... Principal, Greenwood Elementary School  
Leah A. McComsey ..... Principal, Bancroft Elementary School  
April L. Reynolds .....Principal, Mary D. Lang Kindergarten Center  
Duane C. Kotz. .... Assistant Principal, Kennett High School  
Eileen T. Rudisill..... Assistant Principal, Kennett High School  
Jeffrey J. Thomas ..... Assistant Principal, Kennett High School  
Erin A. Miller. .... Assistant Principal, Kennett Middle School  
Jacob D. Moore ..... Assistant Principal, Kennett Middle School

## KENNETT CONSOLIDATED SCHOOL DISTRICT

### Consultants and Advisors

#### Independent Auditors

Barbacane, Thornton & Company LLP  
Certified Public Accountants  
200 Springer Building  
3411 Silverside Road  
Wilmington, DE 19810

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#### Legal Counsel

John R. Merrick  
117 South Broad Street  
Kennett Square, PA 19348  
(General & Special Counsel)

Kegel, Kelin, Litts & Lord LLP  
24 North Lime Street  
Lancaster, PA 17602  
(Bond Counsel)

Jeffrey T. Sultanik, Esquire  
Fox Rothschild LLP  
2000 Market Street  
Philadelphia, PA 19103  
(Labor Counsel)

---

#### Financial Advisors

RBC Dain Rauscher  
2101 Oregon Pike  
Lancaster, PA 17601

Public Financial Management  
One Keystone Plaza, Suite 300  
North Front and Market Streets  
Harrisburg, PA 17101-2044

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#### Official Depositories

Fulton Bank  
501 Schoolhouse Road  
Kennett Square, PA 19348

Pennsylvania Local Government  
Investment Trust (PLGIT)  
P. O. Box 1027  
Harrisburg, PA 17108

RBC Public Funds Services (PSDLAF)  
2101 Oregon Pike  
Lancaster, PA 17601

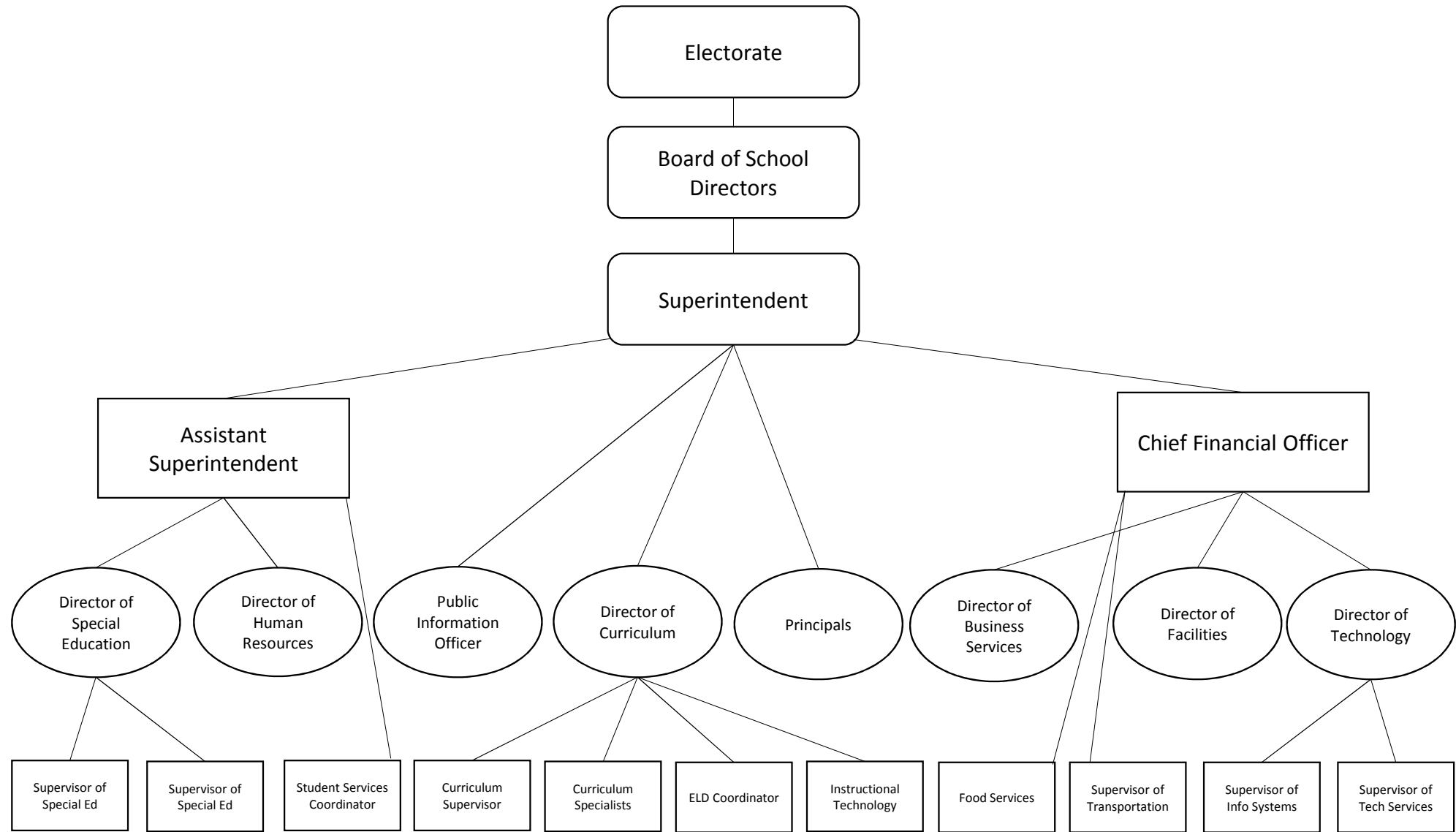
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#### Architects

Bernardon  
10 North High Street, Suite 310  
West Chester, PA 19380



**KENNETT CONSOLIDATED SCHOOL DISTRICT ORGANIZATIONAL CHART**



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# **FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

October 28, 2021

Members of the Board  
Kennett Consolidated School District  
Kennett Square, Pennsylvania

### Report on the Financial Statements

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 Kennett Consolidated School District ("the District"), Kennett Square, Pennsylvania, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

Members of the Board  
Kennett Consolidated School District

presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Kennett Consolidated School District, Kennett Square, Pennsylvania, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 2 to the financial statements, in 2021, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Kennett Consolidated School District's 2020 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated December 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 18 through 32 and the schedule of the District's proportionate share of the net pension liability - PSERS, schedule of District pension contributions - PSERS, schedule of the District's proportionate share of the net OPEB liability - PSERS, schedule of District OPEB contributions - PSERS, and schedule of changes in the District's net OPEB liability - single employer plan on pages 81 through 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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

Members of the Board  
Kennett Consolidated School District

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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards on pages 68 and 69 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021, on our consideration of the 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 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 the District's internal control over financial reporting and compliance.

  
BARBACANE, THORNTON & COMPANY LLP



**KENNETT CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2021**

This section of the Kennett Consolidated School District's ("the District") annual financial report provides a discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2021. This discussion and analysis should be read in conjunction with the District's accompanying financial statements, which immediately follow this section.

**Financial Highlights**

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$21,575,776. This is due to the recognition of the District's share of the net pension liability of the Public School Employees Retirement System of Pennsylvania ("PSERS") as required by Governmental Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions" and the District's net other postemployment benefits ("OPEB") liability as required by GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The District's allocation of PSERS net pension liability is \$110,542,000, and the District's net OPEB liability is \$18,700,000. As a result, the District's unrestricted net position is \$(102,876,072).
- The District's net position increased by \$14,027,093 during the current fiscal year. The increase in net position is attributable to revenues exceeding expenses. While expenditures were less than the prior year, taxes levied for general and specific purposes were up mostly because of volume and not rate increases.
- The District's governmental funds reported combined ending fund balances of \$29,016,276, an increase of \$7,197,337 in comparison with the prior year. Approximately 24.8 percent of this total amount, \$7,207,585, is available for spending at the District's discretion.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$7,207,585 or 8.7 percent of total general fund expenditures.
- The District's total liabilities increased by \$2,763,079, or 1.6 percent, during the fiscal year. The increase is primarily due to changes in actuarial assumptions in regard to the District's net pension and OPEB liability (\$7,681,000) and satisfying the District's general obligation bonds (\$6,241,479).
- The net position of business-type activities, the food service operation, increased by \$41,786. The food service operation was allocated one percent of the District's net pension liability for PSERS and net OPEB liability, which is \$1,105,420 and \$187,000 for the current year, respectively. Revenues for the food service operation decreased by 16.7 percent to \$1,413,309 while expenses decreased by 19.9 percent to \$1,371,523.

**Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements, which present different views of the District. The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status. The remaining statements are fund financial statements that focus on individual parts of

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONT'D  
FOR THE YEAR ENDED JUNE 30, 2021**

the District which report the District's operations in more detail than the government-wide statements. The governmental funds statements indicate how basic services such as regular and special education were financed in the short-term as well as indicate future spending plans. Proprietary fund statements offer short and long-term financial information about the activities the District operates like a business, such as food services. Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, such as student activity funds and the scholarship fund. The financial statements also include notes that explain some of the information in the statements, as well as provide more detailed data.

The following chart summarizes the major features of the District's financial statements. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

**Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	Activities of the District that are not proprietary or fiduciary, such as general operating and capital projects	Activities the District operates similar to private businesses, such as food services and self-insurance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>Statement of Net Position</li> <li>Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance Sheet</li> <li>Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>Statement of Net Position</li> <li>Statement of Revenues, Expenses, and Changes in Net Position</li> <li>Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>Statement of Fiduciary Net Position</li> <li>Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/deferred outflow of resources/liability/deferred inflow of resources information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both short-term and long-term; funds do not currently contain capital assets, although they can
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 the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONT'D  
FOR THE YEAR ENDED JUNE 30, 2021**

**Government-wide Statements**

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

The two government-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way of measuring the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health, the non-financial factors, such as changes in the District's property tax base and the condition or need for improvements or expansion to existing school facilities, are considered.

In the government-wide financial statements, the District's activities are divided into two categories as follows:

- **Governmental Activities:** Most of the District's basic services are included here, such as regular and special education, maintenance and operation of plant services, transportation services, and administrative services. Property taxes, along with state formula aid, finance most of these activities.
- **Business-type Activities:** The District operates a food service program and charges fees to staff, students, and visitors to help cover costs of the food service operation.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds. These statements focus on the District's most significant or "major" funds – not the District as a whole. Funds are accounting components the District used to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District may establish other funds to control and manage money for particular purposes, such as repaying its long-term debts.

The District has three types of funds as follows:

**Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted into cash inflows and outflows and (2) balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information on a schedule following each of the governmental funds statements explains the relationship (or differences) between them.

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONT'D  
FOR THE YEAR ENDED JUNE 30, 2021**

**Proprietary Funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. Proprietary funds are classified as enterprise or internal service. The District's *Enterprise Fund* (one type of proprietary fund) is the same as its business-type activities but provides more detail and additional information, such as cash flows. The District currently has one enterprise fund, the Food Service Fund. Another type of proprietary fund, an internal service fund, is used to account for the operation of the District's self-insurance program for employee medical, prescription drug, and dental claims.

An internal service fund uses the accrual basis of accounting which is the same as the enterprise fund; however, in the government-wide statements, an internal service fund is included with the governmental activities since it largely supports these activities.

**Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds or student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Impact of GASB Statements No. 68 and No. 71**

The District follows the accounting guidance of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measure Date - An Amendment of GASB Statement No. 68." The purpose of these statements is to improve the transparency, consistency, and comparability of the pension information reported by state and local governments (e.g. school districts).

The adoption of GASB Statements No. 68 and 71 has had and will continue to have a profound effect on the financial statements and net position of school districts and governments not only in Pennsylvania, but across the nation. By recognizing the impact of any unfunded liability faced by defined benefit pension plans, plan administrators (at the direction of elected officials) and participants will be required to evaluate the cost of providing for certain retirement benefits to the work force.

More specifically, the District contributes to the PSERS, a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. In cost-sharing multi-employer plans, the plan assets and liabilities are shared. Plan assets can be used to pay the pensions of the employees of any employer that provides pensions through the plan. The new standards have shifted pension reporting from a funding-based approach, in which the District reported only its contributions to the plan, to an accounting-based approach. Under this new approach, the District will report its proportionate share of the net pension liability on the statement of net position of the government-wide and proprietary fund financial statements. Reporting in the governmental fund statements is not affected by the implementation of these statements.

The net pension liability is the difference between the market value of pension fund assets and the actuarial present value of projected benefit payments at the measurement date. Included in the calculation are

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONT'D  
FOR THE YEAR ENDED JUNE 30, 2021**

projected employer and employee contributions as well as expectation that the assets will grow at the long-term assumed rate of return on plan investments.

While the net pension liability is significant to the District's financial statements, it is a liability that the District has limited control over. In recent years, the PSERS employer contribution rate has risen significantly, from four percent in 2009 - 2010 to 34.51 percent in 2020 - 2021. These increases are expected to improve the plan's funding level, which should reduce net position in future years. This rate is anticipated to continue to increase to a level of over 38 percent in future years. Senate Bill 1 of 2017, which took effect in 2019-2020, is intended to provide long-term reform to ensure the future sustainability of the pension system.

**Impact of GASB Statement No. 75**

The District follows the accounting guidance of GASB Statement No 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement replaces the requirements of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The purpose of this statement is to improve the transparency, consistency, and comparability of other postemployment benefits provided by state and local governments (e.g. school districts).

The adoption of GASB Statement No. 75 has had and will continue to have a profound effect on the financial statements and net position of school districts and governments not only in Pennsylvania, but across the nation. Prior to the adoption of this standard, the OPEB liability was being recognized on an amortized basis over a term of 30 years in accordance with GASB Statement No. 45.

The following is a summary of the key changes as a result of the adoption of GASB Statement No. 75:

- The District must now recognize the net OPEB liability, as opposed to an amortized portion of the liability (the Net OPEB Obligation).
- The annual OPEB expense replaces the Annual Required Contribution ("ARC"), with faster recognition than what was previously required.
- Entry age normal cost method is required to determine liability.
- Discount rate is based on employer's assets and calculation of Actuarial Determined Contribution if prefunding. Since the District's plan is unfunded, a 20-year tax exempt municipal bond rate is utilized.
- Enhanced disclosures of historical contributions, funded status, and basis for actuarial assumptions is required.
- Description of any benefit and assumption changes as well as an expanded Notes section and Required Supplementary Information ("RSI") required.

**Financial Analysis of the District as a Whole**

The District's net position was adversely affected by the District's recognition of its proportionate share of the net pension liability of the Public School Employees' Retirement System of Pennsylvania ("PSERS") and the District's net OPEB liability. For the current year, the District's share of the PSERS net pension liability is \$110,542,000, and the District's net OPEB liability is \$18,700,000. The total net position is \$(21,575,776), resulting in a negative *unrestricted net position* of \$(102,876,072). The following table presents condensed financial information for the net position of the District as of June 30, 2021 and 2020.

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONT'D  
FOR THE YEAR ENDED JUNE 30, 2021**

**Condensed Statement of Net Position**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 46,179,914	\$ 36,798,912	\$ 1,096,430	\$ 1,085,678	\$ 47,276,344	\$ 37,884,590
Capital Assets	91,710,610	91,210,368	647,431	601,047	92,358,041	91,811,415
<b>Total Assets</b>	<b>137,890,524</b>	<b>128,009,280</b>	<b>1,743,861</b>	<b>1,686,725</b>	<b>139,634,385</b>	<b>129,696,005</b>
Deferred Outflows of Resources	22,086,590	16,533,599	223,749	167,006	22,310,339	16,700,605
<b>Total Assets and Deferred Outflows of Resources</b>	<b>159,977,114</b>	<b>144,542,879</b>	<b>1,967,610</b>	<b>1,853,731</b>	<b>161,944,724</b>	<b>146,396,610</b>
Long-term liabilities	162,119,546	160,645,221	209,680	1,234,383	162,329,226	161,879,604
Other liabilities	10,852,663	9,648,113	1,310,298	201,391	12,162,961	9,849,504
<b>Total Liabilities</b>	<b>172,972,209</b>	<b>170,293,334</b>	<b>1,519,978</b>	<b>1,435,774</b>	<b>174,492,187</b>	<b>171,729,108</b>
Deferred Inflows of Resources	8,939,061	10,169,008	89,252	101,363	9,028,313	10,270,371
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>181,911,270</b>	<b>180,462,342</b>	<b>1,609,230</b>	<b>1,537,137</b>	<b>183,520,500</b>	<b>181,999,479</b>
Net position:						
Net investment in capital assets	58,855,497	52,137,694	647,431	601,047	59,502,928	52,738,741
Restricted	21,797,368	14,762,937	-	-	21,797,368	14,762,937
Unrestricted (Deficit)	(102,587,021)	(102,820,094)	(289,051)	(284,453)	(102,876,072)	(103,104,547)
<b>Total Net Position (Deficit)</b>	<b>\$ (21,934,156)</b>	<b>\$ (35,919,463)</b>	<b>\$ 358,380</b>	<b>\$ 316,594</b>	<b>\$ (21,575,776)</b>	<b>\$ (35,602,869)</b>

A significant portion of the District's net position, \$59,502,928, reflects its investment in capital assets (land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position, \$21,797,368, represents resources that are restricted for capital projects.

At the end of the current fiscal year, the District is reporting a negative unrestricted net position for its governmental and business-type activities due to the application of GASB Statement No. 68 and GASB Statement No. 75. Total net position for the governmental activities is also negative; however, the total net position of the business-type activities is positive. Balances for unrestricted net position for both governmental and business-type activities are also negative for the prior fiscal year.

The District's net position increased by \$14,027,093 during the current fiscal year. The increase in net position is attributable to revenues exceeding expenses. While expenditures were less than the prior year, taxes levied for general and specific purposes were up mostly because of volume and not rate increases. Governmental activities increased the District's net position by \$13,985,307, thereby accounting for the majority of the total growth in the net position.

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

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONT'D  
FOR THE YEAR ENDED JUNE 30, 2021**

specific categories are presented to determine the final amount of the District's activities that are supported by other general revenues. The largest revenues are property taxes and the basic education subsidy provided by the Commonwealth of Pennsylvania.

The following table presents condensed financial information from the statement of activities in a different format.

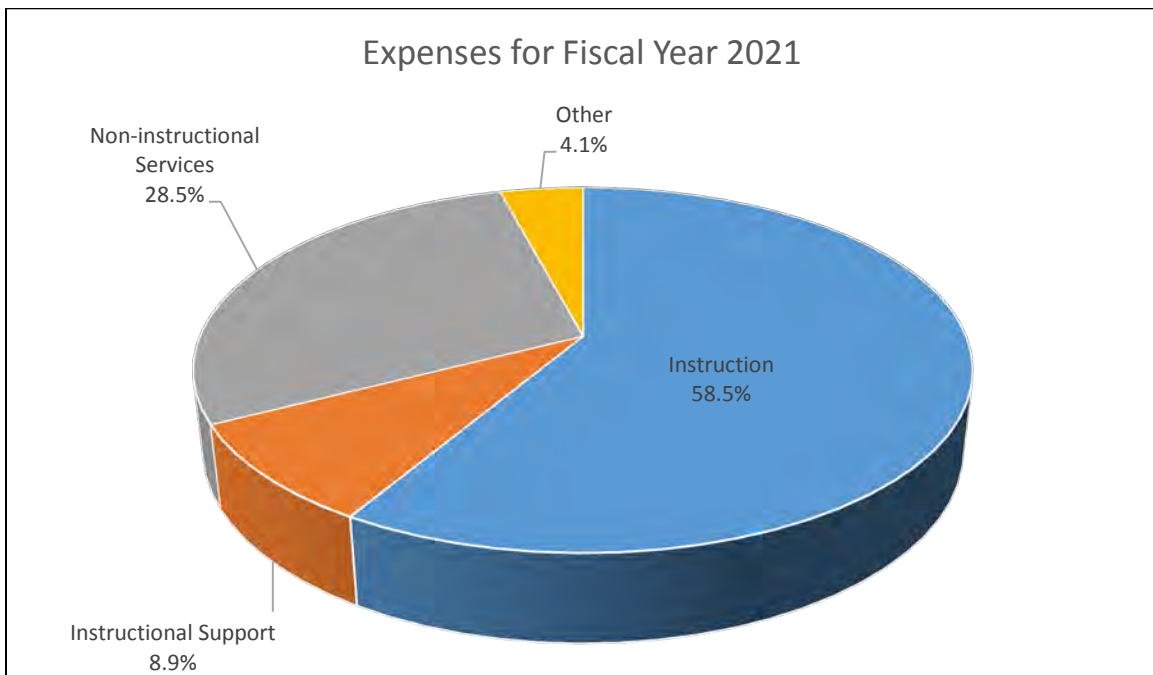
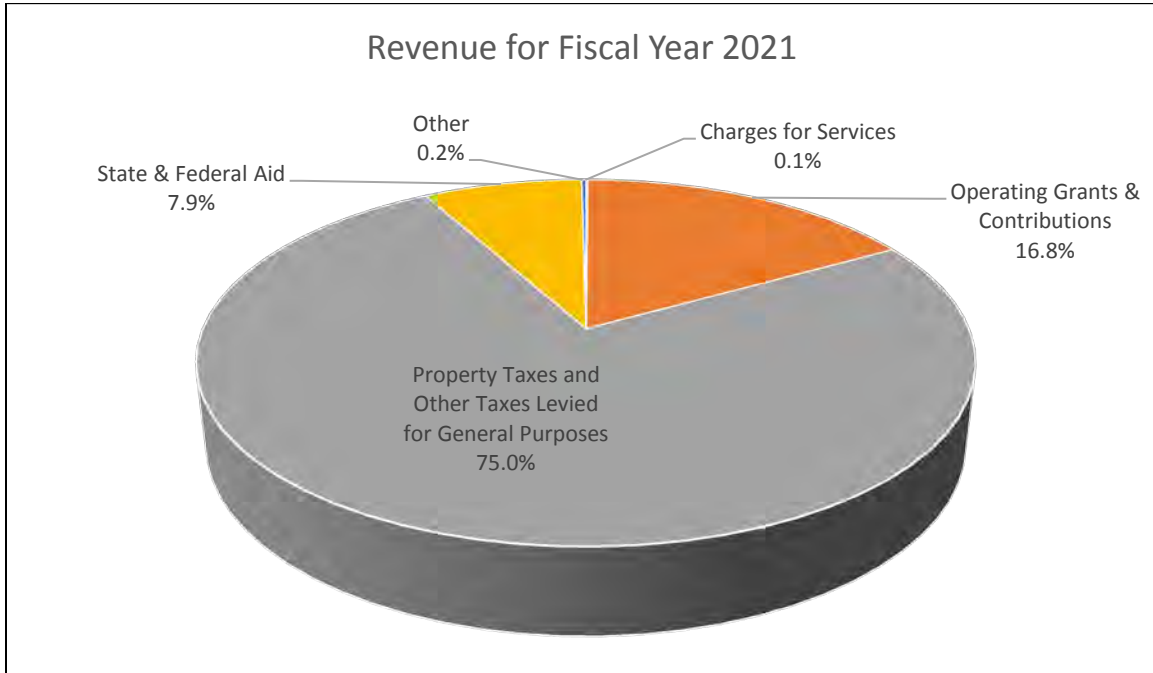
**Changes in Net Position from Operating Results**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for services	\$ 32,095	\$ 223,589	\$ 39,028	\$ 493,146	\$ 71,123	\$ 716,735
Operating grants and contributions	14,435,880	12,815,632	1,374,281	1,192,918	15,810,161	14,008,550
General Revenues:						
Property taxes and other taxes levied for general purposes	70,519,108	67,147,525	-	-	70,519,108	67,147,525
State and federal aid	7,407,361	7,405,840	-	-	7,407,361	7,405,840
Other	203,459	1,054,587	-	9,698	203,459	1,064,285
Total Revenues	<u>92,597,903</u>	<u>88,647,173</u>	<u>1,413,309</u>	<u>1,695,762</u>	<u>94,011,212</u>	<u>90,342,935</u>
Expenses:						
Instruction	46,813,431	49,837,619	-	-	46,813,431	49,837,619
Instructional support	7,096,212	6,215,217	-	-	7,096,212	6,215,217
Non-instructional services	22,774,376	21,514,635	-	-	22,774,376	21,514,635
Other	1,928,577	2,316,245	1,371,523	1,712,584	3,300,100	4,028,829
Total Expenses	<u>78,612,596</u>	<u>79,883,716</u>	<u>1,371,523</u>	<u>1,712,584</u>	<u>79,984,119</u>	<u>81,596,300</u>
Increase (Decrease) in Net Position Before Transfers	13,985,307	8,763,457	41,786	(16,822)	14,027,093	8,746,635
Transfers	-	(26,729)	-	26,729	-	-
Increase (Decrease) in Net Position	13,985,307	8,736,728	41,786	9,907	14,027,093	8,746,635
Beginning Net Position (Deficit),	<u>(35,919,463)</u>	<u>(44,656,191)</u>	<u>316,594</u>	<u>306,687</u>	<u>(35,602,869)</u>	<u>(44,349,504)</u>
Ending Net Position (Deficit)	<u><u>\$ (21,934,156)</u></u>	<u><u>\$ (35,919,463)</u></u>	<u><u>\$ 358,380</u></u>	<u><u>\$ 316,594</u></u>	<u><u>\$ (21,575,776)</u></u>	<u><u>\$ (35,602,869)</u></u>

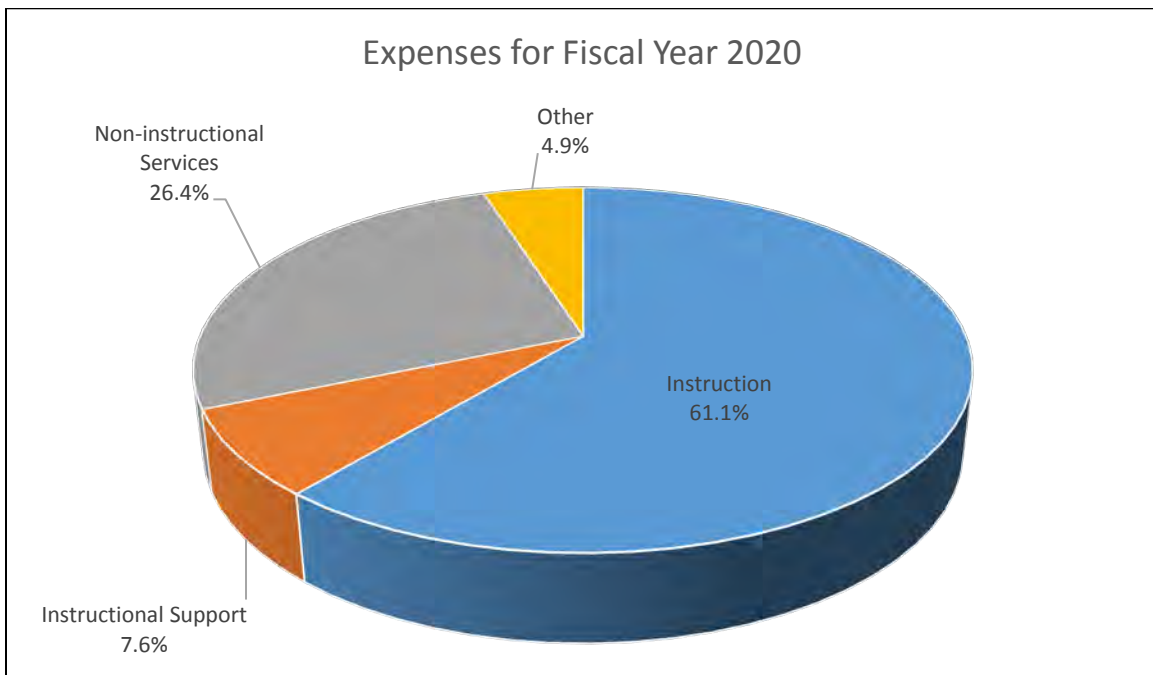
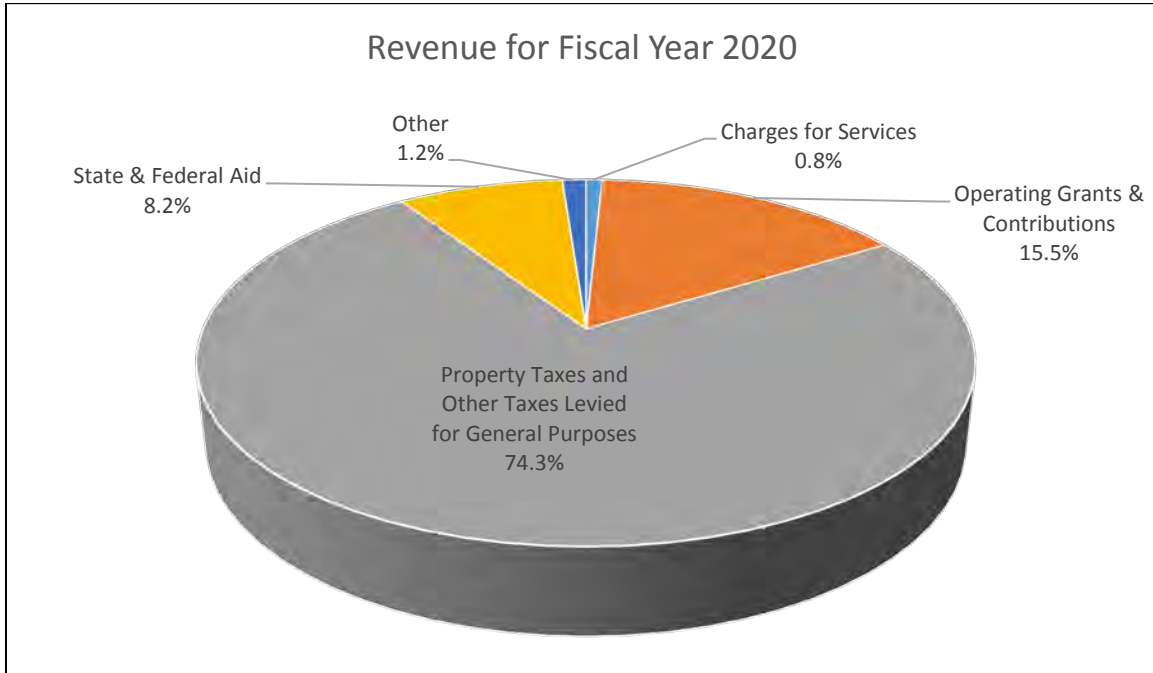
**Governmental Activities:** Total revenues increased by \$3,950,730, or 4.5 percent. Property taxes and other taxes levied for general purposes accounted for most of the District's revenue in the amount of \$70,519,108, or 76.2 percent. The increase of \$3,371,583 (5.0 percent) is due to an increase in the millage rate of 1.74 percent and a recovery in the tax base, along with an increase in realty transfer and earned income taxes. Another \$7,407,361, or 8.0 percent, came from state and federal aid, such as the basic education and the Title I subsidies, respectively. The remainder, \$14,671,434 or 15.8 percent, came from various sources. Revenue of \$14,435,880 came from operating grants, including funds for special education, student transportation, retirement, and social security. Revenue of \$34,724 came from earnings on investments, revenue of \$32,095 came from fees charged for services, and other revenue amounted to \$168,735.



KENNETT CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2021



KENNETT CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2020



**KENNETT CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONT'D  
FOR THE YEAR ENDED JUNE 30, 2021**

The total cost of all governmental programs and services decreased to \$78,612,596, a decrease of \$1,271,120, or 1.6 percent. The District's expenses are predominately related to instructing and caring for and transporting students (instructional support services and operation/maintenance of school facilities), which represents \$76,684,019, or 97.6 percent, of total expenses. The continued closure of schools for the early part of the school year due to COVID-19 resulted in the decline in expenses in the areas of instruction and non-instructional services. Continuing in a virtual environment reduced the need for contracted substitute teachers, classroom aides, and student transportation. Total revenues exceeded total expenses, which produced an increase in net position of \$13,985,307 over the past year.

Presented below is the cost of four major District activities: instruction, instructional support, non-instructional services, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and governmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions. The net cost of all governmental activities decreased by \$2,699,874 to \$64,144,621. The state and federal government subsidized certain programs with capital and operating grants and contributions which totaled \$14,435,880 and charges for certain services also offset the costs by \$32,095.

**Net Cost of Governmental Activities**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2021	2020		2021	2020	
Functions/Programs						
Instruction	\$ 46,813,431	\$ 49,837,619	-6.1%	\$ 36,340,493	\$ 41,038,544	-11.4%
Instructional support	7,096,212	6,215,217	14.2%	6,449,290	5,577,198	15.6%
Non-instructional services	22,774,376	21,514,635	5.9%	19,882,058	18,413,186	8.0%
Other	1,928,577	2,316,245	-16.7%	1,472,780	1,815,567	-18.9%
Total	<u>\$ 78,612,596</u>	<u>\$ 79,883,716</u>	<u>-1.6%</u>	<u>\$ 64,144,621</u>	<u>\$ 66,844,495</u>	<u>-4.0%</u>

**Business-type Activities:** Business-type activities increased the District's net position by \$41,786. Total revenues decreased by \$282,453, or 16.7 percent, over the prior year due to the limited serving selections under COVID-19 precautions. While the United States Department of Agriculture (USDA) continued several waivers allowing the District to feed all children, 18 and under, this additional revenue did not make up for the loss of revenue from sales of non-reimbursable food items. Total expenses also decreased by \$341,061, or 19.9 percent, due mainly to a decrease in contracted labor and food costs, again the result of limited serving selections under COVID-19 precautions. In addition to the District-wide financial statements, the Food Service program is reported in greater detail in the proprietary fund statements.

The next table reflects the activities of the Food Service program, the only business-type activity of the District.

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONT'D  
FOR THE YEAR ENDED JUNE 30, 2021**

**Net Cost of Business-type Activities**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2021	2020		2021	2020	
Food services	\$ 1,371,523	\$ 1,712,584	-19.9%	\$ 41,786	\$ (26,520)	-257.6%

**Financial Analysis of the Government's Funds**

**Governmental Funds**

At the end of June 30, 2021, governmental funds had total fund balances of \$29,016,276, an increase of \$7,197,337 in comparison with the previous year. Approximately 24.8 percent of this total amount, \$7,207,585, constitutes *unassigned fund balance*, which is available for spending at the District's discretion. Fund balance of \$11,323 is classified as nonspendable because it is in a form that cannot be readily converted to liquidate obligations of the District. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed for capital projects or other expenditures.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,207,585, which also represents 8.7 percent of total general fund expenditures. The fund balance of the District's general fund increased by \$162,906.

The Capital Reserve Fund has a total fund balance of \$21,797,368, all of which is restricted for capital improvements. Receipts for this type of capital reserve fund come from transfers during or at the end of the fiscal year from appropriations in the General Fund when there is a surplus. The net increase in fund balance during the current year in the Capital Reserve Fund was \$7,034,431. The Capital Reserve Fund received transfers from the General Fund of \$9,372,732. The Capital Reserve Fund had expenditures of \$2,341,793 for a variety of facility improvements including renovation of the historic High School front steps and the continued renovations of the kindergarten center. Other items purchased out of the fund included new doors and windows, HVAC upgrades, and sidewalk and parking lot repairs.

**Proprietary Funds**

The unrestricted net position of the Food Service Fund at the end of the year amounted to \$(289,051). The negative unrestricted net position is due to the Food Service operation's shares of the District's net pension liability for the PSERS of \$1,105,420 and the District's net OPEB liability of \$187,000. The net position for this fund increased by \$41,786. Factors concerning the finances of this fund are addressed in the discussion of the District's business-type activities.

The District's internal service fund is used to account for the operation of its self-insurance program for employee medical, prescription drug, and dental claims. The unrestricted net position of the internal service fund at the end of the year amounted to \$5,015,398 and represents resources accumulated for anticipated

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONT'D  
FOR THE YEAR ENDED JUNE 30, 2021**

future losses. The net position for this fund increased by \$738,542 due lower than anticipated insurance claims. This residual balance is reported in the governmental activities since the services provided primarily benefit the governmental activities.

**General Fund Budgetary Highlights**

During the fiscal year, the Board of School Directors authorizes transfers between functional categories to accommodate differences from the original budget to the actual expenditures. A schedule showing the District's original budget and final budget amounts compared to amounts actually received or disbursed is provided in the financial statements.

The difference in the 2020-2021 revenues, expenditures, and other financing sources and uses compared to the budget resulted in an overall favorable variance of \$9,815,638 excluding transfers. While the District's original budget for the General Fund anticipated the use of \$350,000 of fund balance in order to balance the budget, the actual results for the year reflected a surplus of \$9,535,638 excluding transfers. An amount of \$9,372,732 was transferred to the District's Capital Reserve Fund for anticipated capital improvements outlined in the District's five-year plan. The net surplus after the transfer increased the General Fund's fund balance by \$162,906 to \$7,218,908.

Significant variances between the final budget and actual revenue occurred in local sources of revenues as a result of a healthier than anticipated real estate and unemployment market. The impact of COVID-19 continued to force the school district to close physical locations and operate remotely for the first couple of months during the year. It was not until the last couple of months that the school district returned to normal operations with various hybrid and remote models in between. The variance between the final budget and actual expenditures was due in large part to the ever changing delivery of education during these unprecedented times.

The following are the main factors that contributed to the surplus:

- As a result of a thriving real estate market, increases in real estate interim and transfer taxes resulted in additional revenues of \$1,190,004
- As a result of expected high unemployment, earned income taxes were underestimated, resulting in additional revenues of \$1,648,674.
- As the result of planned decreased spending of federal Title funds, a temporary decline in revenues of \$423,062 occurred.
- As a result of decreased contracted services for Special Educations programs a savings of \$1,905,821 occurred.
- As the result of decreased contracted services for substitute teachers and classroom aides a savings of \$952,822 occurred.
- As the result of decreased tuition to others schools a savings of \$733,555 occurred.
- As the result of decreased utility charges and maintenance repairs a savings of \$543,776 occurred.
- As the result of modified transportation schedules a saving of \$1,135,198 occurred.
- As the result of postponed contracted technical services for technology a savings of \$204,848 occurred.
- As the result of decreased spending for classroom operations a savings of \$337,952 occurred.
- As the result of refinancing long-term debt a savings of \$231,238 occurred.

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONT'D  
FOR THE YEAR ENDED JUNE 30, 2021**

**Capital Asset and Debt Administration**

**Capital Assets**

At June 30, 2021, the District had investments of \$92,358,041 (net of depreciation) in a broad range of capital assets, including land, school buildings, administrative offices, athletic facilities, fixtures, and equipment. This amount represents an increase of \$546,626, or 0.6 percent, for the year. Total depreciation expense for the year amounted to \$3,850,542. More detailed information about capital assets can be found in Note 7- Changes in Capital Assets in the financial statements.

	Governmental Activities		Business-type Activities		Totals		Percentage Change
	2021	2020	2021	2020	2021	2020	
Land	\$ 3,060,599	\$ 3,060,599	\$ -	\$ -	\$ 3,060,599	\$ 3,060,599	0.0%
Construction-in-progress	3,202,445	2,009,869	-	-	3,202,445	2,009,869	59.3%
Building and building improvements	84,011,085	84,668,824	-	-	84,011,085	84,668,824	-0.8%
Fixtures and equipment	1,436,481	1,471,076	647,431	601,047	2,083,912	2,072,123	0.6%
Total	<u>\$ 91,710,610</u>	<u>\$ 91,210,368</u>	<u>\$ 647,431</u>	<u>\$ 601,047</u>	<u>\$ 92,358,041</u>	<u>\$ 91,811,415</u>	<u>0.6%</u>

**Long-term Debt**

As of June 30, 2021, the District had \$163,429,844 in outstanding long-term debt, an increase of \$1,550,240, or 1.0 percent, over last year. Along with its annual debt service payments totaling \$6,040,000, the District issued \$10,000,000 of new debt in 2020 to refund obligations totaling \$9,775,000. More detailed information about long-term liabilities is presented in Note 8 - Long-Term Liabilities in the financial statements.

**Outstanding Long-term Liabilities**

	Totals		% Change
	2021	2020	
General Obligation Bonds, net	\$ 32,831,195	\$ 39,072,674	-16.0%
Compensated absences	1,356,649	1,245,930	8.9%
Net OPEB liability	18,700,000	15,224,000	22.8%
Net pension liability	110,542,000	106,337,000	4.0%
Total	<u>\$ 163,429,844</u>	<u>\$ 161,879,604</u>	<u>1.0%</u>

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONT'D  
FOR THE YEAR ENDED JUNE 30, 2021**

**Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- June 30, 2022 will mark the expiration of the current six-year teachers' contract. The economic package (salaries and fringe benefits) over the next year provides for an annual increase of 2.7 percent and includes employee contributions for healthcare costs.
- July 31, 2021 will mark the expiration of the current five-year Student Transportation Agreement with the Krapf Bus Company. The agreement represents approximately five percent of the District's annual operating budget. The existing agreement stipulated increase in the remaining year tied to the 12-month Consumer Price Index for Philadelphia – All Urban Consumers. With a minimum of two percent. The increase for 2020-2021 was two percent. At the May 11, 2020 Board Meeting, the District approved an addendum to the Student Transportation Agreement that reduced the daily rate to 65 percent of the stipulated contractual rate for buses not in service during the COVID-19 pandemic school closure with a guarantee of payment for 180 days per school year. The terms and conditions of the Addendum extend for the duration of the agreement.
- After many years of dormant residential housing growth and declining housing market values, new taxable properties are coming online and the real estate market appears vibrant. As a result, tax assessment appeals are down over previous years, while interim taxes and transfer taxes are expected to increase.
- The District is carefully monitoring active and proposed residential developments in our community. Active townhouse communities include Longwood Preserve, Pemberton, Northridge, Sinclair Springs, and Stonehouse which when complete will have a combined unit count of 430 residential dwellings. Additionally the Flats at Kennett, a 174 luxury apartment building opened in October 2020. The District is in constant communication with our four municipalities to keep abreast of all future and proposed new developments that potentially will impact our tax base and student enrollment.
- The District's administration is continually exploring changes to the existing elementary school configuration to better match the distribution of the student population with building capacity to ensure that current and future students can be accommodated.
- Consistent with historical trends, the District expects state and federal funding for public education to remain relatively flat, which will result in the need for greater local tax effort to fund instructional programs and services. The Commonwealth of Pennsylvania provided only 20 percent of total revenue sources to fund costs supporting the District's educational programs during the past year. Local sources of revenue, primarily property taxes, now support 76 percent of the costs for educational programs and services in the District. The federal government provided 4 percent of the funds to support general operations, an increase over past years brought about by additional funding through Elementary and Secondary School Emergency Relief funds (ESSER) as a result of COVID-19.

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONT'D  
FOR THE YEAR ENDED JUNE 30, 2021**

- Special Session of Act 1 of 2006: The law limits real estate tax increases to an index established by the Pennsylvania Department of Education. Districts that cannot balance their budget, even after including revenue to be obtained by increasing taxes to the maximum extent allowed by the index, are eligible to seek back-end referendum exceptions. The exceptions are for costs that are beyond the direct control of local school boards. However, the number of exceptions has been reduced from seven to two; increases in contributions to the employee retirement system and mandated special education costs (Act 25 of 2011). The District's adjusted Act 1 Index for 2021-2022 was 3.0 percent and for 2022-2023 is 3.4 percent. The District did not need a referendum for the 2021-2022 budget nor does it anticipate needing one for the 2022-2023 budget.
- Senate Bill 1 of 2017: The bill offers a significant step toward systemic long-term reform intended to ensure the future sustainability of the pension system. The bill focuses on the long-term advantages by gradually shifting the investment, inflation and longevity risks away from the state and school districts to future employees. Current employees have a Defined Benefit (DB) plan, which provides them with a retirement payment determined by a formula that takes into account retirement age, years of service, and final average salary. A Defined Contribution (DC) plan is a retirement investment program that is designed to offer employees a vehicle to save for retirement in a tax deferred environment. The pension benefit is determined by the amount of the contributions and the investment performance of the member's account. The plan under Senate Bill 1 of 2017 requires employees starting in 2019-2020 to select one of three new plan design options, either one of two side-by-side hybrid defined benefit (DB)/defined contribution (DC) plans or a stand-alone DC plan. No changes were made to retirement benefits for current employees, but they would have the option to choose one of the new plan designs. The PSERS retirement rate increased from 34.29 percent in 2019 - 2020 to 34.51 percent in 2020 - 2021. The PSERS projections indicate that employer contribution rates will increase to 34.94 percent in 2021 - 2022. Rates are projected into the future to increase to over 38 percent by 2028 – 2029, further out than previously anticipated. Positive economic performance and plan design changes are expected to slow the employer rate increases and eventually lower them.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Business Office, Kennett Consolidated School District, 300 East South Street, Kennett Square, PA 19348.



**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**  
**(With Summarized Comparative Data for June 30, 2020)**

	Governmental Activities	Business-type Activities	Totals	
			2021	2020
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 7,195,665	\$ 930,812	\$ 8,126,477	\$ 12,978,565
Investments	35,054,031	-	35,054,031	21,282,437
Taxes receivable, net	1,619,413	-	1,619,413	1,346,775
Due from other governments	2,274,269	87,639	2,361,908	2,192,825
Internal balance	351	(351)	-	-
Other receivables	24,862	613	25,475	10,565
Prepaid expenses	11,323	-	11,323	22,792
Inventories	-	77,717	77,717	50,631
Land	3,060,599	-	3,060,599	3,060,599
Construction-in-progress	3,202,445	-	3,202,445	2,009,869
Buildings and improvements	143,747,854	-	143,747,854	140,897,836
Furniture and equipment	7,269,456	1,486,337	8,755,793	8,455,316
Accumulated depreciation	(65,569,744)	(838,906)	(66,408,650)	(62,612,205)
<b>TOTAL ASSETS</b>	<b>137,890,524</b>	<b>1,743,861</b>	<b>139,634,385</b>	<b>129,696,005</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred outflows relating to OPEB	5,374,961	54,942	5,429,903	2,412,223
Deferred outflows relating to pension	16,711,629	168,807	16,880,436	14,288,382
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>22,086,590</b>	<b>223,749</b>	<b>22,310,339</b>	<b>16,700,605</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 159,977,114</b>	<b>\$ 1,967,610</b>	<b>\$ 161,944,724</b>	<b>\$ 146,396,610</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 3,309,675	\$ 209,680	\$ 3,519,355	\$ 2,024,950
Accrued salaries and benefits	7,460,697	-	7,460,697	7,628,502
Accrued interest	82,291	-	82,291	196,052
Noncurrent liabilities:				
Due within one year	6,940,760	11,037	6,951,797	6,661,195
Due in more than one year:				
Bonds and notes payable, net	26,058,590	-	26,058,590	32,546,685
Accumulated compensated absences	1,170,616	6,841	1,177,457	1,110,724
Net pension liability	109,436,580	1,105,420	110,542,000	106,337,000
Net OPEB liability	18,513,000	187,000	18,700,000	15,224,000
<b>TOTAL LIABILITIES</b>	<b>172,972,209</b>	<b>1,519,978</b>	<b>174,492,187</b>	<b>171,729,108</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred inflows relating to OPEB	5,299,663	52,732	5,352,395	6,385,605
Deferred inflows relating to pension	3,615,480	36,520	3,652,000	3,829,000
Deferred amount on bond refunding	23,918	-	23,918	55,766
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>8,939,061</b>	<b>89,252</b>	<b>9,028,313</b>	<b>10,270,371</b>
<b>NET POSITION (DEFICIT):</b>				
Net investment in capital assets	58,855,497	647,431	59,502,928	52,738,741
Restricted - capital projects	21,797,368	-	21,797,368	14,762,937
Unrestricted (deficit)	(102,587,021)	(289,051)	(102,876,072)	(103,104,547)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>(21,934,156)</b>	<b>358,380</b>	<b>(21,575,776)</b>	<b>(35,602,869)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)</b>	<b>\$ 159,977,114</b>	<b>\$ 1,967,610</b>	<b>\$ 161,944,724</b>	<b>\$ 146,396,610</b>

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

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(With Summarized Comparative Data for the Year Ended June 30, 2020)**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
							2021	2020
GOVERNMENTAL ACTIVITIES:								
Instruction	\$46,813,431	\$ 3,500	\$10,469,438	\$ -	\$(36,340,493)	\$ -	\$(36,340,493)	\$(41,038,544)
Instructional student support	7,096,212	-	646,922	-	(6,449,290)	-	(6,449,290)	(5,577,198)
Administrative and financial support services	9,779,418	-	752,703	-	(9,026,715)	-	(9,026,715)	(7,532,151)
Operation and maintenance of plant services	7,209,934	-	642,105	-	(6,567,829)	-	(6,567,829)	(6,428,660)
Pupil transportation	4,474,412	-	1,349,457	-	(3,124,955)	-	(3,124,955)	(3,130,538)
Student activities	1,310,612	28,595	119,458	-	(1,162,559)	-	(1,162,559)	(1,321,837)
Interest on long-term debt	784,698	-	455,797	-	(328,901)	-	(328,901)	(616,005)
Unallocated depreciation	1,143,879	-	-	-	(1,143,879)	-	(1,143,879)	(1,199,562)
TOTAL GOVERNMENTAL ACTIVITIES	78,612,596	32,095	14,435,880	-	(64,144,621)	-	(64,144,621)	(66,844,495)
BUSINESS-TYPE ACTIVITIES:								
Food service	1,371,523	39,028	1,374,281	-	-	41,786	41,786	(26,520)
TOTAL BUSINESS-TYPE ACTIVITIES	1,371,523	39,028	1,374,281	-	-	41,786	41,786	(26,520)
TOTAL PRIMARY GOVERNMENT	<u>\$79,984,119</u>	<u>\$ 71,123</u>	<u>\$15,810,161</u>	<u>\$ -</u>	<u>(64,144,621)</u>	<u>41,786</u>	<u>(64,102,835)</u>	<u>(66,871,015)</u>
GENERAL REVENUES								
Property taxes, levied for general purposes					63,341,726	-	63,341,726	61,952,996
Taxes levied for specific purposes					7,177,382	-	7,177,382	5,194,529
Grants and entitlements not restricted to specific programs					7,407,361	-	7,407,361	7,405,840
Investment earnings					34,724	-	34,724	850,052
Miscellaneous					168,735	-	168,735	214,233
TOTAL GENERAL REVENUES					<u>78,129,928</u>	<u>-</u>	<u>78,129,928</u>	<u>75,617,650</u>
CHANGE IN NET POSITION (DEFICIT)					13,985,307	41,786	14,027,093	8,746,635
NET POSITION (DEFICIT), BEGINNING OF YEAR					<u>(35,919,463)</u>	<u>316,594</u>	<u>(35,602,869)</u>	<u>(44,349,504)</u>
NET POSITION (DEFICIT), END OF YEAR					<u><u>\$(21,934,156)</u></u>	<u><u>\$ 358,380</u></u>	<u><u>\$(21,575,776)</u></u>	<u><u>\$(35,602,869)</u></u>

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

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021  
(With Summarized Comparative Data for June 30, 2020)**

	General Fund	Capital Reserve Fund	Totals	
			2021	2020
<b>ASSETS</b>				
Cash and cash equivalents	\$ 95,757	\$ 2,618,795	\$ 2,714,552	\$ 8,346,494
Investments	23,465,310	10,340,635	33,805,945	20,282,437
Taxes receivable	1,638,893	-	1,638,893	1,366,255
Due from other funds	351	9,302,732	9,303,083	4,743,087
Due from other governments	2,274,269	-	2,274,269	2,109,397
Other receivables	24,862	-	24,862	10,565
Prepaid expenditures	11,323	-	11,323	22,792
<b>TOTAL ASSETS</b>	<b><u>\$ 27,510,765</u></b>	<b><u>\$ 22,262,162</u></b>	<b><u>\$ 49,772,927</u></b>	<b><u>\$ 36,881,027</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 2,131,080	\$ 464,794	\$ 2,595,874	\$ 1,393,234
Due to other funds	9,302,732	-	9,302,732	4,769,816
Accrued salaries and benefits	7,460,697	-	7,460,697	7,628,502
Accumulated compensated absences	168,155	-	168,155	133,624
<b>TOTAL LIABILITIES</b>	<b><u>19,062,664</u></b>	<b><u>464,794</u></b>	<b><u>19,527,458</u></b>	<b><u>13,925,176</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenues - delinquent taxes	1,229,193	-	1,229,193	1,136,912
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>1,229,193</u></b>	<b><u>-</u></b>	<b><u>1,229,193</u></b>	<b><u>1,136,912</u></b>
<b>FUND BALANCES:</b>				
Nonspendable	11,323	-	11,323	22,792
Restricted - capital projects	-	21,797,368	21,797,368	14,762,937
Unassigned	7,207,585	-	7,207,585	7,033,210
<b>TOTAL FUND BALANCES</b>	<b><u>7,218,908</u></b>	<b><u>21,797,368</u></b>	<b><u>29,016,276</u></b>	<b><u>21,818,939</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 27,510,765</u></b>	<b><u>\$ 22,262,162</u></b>	<b><u>\$ 49,772,927</u></b>	<b><u>\$ 36,881,027</u></b>

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

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS  
TO STATEMENT OF NET POSITION  
JUNE 30, 2021**

TOTAL GOVERNMENTAL FUND BALANCES \$ 29,016,276

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 in the funds. These assets consist of:

Land	\$ 3,060,599	
Construction-in-progress	3,202,445	
Buildings and improvements	143,747,854	
Furniture and equipment	7,269,456	
Accumulated depreciation	<u>(65,569,744)</u>	91,710,610

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Bonds payable in future years, net	(32,831,195)	
Accumulated compensated absences	(1,170,616)	
Accrued interest	(82,291)	
Net OPEB liability	(18,513,000)	
Net pension liability	<u>(109,436,580)</u>	(162,033,682)

The establishment of an allowance for doubtful accounts for property taxes receivable is not recorded in the funds because property taxes receivable are recorded as deferred outflows of resources. (19,480)

An internal service fund is used by the District to charge the cost of health insurance claims to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities. 5,015,398

Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds. 1,229,193

Refunded debt resulted in deferred inflows of resources which will be amortized over the life of new debt but do not represent current obligations. (23,918)

Deferred inflows and outflows related to the District's net OPEB liability are based on the differences between actuarially determined actual and expected investment returns, changes in the actuarially determined total OPEB liability or proportion of the District's amount of the total OPEB liability, and OPEB contributions made after the measurement date of the net OPEB liability. These amounts will be amortized over the estimated remaining average service life of the employees.

Deferred outflows of resources:		
Deferred OPEB	5,374,961	
Deferred inflows of resources:		
Deferred OPEB	<u>(5,299,663)</u>	75,298

Deferred inflows and outflows related to the District's net pension liability are based on the differences between actuarially determined actual and expected investment returns, changes in the actuarially determined proportion of the District's amount of the total pension liability, and pension contributions made after the measurement date of the net pension liability. These amounts will be amortized over the estimated remaining average service life of the employees.

Deferred outflows of resources:		
Deferred pension	16,711,629	
Deferred inflows of resources:		
Deferred pension	<u>(3,615,480)</u>	13,096,149

NET DEFICIT OF GOVERNMENTAL ACTIVITIES \$ (21,934,156)

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

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(With Summarized Comparative Data for the Year Ended June 30, 2020)**

	General Fund	Capital Reserve Fund	Totals	
			2021	2020
REVENUES				
Local sources	\$70,955,990	3,492	\$70,959,482	\$68,135,833
State sources	18,246,339	-	18,246,339	18,292,080
Federal sources	3,434,935	-	3,434,935	1,929,393
TOTAL REVENUES	<u>92,637,264</u>	<u>3,492</u>	<u>92,640,756</u>	<u>88,357,306</u>
EXPENDITURES				
Current:				
Instruction	47,409,087	-	47,409,087	47,470,067
Support services	27,107,618	-	27,107,618	24,819,143
Operation of noninstructional services	1,285,333	-	1,285,333	1,525,931
Capital outlays	133,985	2,341,793	2,475,778	3,249,952
Debt service	7,277,687	-	7,277,687	7,521,737
TOTAL EXPENDITURES	<u>83,213,710</u>	<u>2,341,793</u>	<u>85,555,503</u>	<u>84,586,830</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,423,554</u>	<u>(2,338,301)</u>	<u>7,085,253</u>	<u>3,770,476</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bond refunding	10,000,000	-	10,000,000	-
Premium on bond refunding	-	-	-	-
Payments to bond refunding agent	(9,894,099)	-	(9,894,099)	-
Refund of prior year revenues	(2,142)	-	(2,142)	-
Sale of capital assets	8,325	-	8,325	4,200
Interfund transfers	(9,372,732)	9,372,732	-	(26,729)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(9,260,648)</u>	<u>9,372,732</u>	<u>112,084</u>	<u>(22,529)</u>
NET CHANGE IN FUND BALANCES	162,906	7,034,431	7,197,337	3,747,947
FUND BALANCES, BEGINNING OF YEAR	<u>7,056,002</u>	<u>14,762,937</u>	<u>21,818,939</u>	<u>18,070,992</u>
FUND BALANCES, END OF YEAR	<u>\$ 7,218,908</u>	<u>\$21,797,368</u>	<u>\$29,016,276</u>	<u>\$21,818,939</u>

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

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 7,197,337

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense in the statement of activities. This is the effect of these activities:

Capital outlays	\$ 4,343,008	
Loss on disposal	(29,832)	
Depreciation expense	<u>(3,812,934)</u>	500,242

Because some revenues 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 and are recorded as deferred inflows of resources. Unavailable revenues increased by this amount this year. (92,281)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences. 5,815,000

An internal service fund has been established to account for self-insured healthcare costs. The net revenue is reported with governmental activities. 738,542

In the statement of activities, certain operating expenses - compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). 56,541

Governmental funds report bond premiums as revenue. However, these amounts are reported netted against the outstanding bond liability on the statement of net position and amortized over the life of the debt. This is the amount of net amortization. 426,478

Interest and deferred amounts on refunding on long-term debt in the statement of activities differs from the amount reported in the governmental funds because deferred amounts on refunding are recognized as an expenditure or other financing use at the time of debt issuance and interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due and deferred amounts on refunding are amortized over the life of the debt. 135,229

OPEB expenses in the statement of activities differ from the amount reported in the governmental funds because OPEB expenses are recognized on the statement of activities based on the District's estimated future benefit payments and related deferred inflows and deferred outflows, whereas OPEB expenditures are recognized in the governmental funds when a requirement to pay the benefits or to make contributions to the plan exists. 568,487

Pension expenses in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the District's proportionate share of the expenses of the cost-sharing pension plan, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. (1,360,268)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$13,985,307

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

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
BUDGETARY COMPARISON STATEMENT - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ 67,734,858	\$ 67,865,478	\$ 70,955,990	\$ 3,090,512
State sources	18,465,724	18,465,724	18,246,339	(219,385)
Federal sources	1,649,440	3,857,998	3,434,935	(423,063)
<b>TOTAL REVENUES</b>	<b>87,850,022</b>	<b>90,189,200</b>	<b>92,637,264</b>	<b>2,448,064</b>
<b>EXPENDITURES</b>				
Instruction:				
Regular programs	36,505,349	36,366,565	35,196,638	1,169,927
Special programs	12,935,493	12,706,081	10,051,010	2,655,071
Vocational programs	2,003,218	2,003,218	1,952,683	50,535
Other instructional programs	174,683	328,915	207,979	120,936
Nonpublic school programs	-	1,339	777	562
Total Instruction	<u>51,618,743</u>	<u>51,406,118</u>	<u>47,409,087</u>	<u>3,997,031</u>
Support Services:				
Pupil services	2,742,151	2,907,361	2,823,734	83,627
Instructional support	2,899,156	3,392,907	3,181,418	211,489
Administrative support	4,543,771	4,782,659	4,777,196	5,463
Pupil health	909,416	1,046,641	979,228	67,413
Business support	1,223,318	1,229,318	1,139,005	90,313
Operation and maintenance of plant services	7,105,886	7,296,746	6,395,597	901,149
Student transportation	5,385,948	5,626,643	4,479,182	1,147,461
Central support	2,480,662	3,488,741	3,298,340	190,401
Other support services	37,551	37,551	33,918	3,633
Total Support Services	<u>27,327,859</u>	<u>29,808,567</u>	<u>27,107,618</u>	<u>2,700,949</u>
Operation of noninstructional services	1,504,495	1,546,814	1,285,333	261,481
Capital outlay	150,000	133,986	133,985	1
Debt service	7,508,925	7,508,925	7,277,687	231,238
<b>TOTAL EXPENDITURES</b>	<b>88,110,022</b>	<b>90,404,410</b>	<b>83,213,710</b>	<b>7,190,700</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(260,000)</b>	<b>(215,210)</b>	<b>9,423,554</b>	<b>9,638,764</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Budgetary reserve	(90,000)	(64,790)	-	64,790
Proceeds from bond refunding	-	-	10,000,000	10,000,000
Payments to bond refunding agent	-	-	(9,894,099)	(9,894,099)
Sale of fixed assets	-	-	8,325	8,325
Refund of prior year revenues	-	-	(2,142)	(2,142)
Transfers out	-	(70,000)	(9,372,732)	(9,302,732)
<b>TOTAL OTHER FINANCING USES</b>	<b>(90,000)</b>	<b>(134,790)</b>	<b>(9,260,648)</b>	<b>(9,125,858)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(350,000)</b>	<b>(350,000)</b>	<b>162,906</b>	<b>512,906</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>7,056,002</b>	<b>7,056,002</b>	<b>7,056,002</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 6,706,002</b>	<b>\$ 6,706,002</b>	<b>\$ 7,218,908</b>	<b>\$ 512,906</b>

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

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**STATEMENTS OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2021**  
**(With Comparative Data for June 30, 2020)**

	Major Fund		Internal Service Fund	
	Food Service Fund			
	2021	2020	2021	2020
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 930,812	\$ 924,890	\$ 4,481,113	\$ 3,707,181
Investments	-	-	1,248,086	1,000,000
Due from other governments	87,639	83,428	-	-
Due from other funds	-	26,729	-	-
Other receivables	613	-	-	-
Inventories	77,717	50,631	-	-
Total Current Assets	1,096,781	1,085,678	5,729,199	4,707,181
<b>FURNITURE AND EQUIPMENT:</b>				
Net furniture and equipment	647,431	601,047	-	-
<b>TOTAL ASSETS</b>	<u>1,744,212</u>	<u>1,686,725</u>	<u>5,729,199</u>	<u>4,707,181</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows relating to OPEB	54,942	24,121	-	-
Deferred outflows relating to pension	168,807	142,885	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>223,749</u>	<u>167,006</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 1,967,961</u>	<u>\$ 1,853,731</u>	<u>\$ 5,729,199</u>	<u>\$ 4,707,181</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 209,680	\$ 201,391	\$ 713,801	\$ 430,325
Compensated absences	11,037	1,582	-	-
Due to other funds	351	-	-	-
Long-term liabilities:				
Portion due or payable after one year:				
Compensated absences	6,841	17,191	-	-
Net OPEB liability	187,000	152,240	-	-
Net pension liability	1,105,420	1,063,370	-	-
<b>TOTAL LIABILITIES</b>	<u>1,520,329</u>	<u>1,435,774</u>	<u>713,801</u>	<u>430,325</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred outflows relating to OPEB	52,732	63,073	-	-
Deferred outflows relating to pension	36,520	38,290	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>89,252</u>	<u>101,363</u>	<u>-</u>	<u>-</u>
<b>NET POSITION:</b>				
Net investment in capital assets	647,431	601,047	-	-
Unrestricted (deficit)	(289,051)	(284,453)	5,015,398	4,276,856
<b>TOTAL NET POSITION</b>	<u>358,380</u>	<u>316,594</u>	<u>5,015,398</u>	<u>4,276,856</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 1,967,961</u>	<u>\$ 1,853,731</u>	<u>\$ 5,729,199</u>	<u>\$ 4,707,181</u>

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



**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(With Comparative Data for the Year Ended June 30, 2020)**

	Major Fund		Internal Service Fund	
	Food Service Fund			
	2021	2020	2021	2020
<b>OPERATING REVENUES</b>				
Food service revenues	\$ 39,028	\$ 493,146	\$ -	\$ -
Charges for health insurance	-	-	8,108,640	6,519,507
<b>TOTAL OPERATING REVENUES</b>	<u>39,028</u>	<u>493,146</u>	<u>8,108,640</u>	<u>6,519,507</u>
<b>OPERATING EXPENSES</b>				
Salaries	197,472	231,766	-	-
Employee benefits	131,195	149,053	-	-
Other purchased services	995,373	1,227,190	-	-
Self-insurance claims	-	-	7,370,730	6,381,625
Supplies	9,875	64,674	-	-
Depreciation	37,608	39,901	-	-
<b>TOTAL OPERATING EXPENSES</b>	<u>1,371,523</u>	<u>1,712,584</u>	<u>7,370,730</u>	<u>6,381,625</u>
<b>OPERATING (LOSS) INCOME</b>	<u>(1,332,495)</u>	<u>(1,219,438)</u>	<u>737,910</u>	<u>137,882</u>
<b>NONOPERATING REVENUES</b>				
Earnings on investments	-	9,698	632	71,234
State sources	83,785	91,661	-	-
Federal sources	1,290,496	1,101,257	-	-
<b>TOTAL NONOPERATING REVENUES</b>	<u>1,374,281</u>	<u>1,202,616</u>	<u>632</u>	<u>71,234</u>
<b>CHANGE IN NET POSITION BEFORE TRANSFERS</b>	41,786	(16,822)	738,542	209,116
<b>OTHER FINANCING SOURCES</b>				
Interfund transfers	-	26,729	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>26,729</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	41,786	9,907	738,542	209,116
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>316,594</u>	<u>306,687</u>	<u>4,276,856</u>	<u>4,067,740</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 358,380</u>	<u>\$ 316,594</u>	<u>\$ 5,015,398</u>	<u>\$ 4,276,856</u>

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

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(With Comparative Data for the Year Ended June 30, 2020)**

	Major Fund		Internal Service Fund	
	Food Service Fund			
	2021	2020	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from users	\$ 65,144	\$ 503,030	\$ 8,108,640	\$ 6,519,507
Payments to suppliers	(817,040)	(1,091,657)	-	-
Payments to employees	(321,606)	(374,952)	-	-
Cash payments for health insurance costs	-	-	(7,087,254)	(6,703,519)
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<b>(1,073,502)</b>	<b>(963,579)</b>	<b>1,021,386</b>	<b>(184,012)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
State sources	83,803	90,028	-	-
Federal sources	1,079,613	892,760	-	-
Transfers to other funds	-	26,729	-	-
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>1,163,416</b>	<b>1,009,517</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Equipment acquisition	(83,992)	-	-	-
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(83,992)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Sale of investments	-	-	-	2,000,000
Purchase of investments	-	-	(248,086)	-
Earnings on investments	-	9,698	632	71,234
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>-</b>	<b>9,698</b>	<b>(247,454)</b>	<b>2,071,234</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,922</b>	<b>55,636</b>	<b>773,932</b>	<b>1,887,222</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>924,890</b>	<b>869,254</b>	<b>3,707,181</b>	<b>1,819,959</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 930,812</b>	<b>\$ 924,890</b>	<b>\$ 4,481,113</b>	<b>\$ 3,707,181</b>
<b>RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>				
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating (loss) income	\$ (1,332,495)	\$ (1,219,438)	\$ 737,910	\$ 137,882
Adjustments to reconcile operating (loss) income to net cash (used) provided by operating activities:				
Depreciation	37,608	39,901	-	-
Donated commodities	206,654	162,132	-	-
(Increase) Decrease in:				
Other receivables	(613)	9,884	-	-
Due from other funds	26,729	(26,729)	-	-
Inventories	(27,086)	(13,357)	-	-
Deferred outflows of resources - OPEB	(30,821)	(12,768)	-	-
Deferred outflows of resources - pension	(25,922)	11,627	-	-
Increase (Decrease) in:				
Accounts payable	8,289	78,938	283,476	(321,894)
Due to other funds	351	(777)	-	-
Compensated absences	(895)	2,545	-	-
Net OPEB liability	34,760	13,610	-	-
Net pension liability	42,050	(14,820)	-	-
Deferred inflows of resources - OPEB	(10,341)	(11,617)	-	-
Deferred inflows of resources - pension	(1,770)	17,290	-	-
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ (1,073,502)</b>	<b>\$ (963,579)</b>	<b>\$ 1,021,386</b>	<b>\$ (184,012)</b>
<b>SUPPLEMENTAL DISCLOSURE</b>				
<b>NONCASH NONCAPITAL FINANCING ACTIVITY:</b>				
USDA donated commodities	\$ 206,654	\$ 162,132	\$ -	\$ -

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

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**STATEMENTS OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2021**  
**(With Comparative Data for June 30, 2020)**

	Private Purpose Trust		Custodial Fund	
	2021	2020	2021	2020*
<b>ASSETS</b>				
Cash	<u>\$ 228,220</u>	<u>\$ 251,369</u>	<u>\$ 75,425</u>	<u>\$ 82,102</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 228,220</u></u>	<u><u>\$ 251,369</u></u>	<u><u>\$ 75,425</u></u>	<u><u>\$ 82,102</u></u>
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES:</b>				
Other current liabilities	<u>\$ 77</u>	<u>\$ 60</u>	<u>\$ 36</u>	<u>\$ 26</u>
<b>NET POSITION:</b>				
Reserved for trust	<u>228,143</u>	<u>251,309</u>	<u>75,389</u>	<u>82,076</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 228,220</u></u>	<u><u>\$ 251,369</u></u>	<u><u>\$ 75,425</u></u>	<u><u>\$ 82,102</u></u>

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

\* The District has increased its 2020 net position in the custodial fund by \$40,884 due to the effects of implementing GASB Statement No. 84, "Fiduciary Activities." Amounts previously recorded as liabilities are now recorded as revenues and expenses.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**STATEMENTS OF CHANGES IN NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(With Comparative Data for the Year Ended June 30, 2020)**

	Private Purpose Trust		Custodial Fund	
	2021	2020	2021	2020*
ADDITIONS				
Local contributions	\$ 45,210	\$ 13,741	\$ 46,740	\$ 118,885
TOTAL ADDITIONS	45,210	13,741	46,740	118,885
DEDUCTIONS				
Fees paid and scholarships awarded	68,376	23,920	53,427	77,693
TOTAL DEDUCTIONS	68,376	23,920	53,427	77,693
CHANGE IN NET POSITION	(23,166)	(10,179)	(6,687)	41,192
NET POSITION, BEGINNING OF YEAR, RESTATED	251,309	261,488	82,076	40,884
NET POSITION, END OF YEAR	<u>\$ 228,143</u>	<u>\$ 251,309</u>	<u>\$ 75,389</u>	<u>\$ 82,076</u>

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

\* The District has increased its 2020 net position in the custodial fund by \$40,884 due to the effects of implementing GASB Statement No. 84, "Fiduciary Activities." Amounts previously recorded as liabilities are now recorded as revenues and expenses.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
*June 30, 2021*

**NOTE 1 – DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY**

The Kennett Consolidated School District ("the District") was formed by state law and began operations on July 1, 1932. The District covers a geographical area of 33 square miles in the southeastern part of Chester County, Pennsylvania, and includes the townships of New Garden and Kennett, and the Borough of Kennett Square.

The District is a political subdivision of the Commonwealth created to assist in the administration of the General Assembly's duties under the Constitution of the Commonwealth to "provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth."

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

The Superintendent is the chief administrative officer and chief instructional officer of the Board and the District, and is responsible for the execution of all actions of the Board. Subject to the policies and direction of the Board, the Superintendent is responsible for the administration and operation of the public school system and oversees all matters pertaining to instruction. The Superintendent manages the District with the assistance of the Assistant Superintendent of Administrative Services, Chief Financial Officer, Director of Special Education, Director of Curriculum, Director of Construction and Facilities, and the building principals.

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

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

Use of Estimates

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

Reporting Entity

In evaluating the District as a reporting entity, management has addressed all potential component units for which the District may or may not be financially accountable and, as such, may or may not be required to include within the District's financial statements. The criteria for including organizations within the District's reporting entity, as set forth in GASB's *Codification of Governmental Accounting and Financial Reporting Standards* ("GASB Codification"), relate to financial accountability. On the basis of these criteria, the District

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
*June 30, 2021*

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

has no other entities that are required to be included in its financial statements, nor is the District includable in the financial statements of any other reporting entity. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based upon the application of this criteria, the District has determined it does not have any component units for which the District must include in its financial statements.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts, which are comprised of each fund's assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses as appropriate. Resources are allocated to and accounted for in the individual funds based on the purposes for which they are to be spent. The three fund types presented are governmental, proprietary, and fiduciary.

**GOVERNMENTAL FUNDS** – These funds are used to account for most of the District's finances. The focus is on determination of the financial position and changes in financial position (current financial resources) rather than on income determination. The following are the District's major governmental funds.

- **General Fund** – This is the general operating fund of the District. This fund is used to account for all financial resources not accounted for and reported in another fund.
- **Capital Projects Fund** – This fund is used to account for all financial resources restricted, committed, or assigned to expenditures for capital outlays, including capital asset acquisitions, construction, and improvements.
- **Capital Reserve Fund** – This fund is used to account for maintenance and improvement projects under Section 1432 of the Municipal Code.

**PROPRIETARY FUNDS** – These funds account for District activities that are similar to business operations in the private sector or where the reporting focus is on determining net income, financial position, and changes in financial position. (Economic resources measurement focus proprietary funds are classified as Enterprise Funds or Internal Service Funds.)

- **Enterprise Fund** – The enterprise fund is used to account for operations where the intent of the governmental entity is to recover the costs of providing goods and services to the District's student population and staff primarily through user charges. The food service fund is the only enterprise fund operated by the District. This fund is used to account for the District's food service operations that are financed and operated in a manner similar to private business enterprises. The fund accounts for all revenues, food purchases, and costs and expenses for the Food Service Program.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

- **Internal Service Fund** – The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only internal service fund is used to account for the operation of the District's self-insurance program for employee medical, prescription drug, and dental claims on a cost reimbursement basis.

**FIDUCIARY FUNDS** – These funds are used to account for assets held by the District as trustee or agent. The District excludes these activities from the government-wide financial statements because it cannot use those assets to finance its operations.

- **Private Purpose Trust Funds** – Trust funds are used to account for assets held by the District in a trustee capacity. This fund accounts for various scholarship programs for students.
- **Agency Fund** – This fund accounts for the receipts and disbursements of monies from student activity organizations. These organizations exist with explicit approval and are subject to revocation of the District governing body. This accounting reflects the District's agency relationship with the student activity organizations.

Basis of Presentation

**Government-wide financial statements** (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

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

**Fund financial statements** are also provided in the report for all of the governmental funds, proprietary funds, and fiduciary funds of the District. Major individual governmental funds and major individual enterprise and internal service funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are food service charges. Operating expenses for the District's enterprise fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

this definition are reported as non-operating revenues and expenses. The principal operating revenues of the District's internal service fund are charges to the general fund and food service fund for self-insured employee medical, prescription drug, and dental cost reimbursements. Operating expenses for the District's internal service fund include charges for medical, prescription drug, and dental claims paid to insurance providers. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. (Agency funds have no measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) is used as a practical measure of economic resources, and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations, and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue and similar revenue streams to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as unearned revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension liabilities, and claims and judgments, are recorded only when payment is due.

Budgetary Information

An operating budget is adopted each year for the general fund on a modified accrual basis of accounting.

The Pennsylvania School Code dictates specific procedures, including a timeline of events, relative to adoption of the District's budget and reporting of its financial statements, specifically:

- The District, before levying annual school taxes, is required to adopt an operating budget by June 30 for the succeeding fiscal year.
- The District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, twenty days prior to final budget adoption, that the proposed budget has been prepared and is available for public inspection at the administrative office



**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the School Board of Directors.

- The School Board of Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the Board is required.
- Fund balances in budgetary funds may be appropriated based on resolutions passed by the School Board of Directors, which authorize the District to make expenditures. Appropriations lapse at the end of the fiscal period.
- The general fund budget includes program budgets as prescribed by the state and federal agencies funding the programs. These budgets are approved on a program-by-program basis by the state or federal funding agency.
- Capital budgets are not implemented for capital improvements and capital projects in the Capital Projects Fund. An adopted budget is not presently required due to the fund's recent inception and the limited amount of transactions. Additionally, all transactions of the Capital Projects Fund are approved by the School Board of Directors prior to commitment, thereby constructively achieving budgetary control.
- Proprietary fund budgets are not adopted; however, formal budgets are prepared and approved by management; and expenditures are controlled on the basis of these budgets.
- Trust funds are not formally budgeted; however, each individual expenditure/expense request is reviewed for compliance with trust provisions and for availability of funding.
- There were no supplemental budgetary appropriations or amendments proposed or approved during the year.

Receivables/Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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."

Cash and Cash Equivalents and Investments

The District's cash and cash equivalents are considered to be cash on hand, certificates of deposit, and liquid asset funds.

Cash equivalents in the basic financial statements include all highly-liquid investments with an original maturity of three months or less.

The District's investments are reported at amortized cost, which approximates fair value.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both entity-wide and fund financial statements. In both the governmental funds and the proprietary fund, these payments are reported as expense when they are consumed in accordance with the consumption method of accounting. Prepaid items are comprised of insurance premiums associated with future accounting periods.

Inventories

Inventories are presented at cost using a first-in, first-out basis and are expensed when used.

Inventories of the governmental funds, consisting principally of textbooks and instructional supplies, are not valued since it is the consistent policy of the District to charge these items to expense upon acquisition.

Inventories of the food service fund consisting of food and paper supplies are carried at cost, using the first-in, first-out method. Federal donated commodities are valued at their acquisition value as determined by the U.S. Department of Agriculture at the date of donation. The inventories on hand at June 30, 2021 consist of the purchased food/supplies for use in the food program in the amount of \$77,717.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$10,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
School buildings	50
Building improvements	20
Land improvements	25
Furniture	15
Vehicles	10
Equipment	5 - 15

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Compensated Absences

The District accounts for compensated absences in accordance with the GASB Codification, which requires a liability be reported for certain compensated absences as the benefits are earned by employees instead of when they are paid. Only accumulated vacation or sick leave that has matured is reported as an expenditure and a fund liability of the governmental fund that will pay it.

The District allows employees to accumulate vacation days and sick leave subject to limits which are paid prior to retirement or termination. At the end of the fiscal year, the amount expected to be paid for compensated absences from current resources is accrued in the general fund and food service fund.

Long-term Obligations

In the entity-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are netted against outstanding principal balances and amortized over the life of the bonds. Bond issuance costs are expensed when incurred. Deferred amounts on refunding are recorded as a deferred inflow or outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amortization is calculated using the straight-line method.

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 financial uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense) until that time. The District currently has four items that qualify for reporting in this category. Certain changes to the net pension liability, including pension contributions made subsequent to the measurement date and, therefore, not reflected in the net pension liability under full accrual basis reporting, are required to be amortized over a period of years. Additionally, certain changes to the net OPEB liability, including OPEB contributions made subsequent to the measurement date and, therefore, not reflected in the net OPEB liability under full accrual basis reporting, are required to be amortized over a period of years. The unamortized portions of these changes are reflected as deferred outflows and inflows of resources on the entity-wide and proprietary fund statements of net position. Outstanding bond premiums and discounts on bonds refunded are removed from the bonds payable liability on the entity-wide statements of net position and presented as a deferred amount on bond refunding to be amortized over a period of years. Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The District has one type of item that qualifies for reporting in this category. Delinquent taxes not collected within 60 days of year end and, therefore, are not available under modified accrual reporting are reflected as deferred inflows of resources on the general fund balance sheet.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Fund Balances

The District complies with GASB Codification, which provides clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable fund balance** – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- **Restricted fund balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed fund balance** – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (the School Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- **Assigned fund balance** – amounts the District intends to use for a specific purpose. Intent can be expressed by the School Board of Directors or by an official or body to which the School Board of Directors delegates the authority.
- **Unassigned fund balance** – amounts available for any purpose. Positive amounts are reported only in the general fund. Negative unassigned fund balance may be reported in other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

The School Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the School Board of Directors through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service, or for other purposes).

The District will typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

In the general fund, the District strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately eight percent of the actual GAAP basis expenditures and other financing sources and uses.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2019, from which the summarized information was derived. Certain amounts presented in the prior year summarized data have been restated consistent with implementation of new standards, as described below.

**NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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

- Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law therefore, shall be pledged by the depository.
- Commercial paper, bankers' acceptances, and negotiable certificates of deposit receiving top ratings from at least two nationally recognized statistical ratings organizations.

The deposit and investment policy of the District adheres to state statutes. The administration is not aware of any deposits or investment transactions during the year that were in violation of either state statutes or the policy of the District.

The breakdown of total cash and investments at June 30, 2021 is as follows:

Cash and cash equivalents	\$ 8,430,122
Investments	<u>35,054,031</u>
Total Cash and Investments	<u><u>\$ 43,484,153</u></u>

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS - continued**

Deposits

At year end, the carrying amount of the District's deposits was \$8,430,122, and the bank balance was \$8,299,652. Of the bank balance, \$144,159 was covered by federal depository insurance. The remaining \$8,155,493 was cash equivalents held with the Pennsylvania School District Liquid Asset Fund ("PSDLAF"), which enables governmental units to pool their available funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended.

Investments

In general, all of the District's investments are categorized as either (1) insured or registered for which the securities are held by the government or its agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name, or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agency, but not in the government's name.

As of June 30, 2021, the District had the following investments:

	<u><b>Fair Value</b></u>
Pennsylvania Local Government Investment Trust (PLGIT)	\$ 746,386
Pennsylvania School District Liquid Asset Trust (PSDLAF)	<u>34,307,645</u>
Total Investments	<u>\$ 35,054,031</u>

Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF and PLGIT act like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent audit. The District currently has no investments which are categorized within the fair value hierarchy established by generally accepted accounting principles.

Of the investments, \$27,067,269 is invested in FDIC insured non-negotiable certificates of deposit with maturities of less than one year. The remaining \$7,986,762 is invested in 2a7-like pools. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The District has no regulatory oversight for the pools, which are governed by the Board of Trustees. PSDLAF is administered by PMA Financial Network, Inc., and the pool is audited annually by PricewaterhouseCoopers LLP, an independent certified public accounting firm. PLGIT is administered by PFM Fund Distributors, Inc., and the pool is audited annually by Ernst & Young LLP, an independent certified public accounting firm.

Interest Rate Risk

The District does have a formal investment policy that limits maturities to 13 months or less in certain investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
*June 30, 2021*

**NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS - continued**

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2021, the District's investments were rated as:

Investment	Standard & Poor's
Pennsylvania School District Liquid Asset Fund (PSDLAF)	AAAm
Pennsylvania Local Government Investment Fund (PLGIT)	AAAm

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. As of June 30, 2021, all of the District's investments are in PLGIT and PSDLAF.

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.

**NOTE 4 – REAL ESTATE TAXES RECEIVABLE AND UNAVAILABLE REVENUE**

Real estate taxes for the District are collected by the District. The assessed values are established by the County Board of Assessment. The District tax rate for the year ended June 30, 2021 was 31.4852 mills (\$31.4852 per \$1,000 of assessed valuation) as levied by the School Board of School Directors. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	-	Levy date
July 1 - August 31	-	2% discount period
September 1 - October 31	-	Face payment period
November 1 - December 15	-	10% penalty period
December 15	-	Lien date

The District, in accordance with generally accepted accounting principles, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by administration.

The allowance as of June 30, 2021 was \$19,480. 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.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 4 – REAL ESTATE TAXES RECEIVABLE AND UNAVAILABLE REVENUE - continued**

The deferred inflow of resources balance in the general fund of \$1,229,193 consists of unavailable real estate taxes.

**NOTE 5 – INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2021 is as follows:

Due To	Amount	Due From	Amount
Capital Reserve Fund	\$ 9,302,732	General Fund	\$ 9,302,732
General Fund	351	Food Service Fund	351
	<u>\$ 9,303,083</u>		<u>\$ 9,303,083</u>
Transfer To	Amount	Transfer From	Amount
Capital Reserve Fund	<u>\$ 9,372,732</u>	General Fund	<u>\$ 9,372,732</u>

Interfund balances between funds represent transfers of funds which are carried out 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.

**NOTE 6 – UNEARNED REVENUES**

The District records unearned revenue for resources that have been received but not yet earned. At the end of the current fiscal year, the District had no unearned revenues.

**NOTE 7 – CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

**Governmental Activities**

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,060,599	\$ -	\$ -	\$ 3,060,599
Construction-in-progress	2,009,869	2,994,290	1,801,714	3,202,445
Total Capital Assets Not Being Depreciated	<u>5,070,468</u>	<u>2,994,290</u>	<u>1,801,714</u>	<u>6,263,044</u>



**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 7 – CHANGES IN CAPITAL ASSETS - continued**

(cont'd)	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets being depreciated:				
Buildings and improvements	140,897,836	2,890,281	40,263	143,747,854
Furniture and equipment	7,044,096	260,151	34,791	7,269,456
Total Capital Assets Being Depreciated	<u>147,941,932</u>	<u>3,150,432</u>	<u>75,054</u>	<u>151,017,310</u>
Less accumulated depreciation for:				
Buildings and improvements	56,229,012	3,507,757	-	59,736,769
Furniture and equipment	5,573,020	305,177	45,222	5,832,975
Total Accumulated Depreciation	<u>61,802,032</u>	<u>3,812,934</u>	<u>45,222</u>	<u>65,569,744</u>
Total Capital Assets Being Depreciated, Net	<u>86,139,900</u>	<u>(662,502)</u>	<u>(29,832)</u>	<u>85,477,566</u>
Governmental Activities Assets, Net	<u>\$ 91,210,368</u>	<u>\$ 2,331,788</u>	<u>\$ 1,831,546</u>	<u>\$ 91,710,610</u>

**Business-type Activities**

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Equipment	\$ 1,411,220	\$ 83,992	\$ 8,875	\$ 1,486,337
Less accumulated depreciation for:				
Equipment	<u>810,173</u>	<u>37,608</u>	<u>8,875</u>	<u>838,906</u>
Business-type Activities Capital Assets, Net	<u>\$ 601,047</u>	<u>\$ 46,384</u>	<u>\$ -</u>	<u>\$ 647,431</u>

Depreciation expense was charged to functions/program of primary government as follows:

Governmental Activities:

Instruction	\$ 1,525,176
Administrative and financial support	399,166
Operation and maintenance of plant services	744,713
Unallocated depreciation	<u>1,143,879</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,812,934</u>

Depreciation expense was charged to the functions of the business-type activities as follows:

Food Service:

Equipment	<u>\$ 37,608</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 37,608</u>

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 8 – LONG-TERM LIABILITIES**

Long-term liabilities, except for compensated absences, net pension liability, and net other postemployment benefits liability:

**General Obligation Bonds - Series of 2018 and 2018A**

On May 31, 2018 the District issued \$11,425,000 of General Obligation Bonds, Series of 2018 and 2018A, maturing through October 1, 2024, and bearing interest ranging from 2.00% to 5.00%. Interest is payable semi-annually on April 1 and October 1. The Series of 2018 provided funds to refund the Series of 2006 and 2011 bonds. The refunding resulted in a cash flows savings of \$520,151 and present value savings of \$427,694. \$ 10,165,000

**General Obligation Bonds - Series of 2018AA**

On November 29, 2018 the District issued \$19,785,000 of General Obligation Bonds, Series of 2018AA, maturing through February 15, 2024, and bearing interest ranging from 2.00% to 4.00%. Interest is payable semi-annually on February 15 and August 15. The Series of 2018AA provided funds to refund the Series of 2010 bonds. The refunding resulted in a cash flows savings of \$155,756 and present value savings of \$153,234. 13,305,000

**General Obligation Bonds - Series of 2020**

On November 25, 2020 the District issued \$10,000,000 of General Obligation Bonds, Series of 2020, maturing through November 15, 2025, and bearing interest 1.04%. Interest is payable semi-annually on May 15 and November 15. The Series of 2020 provided funds to refund the Series of 2015 and 2016 bonds. The refunding resulted in a cash flows savings of \$275,737 and present value savings of \$261,835. 8,315,000

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Total Bonds/Notes Payable \$ 31,785,000

Annual debt service requirements to maturity for general obligation bonds and notes, including interest, are as follows:

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2022	\$ 6,516,000	\$ 987,578	\$ 7,503,578
2023	6,726,000	779,301	7,505,301
2024	6,702,000	525,612	7,227,612
2025	7,010,000	212,021	7,222,021
2026	4,221,000	54,859	4,275,859
2027	610,000	12,200	622,200
	<u>\$ 31,785,000</u>	<u>\$ 2,571,571</u>	<u>\$ 34,356,571</u>

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 8 – LONG-TERM LIABILITIES - continued**

Changes in Long-term Liabilities

Long-term liability balance and activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
<b>Governmental Activities</b>					
Bonds and notes payable	\$ 37,600,000	\$10,000,000	\$15,815,000	\$ 31,785,000	\$ 6,516,000
Bond premiums	1,472,674	-	426,479	1,046,195	256,605
Net bonds and notes payable	39,072,674	10,000,000	16,241,479	32,831,195	6,772,605
Other liabilities:					
Compensated absences	1,227,157	111,614	-	1,338,771	168,155
Net pension liability	105,273,630	4,162,950	-	109,436,580	-
Net OPEB liability	15,071,760	3,441,240	-	18,513,000	-
Total Governmental Long-term Liabilities	<u>\$ 160,645,221</u>	<u>\$17,715,804</u>	<u>\$16,241,479</u>	<u>\$ 162,119,546</u>	<u>\$ 6,940,760</u>

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
<b>Business-type Activities</b>					
Compensated absences	\$ 18,773	\$ -	\$ 895	\$ 17,878	\$ 11,037
Net pension liability	1,063,370	-	42,050	1,105,420	-
Net OPEB liability	152,240	34,760	-	187,000	-
Total Business-type Long-term Liabilities	<u>\$ 1,234,383</u>	<u>\$ 34,760</u>	<u>\$ 42,945</u>	<u>\$ 1,310,298</u>	<u>\$ 11,037</u>

Governmental activities long-term liabilities are liquidated by the general fund, and business-type activities long-term liabilities are liquidated by the food service fund. Total interest expense during the year ended June 30, 2021 was \$784,698.

Legal Debt Margin

The District is subject to a debt limitation that is 225% of borrowing base (the average total revenues for three years). At June 30, 2021, that amount is \$200,351,004. As of June 30, 2021, the total outstanding debt applicable to the limit is \$32,831,195.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 9 – EMPLOYEE RETIREMENT PLAN**

Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), 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. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. PSERS issues a publicly available comprehensive annual financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

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 became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E"), and Membership Class T-F ("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service, or attain a total combination and 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 new hybrid defined benefit/defined contribution (DC) retirement benefit plan applicable to all school employees who become new members of PSERS on July 1, 2019 and thereafter. The three new plan design options under Act 5 include two hybrid plans, Membership Class T-G ("Class T-G") and Membership Class T-H ("Class T-H") consisting of defined benefit and defined contribution components and a stand-alone defined contribution plan, Membership Class DC ("Class DC"). A stand-alone defined benefit plan is no longer available to new members after June 30, 2019. To qualify for normal retirement, Class T-G members must work until age 67 with a minimum of three years of service, or attain a total combination and age and service that is equal to or greater than 97, with a minimum of 35 years of service. To qualify for normal retirement Class T-H members must work until age 67 with a minimum of three years of service. Benefits for defined benefit plans are generally equal to between one percent and two and one-half percent, depending upon the membership class, of the member's final average salary as defined in the Code, multiplied by the number of years of credited service. Benefits for the defined contribution plans are the value in the account. 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 may be elected. For Class T-E, Class T-F, Class T-G and Class T-H members, the right to benefits is vested after 10 years of service. For Class DC there is no traditional vesting. Members qualify for employer contributions/earnings after attaining 3 "eligibility" points or approximately at the start of their third year.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to between one percent and two and one-half percent, depending upon the 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.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
***June 30, 2021***

**NOTE 9 – EMPLOYEE RETIREMENT PLAN-continued**

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 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.

Member Contributions

Active members who joined the system prior to July 22, 1983 contributed at 5.25 percent (Membership Class T-C) or at 6.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the system on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class T-C) or at 7.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the system after June 30, 2001 and before July 1, 2011 contribute at 7.50 percent (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the system after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.50 percent (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30 percent (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50 percent and 9.50 percent, and Membership Class T-F contribution rate to fluctuate between 10.30 percent and 12.30 percent.

Members who joined the system after June 30, 2019 automatically contribute at the Membership Class T-G rate of 6.25 percent (base rate) of the member's qualifying compensation. All new hires after June 30, 2019, who elect Class T-H membership, contribute at 5.25 percent (base rate) of the member's qualifying compensation. Membership Class T-G and T-H are affected by a "shared risk" provision in Act 5 that in future fiscal years could cause the contribution rates to increase or decrease 3 percent below or 3 percent above the basic contribution rate in increments of .75 percent.

Employer Contributions

The District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the 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. For the year ended June 30, 2021, the rate of the employer contribution was 34.51 percent of covered payroll, which was comprised of 33.51 percent for pension contributions, 0.18 percent for Act 5 defined contribution plan contributions, and 0.82 percent for healthcare contributions. The District's contribution to PSERS for pension contributions for the year ended June 30, 2021 was \$10,621,157.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 9 – EMPLOYEE RETIREMENT PLAN - continued**

Pension Liability and Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2021 the District reported a liability of \$110,542,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020. The District's proportion of the net pension 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, 2020, the District's proportion was 0.2245 percent, which was an decrease of 0.0028 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$11,942,763. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 4,858,000	\$ -
Difference between expected and actual experience	289,000	2,649,000
Change in proportionate share of net pension liability	857,000	1,003,000
Difference between employer contributions and proportionate share of total contributions	255,279	-
Contributions subsequent to the date of measurement	<u>10,621,157</u>	<u>-</u>
	<u>\$16,880,436</u>	<u>\$ 3,652,000</u>

An amount of \$10,621,157 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources relating to pensions and will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2022	\$ (228,172)
2023	277,328
2024	1,168,385
2025	<u>1,389,738</u>
	<u>\$ 2,607,279</u>

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 9 – EMPLOYEE RETIREMENT PLAN - continued**

Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined by rolling forward the system's total pension liability as of the June 30, 2019 actuarial valuation to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry age normal, level percentage of pay.
- Investment return – 7.25 percent, including inflation of 2.75 percent.
- Salary increases – Effective average of 5.00 percent, which reflects an allowance for inflation of 2.75 percent and real wage growth and merit and seniority increases of 2.25 percent.
- Mortality rates were 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.

The long-term expected rate of return on pension plan investments was determined using the 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 PSERS Board of Directors. Plan assets are managed with a long-term objective of achieving and maintaining a fully-funded status for the benefits provided through the pension.

A schedule of plan investments by asset class, target allocations, and long-term expected real rate of return is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global public equity	15.0%	5.2%
Private equity	15.0%	7.2%
Fixed income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return	10.0%	2.5%
Infrastructure/MLPs	6.0%	5.7%
Risk parity	8.0%	3.3%
Real estate	10.0%	5.5%
Cash	6.0%	(1.0%)
Financing (LIBOR)	(14.0%)	(0.7%)
	<u>100.0%</u>	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 9 – EMPLOYEE RETIREMENT PLAN - continued**

Discount Rate

The discount used to measure the total pension liability was 7.25 percent. 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 which are 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 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	1% Decrease 6.25%	Current Rate Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	\$136,763,000	\$110,542,000	\$ 88,328,000

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2021, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of \$2,552,990. This amount represents the District's contractually obligated contributions for wages earned in April 2021 through June 2021.

**NOTE 10 – POSTEMPLOYMENT HEALTHCARE PLAN**

Plan Description

The District administers a single-employer defined benefit healthcare plan (the Retiree Health Plan) for employees who meet the eligibility requirements upon retirement. The District's 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. Under the GASB Codification, retiree benefits are viewed as a form of deferred compensation. As such, the benefits are treated as being earned over the working lifetime of the employee so that the cost is fully charged to operations by the earliest date of eligibility under the plan. The OPEB Plan does not issue a publicly available financial report.



**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 10 – POSTEMPLOYMENT HEALTHCARE PLAN - continued**

Funding Policy

The contribution requirements of plan members are established and may be amended by the Board of School Directors. The District has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of School Directors. For fiscal year 2021, the District paid \$753,000 to plan members eligible for receiving benefits.

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of June 30, 2021. The total OPEB liability as of June 30, 2021 was determined by rolling forward the plan's total OPEB liability as of the June 30, 2020 actuarial valuation to the June 30, 2021 measurement date using the actuarial assumptions noted below.

Discount Rate

The discount used to measure the total OPEB liability was 2.16 percent for the measurement date of June 30, 2021, a decrease from the discount rate of 2.21 percent used for the June 30, 2020 measurement date.

Health Cost Trend

Healthcare costs and premium rates are assumed to increase as shown in the following table (selected years shown):

<u>Fiscal Year Ending June 30</u>	<u>Increase in Health Cost Over Prior Year</u>
2022	6.10%
2023	5.60%
2024	5.20%
2025	4.90%
2026	4.80%
2031	4.40%
2036	4.50%
2041	4.50%
2051	4.60%
2075 and later	3.70%

The Society of Actuaries ("SOA") Long-Run Medical Cost Trend Model was used to develop the medical trend schedule used in projecting per capita claim costs and premiums for this report. The model's projections are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 10 – POSTEMPLOYMENT HEALTHCARE PLAN - continued**

Project Oversight Group and have been modified slightly to reflect the District's actuary's expectations for long-term inflation. In addition, the estimated impact of the excise tax due to healthcare reform is incorporated through an adjustment to the healthcare trend assumption.

Dental and vision costs are assumed to equal premium rates.

Census Data

As of July 1, 2020, the plan consisted of 433 active participants, 47 retired participants receiving benefits, and 13 spouses of retired participants receiving benefits.

Mortality Rates

RP-2014 Mortality Tables are adjusted to reflect Mortality Improvement Scale MP-2018 from 2006 base year and projected forward on a generational basis with Scale MP-2018 (based on recommendation of Society of Actuaries' Retirement Plans Experience Committee). As a generational table, it reflects mortality improvements both before and after the measurement date.

Salary Increases

For purposes of cost method allocation and projection of support staff retirement bonuses, assumed salary increases are based on the rates utilized in the actuarial valuation for the Pennsylvania PSERS and vary by age. Illustrative rates are shown below.

<u>Age</u>	<u>Rate</u>
25	9.25%
35	6.75%
45	4.75%
55	3.25%

Medicare Participation

It is assumed that current active administrators who were hired before January 1, 2000 will participate in Medicare upon retirement. Current retired administrators who were hired before January 1, 2000 were valued based on individual data regarding Medicare participation.

Inflation Rate

The inflation rate used to measure the total OPEB liability was 2.30 percent.

Sensitivity Analysis

The following presents the net OPEB liability, calculated using the valuation discount rate of 2.16 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 10 – POSTEMPLOYMENT HEALTHCARE PLAN - continued**

	1% Decrease 1.16%	Current Rate Discount Rate 2.16%	1% Increase 3.16%
Total OPEB liability	\$ 15,106,000	\$ 13,854,000	\$ 12,724,000
Fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 15,106,000</u>	<u>\$ 13,854,000</u>	<u>\$ 12,724,000</u>

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower each year or one percentage point higher each year than the current rate.

	1% Decrease	Current Rate Discount Rate	1% Increase
Total OPEB liability	\$ 12,481,000	\$ 13,854,000	\$ 15,485,000
Fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 12,481,000</u>	<u>\$ 13,854,000</u>	<u>\$ 15,485,000</u>

Changes in Total OPEB Liability

Total OPEB liability as of June 30, 2020	\$ 10,390,000
Service cost	261,000
Interest on OPEB designation	221,000
Effect of assumption changes or inputs	3,735,000
Benefit payments	<u>(753,000)</u>
Total OPEB liability as of June 30, 2021	<u>\$ 13,854,000</u>

The amount of OPEB expense for the single employer plan recognized by the District was \$181,000 for the year ended June 30, 2021. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
*June 30, 2021*

**NOTE 10 – POSTEMPLOYMENT HEALTHCARE PLAN - continued**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 2,967,000	\$ 5,192,000
Difference between actual and expected experience	1,890,000	-
	<u>\$ 4,857,000</u>	<u>\$ 5,192,000</u>

Deferred inflows of resources due to the change in assumptions will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2022	\$ (301,000)
2023	(301,000)
2024	(301,000)
2025	(298,000)
2026	(246,000)
Thereafter	<u>1,112,000</u>
	<u>\$ (335,000)</u>

**NOTE 11 – PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN**

Health Insurance Premium Assistance Program

PSERS 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, 2020 there were no assumed future benefit increases to participating eligible retirees.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
***June 30, 2021***

**NOTE 11 – PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN - continued**

Premium Assistance Eligibility Criteria

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

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

OPEB Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit OPEB plan that provides postemployment benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the PSERS plan 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 comprehensive annual financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

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. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. As of June 30, 2021 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2020 was 0.82 percent 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 \$259,903 for the year ended June 30, 2021.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 11 – PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN - continued**

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2021, the District reported a liability of \$4,846,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020. 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, 2020, the District's proportion was 0.2245 percent, which was an increase of 0.0028 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$248,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 8,000	\$ -
Change in proportionate share of net pension liability	63,000	54,000
Difference between expected and actual experience	45,000	-
Change in assumptions	197,000	106,000
Difference between employer contributions and proportionate share of total contributions	-	395
Contributions subsequent to the date of measurement	259,903	-
	<u>\$ 572,903</u>	<u>\$ 160,395</u>

An amount of \$259,903 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts will be reported as deferred outflows and resources and deferred inflows of resources relating to pensions and will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2022	\$ 18,856
2023	17,651
2024	16,579
2025	51,408
2026	33,476
Thereafter	<u>14,635</u>
	<u>\$ 152,605</u>

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 11 – PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN - continued**

Actuarial Assumptions

The total OPEB liability as of June 30, 2020, was determined by rolling forward the system's total OPEB liability as of June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - entry age normal - level percent of pay
- Investment return – 2.79 percent - S&P 20-year Municipal Bond Rate
- Salary growth - effective average of 5.00 percent, comprised of inflation of 2.75 percent and 2.25 percent for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on 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.
- Participation rate:
  - Eligible retirees will elect to participate pre-age 65 at 50 percent.
  - Eligible retirees will elect to participate post-age 65 at 70 percent.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2020.
- Cost Method: Amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value
- Participation rate: 63 percent of eligible retirees are assumed to elect premium assistance.
- Mortality rates were 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.

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.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 11 – PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN - continued**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	50.3%	(1.0%)
U.S. Core Fixed Income	46.5%	(0.1%)
Non-U.S. Developed Fixed	3.2%	(0.1%)
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.79 percent, a decrease from 2.98 percent in the prior year. Under the plan's funding policy, contributions are structured for short-term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 2.79 percent, which represents the S&P 20-year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System's 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, 2020, 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, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 688 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's net OPEB liability for June 30, 2020, calculated using current healthcare cost trends as well as what the system's net OPEB liability would be if its healthcare cost trends were one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 4,846,000	\$ 4,846,000	\$ 4,846,000



**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
*June 30, 2021*

**NOTE 11 – PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN - continued**

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 2.79 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.79 percent) or one percentage point higher (3.79 percent) than the current rate:

	1% Decrease 1.79%	Current Discount Rate 2.79%	1% Increase 3.79%
District's proportionate share of the net OPEB liability	\$ 5,526,000	\$ 4,846,000	\$ 4,284,000

OPEB Plan Fiduciary Net Position

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

**NOTE 12 – NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY**

The District’s aggregate net OPEB liability and deferred inflows and outflows of resources are as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
District Plan (See Note 10)	\$ 13,854,000	\$ 4,857,000	\$ 5,192,000
PSERS Plan (See Note 11)	4,846,000	572,903	160,395
Total	<u>\$ 18,700,000</u>	<u>\$ 5,429,903</u>	<u>\$ 5,352,395</u>

**NOTE 13 – FUND BALANCES**

As of June 30, 2021, fund balances are composed of the following:

	General Fund	Capital Reserve Fund	Total Governmental Funds
Nonspendable; Prepaid expenditures	\$ 11,323	\$ -	\$ 11,323
Restricted:			
Capital projects	-	21,797,368	21,797,368
Unassigned	7,207,585	-	7,207,585
Total Fund Balances	<u>\$ 7,218,908</u>	<u>\$ 21,797,368</u>	<u>\$ 29,016,276</u>

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
*June 30, 2021*

**NOTE 14 – CONTINGENCIES AND COMMITMENTS**

Government Grants and Awards

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

Construction-in-progress

At June 30, 2021, the District had \$3,202,445 in construction-in-progress, none of which was subject to ongoing construction commitments as of June 30, 2021.

**NOTE 15 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for workers' compensation, for which the District retains risk of loss. For insured programs, there were no significant reductions in insurance coverages during the 2020 - 2021 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The district is a member of the School Districts Insurance Consortium (SDIC) for workers' compensation coverage. SDIC is comprised of 79 member school districts which jointly self-assume their workers' compensation liabilities. Even though member school districts contribute to SDIC's insurance fund, they remain individually liable for their own workers' compensation claims. The members of SDIC are required to participate in any deficiencies of SDIC and are subject to periodic assessments, as required. As June 30, 2021, there was no unfunded liability.

The premium/billings from the SDIC are two part formula driven and based upon the estimated salaries for the fiscal year. The first part of the annual premium is direct claims from workers. There is a cap on the liability for the District. For the 2020-2021 year, the maximum claims liability was \$32,017. The second part of the annual premium represents administrative costs for the current year and claims from prior years. This portion is pooled together with all the other members of the consortium.

	Fiscal Year Ended	
	6/30/2021	6/30/2020
Unpaid Claims Premiums, beginning of fiscal year	\$ 0	\$ 0
Claims and premiums	109,365	142,279
Payments	(109,365)	(142,279)
Unpaid Claims Premiums, end of fiscal year	\$ 0	\$ 0

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 15 – RISK MANAGEMENT - continued**

Effective July 1, 2010, the District became self-insured for medical insurance for employees and dependents. Effective June 30, 2013, the District established an internal service fund to administer self-insurance benefits for medical, dental and prescription insurance to all District employees. The District used a third-party administrator to provide consulting and administrative services to process claims within the self-insurance fund. The arrangement also includes stop-loss coverage which provides protection for claims in excess of \$225,000 per person. The following table presents the components of the self-insurance benefits obligation and the related changes to the funds benefit obligation at June 30, 2021:

Claims Payable	\$ 437,640
Changes in benefit obligations as follows for the year ended June 30, 2020:	
Claims Payable, beginning of year	504,112
Benefits earned	7,304,258
Claims paid	<u>(7,370,730)</u>
Claims payable, end of year	<u><u>\$ 437,640</u></u>

**NOTE 16 – DEFICIT NET POSITION**

For governmental activities, business-type activities, and the food service fund, the unrestricted net deficit amounts of \$102,587,021, \$289,051, and \$289,051, respectively, include the effect of deferring the recognition of pension and OPEB contributions made subsequent to the measurement date of the net pension and OPEB liabilities, the unamortized portion of contributions made in excess of the District's share of its proportionate contributions to its pension and OPEB plans, and the deferred outflows resulting from the change in the District's share of the net pension and OPEB liabilities. This is offset by the District's actuarially determined pension and OPEB liabilities and the deferred inflows resulting from the differences between projected and actual investment earnings and changes in assumptions.

**NOTE 17 – PRIOR PERIOD ADJUSTMENTS**

The District has increased its July 1, 2019 net position in the custodial fund by \$40,884 due to the effects of implementing GASB Statement No. 84, "Fiduciary Activities." Amounts previously recorded as liabilities are now recorded as revenues and expenses.

**NOTE 18 – UNCERTAINTIES**

As a result of the spread of the COVID-19 coronavirus which is ongoing at June 30, 2021, economic and operational uncertainties have arisen which may impact the District in fiscal year 2022. There exist uncertainties surrounding the District's operations in the 2021-2022 school year in terms of whether instruction will continue to be remote, hybrid or in-person and for what length of time. The uncertainties surrounding the on-site operations will have a direct impact on individual revenue and expense items that are dependent on services being provided to students while on site. The extent of the potential impact is unknown as the COVID-19 pandemic continues.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
*June 30, 2021*

**NOTE 19 – SUBSEQUENT EVENTS**

The District has evaluated all subsequent events through October 28, 2021, the date the financial statements were available to be issued.

**NOTE 20 – NEW ACCOUNTING PRONOUNCEMENTS**

- Statement No. 87, Leases - This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.
- Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements - This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement defines debt for the purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.
- Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period - The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. It also establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 20 – NEW ACCOUNTING PRONOUNCEMENTS - continued**

- Statement No. 90, Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61 - The primary objects of this Statement are to improve the consistency and comparability of reporting a government's majority interest in a legally separated organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separated organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented influence statements of the component unit in that circumstances should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.
- Statement No. 91, Conduit Debt Obligations - The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.
- Statement No. 92, Omnibus 2020 – This statement addresses a variety of topics to enhance comparability in accounting and financial reporting and improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for periods beginning after June 15, 2021 as originally established, however GASB Statement No. 95 allows governments to postpone implementation for one year.
- Statement No. 93, Replacement of Interbank Offered Rates - Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform,

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 20 – NEW ACCOUNTING PRONOUNCEMENTS - continued**

LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for periods beginning after June 15, 2021 and December 31, 2021, depending on the paragraph, as originally established, however GASB Statement No. 95 allows governments to postpone implementation for one year.

- Statement No. 94, Public-Private and Public-Public Partnerships and Availability Arrangements - The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP 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. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends June 15, 2022.
- Statement No. 95, Postponements of Effective dates of Certain Authoritative Guidance - The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. See references to GASB Statement No. 95 within the various pronouncements above to determine the impact on each individual statement. The requirements of this Statement are effective immediately.
- Statement No. 96, Subscription-Based Information Technology Arrangements - This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an 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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - continued**  
**June 30, 2021**

**NOTE 20 – NEW ACCOUNTING PRONOUNCEMENTS - continued**

not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

- Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84 and a Supersession of GASB Statement No. 32 - The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The District has not yet completed the analysis necessary to determine the actual financial statement impact of these new pronouncements.

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## REQUIRED SUPPLEMENTARY INFORMATION



**KENNETT CONSOLIDATED SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
Pennsylvania Public School Employees' Retirement System (PSERS)**

	MEASUREMENT DATE						
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	0.2245%	0.2273%	0.2246%	0.2235%	0.2225%	0.2175%	0.2204%
District's proportion of the net pension liability -							
dollar value	\$ 110,542,000	\$ 106,337,000	\$ 107,819,000	\$ 110,383,000	\$ 110,264,000	\$ 94,210,000	\$ 87,236,000
District's covered payroll	\$ 31,793,279	\$ 31,269,723	\$ 30,382,999	\$ 29,881,260	\$ 28,934,868	\$ 28,164,151	\$ 28,122,261
District's proportionate share of the net pension liability as a percentage of its covered payroll	347.69%	340.06%	354.87%	369.41%	381.08%	334.50%	310.20%
Plan fiduciary net position as a percentage of the total pension liability	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS -  
Pennsylvania Public School Employees' Retirement System (PSERS)**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 10,621,157	\$ 10,606,238	\$ 10,193,930	\$ 9,643,564	\$ 8,725,328	\$ 7,233,717	\$ 5,773,651
Contributions in relation to the contractually required contribution	<u>10,621,157</u>	<u>10,606,238</u>	<u>10,193,930</u>	<u>9,643,564</u>	<u>8,725,328</u>	<u>7,233,717</u>	<u>5,773,651</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 31,695,485	\$ 31,793,279	\$ 31,269,723	\$ 30,382,999	\$ 29,881,260	\$ 28,934,868	\$ 28,164,151
Contributions as a percentage of covered payroll	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%	20.50%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -  
Pennsylvania Public School Employees' Retirement System (PSERS)**

	MEASUREMENT DATE			
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's proportion of the net OPEB liability	0.2245%	0.2273%	0.2246%	0.2235%
District's proportion of the net OPEB liability - dollar value	\$ 4,846,000	\$ 4,834,000	\$ 4,683,000	\$ 4,554,000
District's covered payroll	\$ 31,793,279	\$ 31,269,723	\$ 30,382,999	\$ 29,881,260
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	15.24%	15.46%	15.41%	15.24%
Plan fiduciary net position as a percentage of the total OPEB liability	5.69%	5.56%	5.56%	5.73%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS -  
Pennsylvania Public School Employees' Retirement System (PSERS)**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 259,903	\$ 266,345	\$ 260,406	\$ 252,177
Contributions in relation to the contractually required contribution	<u>259,903</u>	<u>266,345</u>	<u>260,406</u>	<u>252,177</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution deficiency (excess)	\$ 31,695,485	\$ 31,793,279	\$ 31,269,723	\$ 30,382,999
District's covered payroll				
Contributions as a percentage of covered payroll	0.82%	0.84%	0.83%	0.83%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY - SINGLE EMPLOYER PLAN**

	MEASUREMENT DATE			
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
TOTAL OPEB LIABILITY				
Service cost	\$ 261,000	\$ 252,000	\$ 521,000	\$ 503,000
Interest on total OPEB liability	221,000	308,000	602,000	605,000
Effect of assumption changes or inputs	3,735,000	1,425,000	(7,960,000)	(437,000)
Effect of liability gains or losses	-	-	832,000	-
Benefit payments	(753,000)	(775,000)	(731,000)	(775,000)
NET CHANGE IN TOTAL OPEB LIABILITY	3,464,000	1,210,000	(6,736,000)	(104,000)
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	10,390,000	9,180,000	15,916,000	16,020,000
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 13,854,000</u>	<u>\$ 10,390,000</u>	<u>\$ 9,180,000</u>	<u>\$ 15,916,000</u>
<u>PLAN FIDUCIARY NET POSITION</u>				
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISTRICT'S NET OPEB LIABILITY	<u>\$ 13,854,000</u>	<u>\$ 10,390,000</u>	<u>\$ 9,180,000</u>	<u>\$ 15,916,000</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 32,101,048	\$ 31,062,034	\$ 30,557,282	\$ 29,587,921
District's net OPEB liability as a percentage of covered payroll	43.16%	33.45%	30.04%	53.79%
Expected average remaining service years of all participants	8	8	8	8

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## SUPPLEMENTARY INFORMATION



## **KENNETT CONSOLIDATED SCHOOL DISTRICT**

### **Supplementary Information Individual Fund Schedules**

#### **General Fund**

The General Fund is used to account for resources traditionally associated with the District which are not required legally or by sound financial management to be accounted for in another fund. This fund accounts for the District's ordinary operations financed primarily from property taxes and state aid. It is the most significant fund in relation to the District's overall operations.

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**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Revenues – Budget to Actual**  
*For the Year Ended June 30, 2021*

<b>REVENUES</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Local Revenue</b>				
Current Real Estate Taxes	\$ 60,906,993	\$ 60,906,993	\$ 60,622,360	\$ (284,633)
Interim Real Estate Taxes	250,000	250,000	761,053	511,053
Utility Taxes	60,000	60,000	65,257	5,257
Earned Income	3,884,500	3,884,500	5,533,174	1,648,674
Realty Transfer Tax	900,000	900,000	1,578,951	678,951
Delinquent Real Estate Taxes	1,325,000	1,325,000	2,001,167	676,167
Investment Earnings	100,000	100,000	31,232	(68,768)
Facility Rental Fees	70,865	70,865	28,595	(42,270)
Other Revenue	237,500	368,120	334,201	(33,919)
<b>Total Revenue from Local Sources</b>	<b>67,734,858</b>	<b>67,865,478</b>	<b>70,955,990</b>	<b>3,090,512</b>
<b>State Revenue</b>				
State Basic Subsidy	5,951,408	5,951,408	5,949,342	(2,066)
Migratory Children	-	-	4,020	4,020
Tuition Orphans & Children	-	-	6,498	6,498
Special Education	1,941,234	1,941,234	1,918,262	(22,972)
Transportation	1,360,000	1,360,000	1,349,456	(10,544)
Authority Rental Reimbursement	507,684	507,684	455,797	(51,887)
Health Services	84,000	84,000	81,347	(2,653)
Property Tax Reduction Allocation	1,458,019	1,458,019	1,458,019	-
Ready to Learn Grant	400,617	400,617	400,617	-
FICA Reimbursement	1,219,473	1,219,473	1,168,409	(51,064)
Retirement Reimbursement	5,543,289	5,543,289	5,454,572	(88,717)
<b>Total Revenue from State Sources</b>	<b>18,465,724</b>	<b>18,465,724</b>	<b>18,246,339</b>	<b>(219,385)</b>
<b>Federal Revenue</b>				
Title I	600,000	771,546	585,513	(186,033)
Title II	120,325	127,639	126,019	(1,620)
Title III	120,115	174,873	149,718	(25,155)
Title IV	44,000	46,145	40,644	(5,501)
IDEA	500,000	524,803	469,171	(55,632)
CARES Act	-	1,642,944	1,633,917	(9,027)
CRRSA Act	-	305,048	303,208	(1,840)
SBAP Reimbursements (Access)	250,000	250,000	106,629	(143,371)
Medical Assistance Reimbursement	15,000	15,000	20,116	5,116
<b>Total Revenue From Federal Sources</b>	<b>1,649,440</b>	<b>3,857,998</b>	<b>3,434,935</b>	<b>(423,063)</b>
<b>Other Sources</b>				
Issuance of Refunding Bonds	-	-	10,000,000	10,000,000
Sale of Capital Assets	-	-	8,325	8,325
<b>Total Revenue From Other Sources</b>	<b>-</b>	<b>-</b>	<b>10,008,325</b>	<b>10,008,325</b>
<b>Total Revenues</b>	<b>\$ 87,850,022</b>	<b>\$ 90,189,200</b>	<b>\$ 102,645,589</b>	<b>\$ 12,456,389</b>

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Revenues – Budget to Actual**  
*For the Year Ended June 30, 2021*

<b>EXPENDITURES</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Regular Instruction</b>				
Salaries	\$ 19,188,349	\$ 19,074,200	\$ 18,946,408	\$ 127,792
Employee Benefits	12,975,383	12,722,909	12,642,990	79,919
Purchased Professional & Technical Services	58,149	68,272	45,111	23,161
Purchased Property Services	3,500	3,500	1,100	2,400
Other Purchased Services	3,812,000	3,784,537	2,999,480	785,057
Supplies	438,468	658,054	528,739	129,315
Property	29,500	49,630	31,164	18,466
Other Objects	-	5,463	1,646	3,817
<b>Total</b>	<b>36,505,349</b>	<b>36,366,565</b>	<b>35,196,638</b>	<b>1,169,927</b>
<b>Special Instruction</b>				
Salaries	2,685,753	2,567,752	2,518,673	49,079
Employee Benefits	1,746,513	1,699,914	1,633,092	66,822
Purchased Professional & Technical Services	5,402,751	5,309,653	3,583,077	1,726,576
Purchased Property Services	2,000	2,000	-	2,000
Other Purchased Services	3,026,977	3,026,977	2,252,868	774,109
Supplies	46,999	64,900	51,316	13,584
Property	20,000	30,385	11,984	18,401
Other Objects	4,500	4,500	-	4,500
<b>Total</b>	<b>12,935,493</b>	<b>12,706,081</b>	<b>10,051,010</b>	<b>2,655,071</b>
<b>Vocational Programs</b>				
Other Purchased Services	2,003,218	2,003,218	1,952,683	50,535
<b>Total</b>	<b>2,003,218</b>	<b>2,003,218</b>	<b>1,952,683</b>	<b>50,535</b>
<b>Other Instructional Programs</b>				
Salaries	-	39,571	36,620	2,951
Employee Benefits	-	22,593	15,397	7,196
Purchased Professional & Technical Services	62,753	75,862	31,440	44,422
Other Purchased Services	111,930	112,546	49,490	63,056
Supplies	-	78,343	75,032	3,311
<b>Total</b>	<b>174,683</b>	<b>328,915</b>	<b>207,979</b>	<b>120,936</b>
<b>Nonpublic School Programs</b>				
Purchased Professional & Technical Services	-	1,339	777	562
<b>Total</b>	<b>-</b>	<b>1,339</b>	<b>777</b>	<b>562</b>
<b>Support Services-Students</b>				
Salaries	1,436,742	1,554,742	1,554,671	71
Employee Benefits	988,659	1,035,259	990,615	44,644
Purchased Professional & Technical Services	295,900	295,930	275,139	20,791
Other Purchased Services	5,100	5,100	454	4,646
Supplies	14,000	14,580	2,625	11,955
Property	1,000	1,000	-	1,000
Other Objects	750	750	230	520
<b>Total</b>	<b>2,742,151</b>	<b>2,907,361</b>	<b>2,823,734</b>	<b>83,627</b>

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Expenditures – Budget to Actual - continued**  
*For the Year Ended June 30, 2021*

<b>EXPENDITURES</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Support Services-Instructional Staff</b>				
Salaries	1,289,952	1,347,952	1,346,968	984
Employee Benefits	881,564	1,137,166	993,575	143,591
Purchased Professional & Technical Services	55,879	109,167	89,968	19,199
Purchased Property Services	3,800	2,000	1,104	896
Other Purchased Services	19,950	20,162	12,716	7,446
Supplies	637,211	767,111	732,950	34,161
Property	6,800	6,800	2,514	4,286
Other Objects	4,000	2,549	1,623	926
<b>Total</b>	<b>2,899,156</b>	<b>3,392,907</b>	<b>3,181,418</b>	<b>211,489</b>
<b>Support Services-Administration</b>				
Salaries	2,488,753	2,583,753	2,583,672	81
Employee Benefits	1,534,704	1,568,058	1,534,279	33,779
Purchased Professional & Technical Services	207,475	311,475	311,283	192
Purchased Property Services	-	16,210	16,210	-
Other Purchased Services	197,025	195,120	150,918	44,202
Supplies	41,250	40,000	35,664	4,336
Property	9,000	18,000	8,726	9,274
Other Objects	65,564	50,043	136,444	(86,401)
<b>Total</b>	<b>4,543,771</b>	<b>4,782,659</b>	<b>4,777,196</b>	<b>5,463</b>
<b>Support Services-Pupil Health</b>				
Salaries	513,158	600,053	597,727	2,326
Employee Benefits	328,243	378,332	358,764	19,568
Purchased Professional & Technical Services	12,815	12,780	955	11,825
Purchased Property Services	-	230	229	1
Other Purchased Services	27,800	27,800	657	27,143
Supplies	27,400	27,446	20,896	6,550
<b>Total</b>	<b>909,416</b>	<b>1,046,641</b>	<b>979,228</b>	<b>67,413</b>
<b>Support Services-Business</b>				
Salaries	687,435	687,435	649,442	37,993
Employee Benefits	375,736	375,736	328,148	47,588
Purchased Professional & Technical Services	55,522	43,500	43,365	135
Other Purchased Services	9,250	6,250	5,606	644
Supplies	13,000	8,000	5,269	2,731
Other Objects	82,375	108,397	107,175	1,222
<b>Total</b>	<b>1,223,318</b>	<b>1,229,318</b>	<b>1,139,005</b>	<b>90,313</b>
<b>Operation &amp; Maintenance of Plant Services</b>				
Salaries	2,150,348	2,083,748	2,034,698	49,050
Employee Benefits	1,697,561	1,683,856	1,593,135	90,721
Purchased Professional & Technical Services	181,500	181,500	137,883	43,617
Purchased Property Services	1,150,407	1,186,796	905,397	281,399
Other Purchased Services	267,500	267,500	235,077	32,423
Supplies	1,478,070	1,599,506	1,367,705	231,801
Property	154,000	267,340	114,354	152,986
Other Objects	26,500	26,500	7,348	19,152
<b>Total</b>	<b>7,105,886</b>	<b>7,296,746</b>	<b>6,395,597</b>	<b>901,149</b>

**KENNETT CONSOLIDATED SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Expenditures – Budget to Actual – continued**  
*For the Year Ended June 30, 2021*

<b>EXPENDITURES</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Student Transportation</b>				
Salaries	136,700	143,300	143,267	33
Employee Benefits	100,585	103,371	99,777	3,594
Purchased Professional & Technical Services	2,000	12,175	12,175	-
Purchased Property Services	2,500	2,975	2,975	-
Other Purchased Services	5,087,663	5,318,972	4,195,358	1,123,614
Supplies	30,000	30,000	24,566	5,434
Property	25,000	14,350	-	14,350
Other Objects	1,500	1,500	1,064	436
<b>Total</b>	<b>5,385,948</b>	<b>5,626,643</b>	<b>4,479,182</b>	<b>1,147,461</b>
<b>Support Services-Central</b>				
Salaries	799,936	859,936	857,366	2,570
Employee Benefits	550,523	561,442	558,592	2,850
Purchased Professional & Technical Services	115,000	121,012	111,054	9,958
Purchased Property Services		15,387	15,387	-
Other Purchased Services	170,499	330,047	286,271	43,776
Supplies	394,828	423,132	417,972	5,160
Property	446,376	1,174,285	1,049,178	125,107
Other Objects	3,500	3,500	2,520	980
<b>Total</b>	<b>2,480,662</b>	<b>3,488,741</b>	<b>3,298,340</b>	<b>190,401</b>
<b>Other Support Services</b>				
Other Purchased Services	37,551	37,551	33,918	3,633
<b>Total</b>	<b>37,551</b>	<b>37,551</b>	<b>33,918</b>	<b>3,633</b>
<b>Student Activities</b>				
Salaries	746,176	746,176	677,108	69,068
Employee Benefits	318,355	318,356	276,738	41,618
Purchased Professional & Technical Services	101,751	92,800	81,554	11,246
Purchased Property Services	3,000	3,000	1,078	1,922
Other Purchased Services	132,464	90,864	51,100	39,764
Supplies	76,889	83,340	66,450	16,890
Property	84,574	113,574	48,958	64,616
Other Objects	41,286	80,163	70,218	9,945
<b>Total</b>	<b>1,504,495</b>	<b>1,528,273</b>	<b>1,273,204</b>	<b>255,069</b>
<b>Community Services</b>				
Salaries	-	3,640	1,940	1,700
Employee Benefits	-	2,853	822	2,031
Purchased Professional & Technical Services	-	12,048	9,367	2,681
<b>Total</b>	<b>-</b>	<b>18,541</b>	<b>12,129</b>	<b>6,412</b>
<b>Facilities Acquisition, Construction &amp; Improvement Services</b>				
Purchased Property Services	150,000	133,986	133,985	1
<b>Total</b>	<b>150,000</b>	<b>133,986</b>	<b>133,985</b>	<b>1</b>
<b>Other Expenditures &amp; Financing Uses</b>				
Debt Service Interest	1,308,925	1,308,925	1,358,928	(50,003)
Debt Service Principal	6,200,000	6,200,000	15,815,000	(9,615,000)
Fund Transfers		70,000	9,372,732	(9,302,732)
Budgetary Reserve	90,000	64,790	-	64,790
<b>Total</b>	<b>7,598,925</b>	<b>7,643,715</b>	<b>26,546,660</b>	<b>(18,902,945)</b>
<b>Total Expenditures</b>	<b>\$ 88,200,022</b>	<b>\$ 90,539,200</b>	<b>\$ 102,482,683</b>	<b>\$ (11,943,483)</b>



## **KENNETT CONSOLIDATED SCHOOL DISTRICT**

### **Other Supplementary Information Individual Fund Schedule**

#### **Custodial Funds-Student Activities Funds**

This fund accounts for moneys authorized by Section 511 of the Public School Code of 1949 for school publications and organizations. The Custodial Fund Student Activities is used to account for all Student Activities Clubs and Organizations. Student Activity Funds are generally earned by the students and used for student activities.

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**KENNETT CONSOLIDATED SCHOOL DISTRICT**

**Custodial Funds-Student Activities Funds**

**Statement of Net Position**

*Fiscal Period Ended June 30, 2021*

	<u>2021</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$ 75,425</u>	<u>\$ 82,102</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 75,425</u></u>	<u><u>\$ 82,102</u></u>
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES:</b>		
Other Current Liabilities	<u>\$ 36</u>	<u>\$ 26</u>
<b>NET POSITION:</b>		
Reserved for Trust	<u>75,389</u>	<u>82,076</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 75,425</u></u>	<u><u>\$ 82,102</u></u>

**KENNETT CONSOLIDATED SCHOOL DISTRICT**

**Custodial Funds-Student Activities Funds**  
**Statement of Changes in Net Position**  
*Fiscal Period Ended June 30, 2021*

	<u>2021</u>	<u>2022</u>
<b>ADDITIONS</b>		
Local Contributions	<u>\$ 46,740</u>	<u>\$ 118,885</u>
<b>TOTAL ADDITIONS</b>	<u>46,740</u>	<u>118,885</u>
<b>DEDUCTIONS</b>		
Fees Paid	<u>53,427</u>	<u>77,693</u>
<b>CHANGES IN NET POSITON</b>	<u>(6,687)</u>	<u>41,192</u>
<b>NET POSITION, BEGINNING OF YEAR, RESTATED</b>	<u>82,076</u>	<u>40,884</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 75,389</u></u>	<u><u>\$ 82,076</u></u>

# **STATISTICAL SECTION**



## STATISTICAL SECTION

The Statistical Section of the Kennett Consolidated School District's Comprehensive Annual Financial Report (CAFR) presents other detailed information to allow the reader a better understanding of the Government's overall financial health in conjunction with the information in the financial statements, note disclosures, and required supplementary information.

<b>Contents</b>	<b>Pages</b>
Financial Trends	99-108
<i>These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	109-116
<i>The information in this section will help the reader assess the property tax revenue for the District, which is the Government's most significant source of local revenue.</i>	
Debt Capacity	117-121
<i>These schedules present information that display the District's ability to afford the current levels of outstanding debt as well as the Government's ability to issue more debt in the future.</i>	
Demographic and Economic Information	122-124
<i>Demographic and economic indicators help the reader better understand the environment within which the Government's financial activities take place.</i>	
Operating Information	125-133
<i>These schedules contain data to help the reader understand and relate information of other sections of the CAFR to the services provided and activities performed.</i>	

**Sources of Data:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Net Position by Component Last Ten Fiscal Years

	Fiscal Year Ending June 30				
	2021	2020	2019	2018	2017
Governmental Activities					
Net Investment in capital assets	\$ 58,855,497	\$ 52,137,694	\$ 47,352,086	\$ 44,364,140	\$ 41,619,899
Restricted	21,797,368	14,762,937	11,014,624	9,233,980	6,426,725
Unrestricted (deficit)	(102,587,021)	(102,820,094)	(103,022,901)	(104,512,774)	(90,220,849)
Total Net Position (Deficit)	(21,934,156)	(35,919,463)	(44,656,191)	(50,914,654)	(42,174,225)
Business-type Activities					
Net Investment in capital assets	647,431	601,047	640,948	681,923	723,127
Unrestricted (deficit)	(289,051)	(284,453)	(334,261)	(362,615)	(172,533)
Total Net Position	358,380	316,594	306,687	319,308	550,594
Total Primary Government					
Net Investment in capital assets	59,502,928	52,738,741	47,993,034	45,046,063	42,343,026
Restricted	21,797,368	14,762,937	11,014,624	9,233,980	6,426,725
Unrestricted (deficit)	(102,876,072)	(103,104,547)	(103,357,162)	(104,875,389)	(90,393,382)
Total Net Position (Deficit)	\$ (21,575,776)	\$ (35,602,869)	\$ (44,349,504)	\$ (50,595,346)	\$ (41,623,631)

Source: District Audited Financial Statements

Notes: Starting in 2017-2018 the district booked their share of the PSERS multiple employer net OPEB liability and the District's single employer total OPEB liability to comply with GASB 75.

Starting in 2014-2015 the district booked their share of the PSERS multiple employer pension plan liability to comply with GASB 67/68.

# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Net Position by Component - continued Last Ten Fiscal Years

	Fiscal Year Ending June 30				
	2016	2015	2014	2013	2012
<b>Governmental Activities</b>					
Net Investment in capital assets	\$ 36,394,244	\$ 33,432,135	\$ 29,177,881	\$ 26,321,970	\$ 25,733,483
Restricted	8,474,047	8,912,438	9,471,432	9,160,280	9,546,005
Unrestricted	(90,014,965)	(90,647,267)	(89,481,724)	944,365	(803,045)
Total Net Position	(45,146,674)	(48,302,694)	(50,832,411)	36,426,615	34,476,443
<b>Business-type Activities</b>					
Net Investment in capital assets	756,764	807,942	830,369	867,408	911,864
Unrestricted	(141,247)	(163,191)	(174,188)	742,531	648,727
Total Net Position	615,517	644,751	656,181	1,609,939	1,560,591
<b>Total Primary Government</b>					
Net Investment in capital assets	37,151,008	34,240,077	30,008,250	27,189,378	26,645,347
Restricted	8,474,047	8,912,438	9,471,432	9,160,280	9,546,005
Unrestricted	(90,156,212)	(90,810,458)	(89,655,912)	1,686,896	(154,318)
Total Net Position	\$ (44,531,157)	\$ (47,657,943)	\$ (50,176,230)	\$ 38,036,554	\$ 36,037,034

Source: District Audited Financial Statements

Notes: Starting in 2017-2018 the district booked their share of the PSERS multiple employer net OPEB liability and the District's single employer total OPEB liability to comply with GASB 75.

Starting in 2014-2015 the district booked their share of the PSERS multiple employer pension plan liability to comply with GASB 67/68.

# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Changes in Net Position Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2021	2020	2019	2018	2017
<b>Expenses</b>					
<b>Governmental Activities:</b>					
Instruction	\$ 46,813,431	\$ 49,837,619	\$ 50,186,950	\$ 49,295,717	\$ 50,130,855
Instructional Student Support	7,096,212	6,215,217	5,925,093	5,809,112	4,765,349
Administrative & Financial Support Services	9,779,418	8,271,628	8,470,982	8,116,912	7,958,298
Operation & Maintenance of Plant Services	7,209,934	7,059,482	7,774,911	7,173,418	7,280,812
Pupil Transportation	4,474,412	4,644,457	5,127,163	5,017,352	4,965,476
Student Activities	1,310,612	1,539,068	1,630,125	1,516,007	1,471,939
Community Services	-	-	-	-	-
Interest on Long-term Debt	784,698	1,116,683	695,184	1,371,272	1,445,831
Unallocated Depreciation Expense	1,143,879	1,199,562	1,195,367	1,192,020	1,137,857
<b>Total Governmental Activities Expense</b>	<b>78,612,596</b>	<b>79,883,716</b>	<b>81,005,775</b>	<b>79,491,810</b>	<b>79,156,417</b>
<b>Business-type Activities:</b>					
Food Services	1,371,523	1,712,584	1,771,765	1,817,583	1,877,620
<b>Total Primary Government Expenses</b>	<b>79,984,119</b>	<b>81,596,300</b>	<b>82,777,540</b>	<b>81,309,393</b>	<b>81,034,037</b>
<b>Program Revenues</b>					
<b>Governmental Activities:</b>					
Charges for Service	32,095	223,589	267,495	219,992	261,483
Operating Grants and Contributions	14,435,880	12,815,632	12,281,923	11,943,111	11,290,760
Capital Grants and Contributions	-	-	-	-	-
<b>Total Governmental Program Revenue</b>	<b>14,467,975</b>	<b>13,039,221</b>	<b>12,549,418</b>	<b>12,163,103</b>	<b>11,552,243</b>
<b>Business-type Activities</b>					
Charges for Service	39,028	493,146	663,913	702,816	692,442
Operating Grants and Contributions	1,374,281	1,192,918	1,076,612	1,078,068	1,115,248
<b>Total Business-type Program Revenues</b>	<b>1,413,309</b>	<b>1,686,064</b>	<b>1,740,525</b>	<b>1,780,884</b>	<b>1,807,690</b>
<b>Total Primary Government Program Revenues</b>	<b>15,881,284</b>	<b>14,725,285</b>	<b>14,289,943</b>	<b>13,943,987</b>	<b>13,359,933</b>
<b>Net Revenues (Expenses)</b>					
Governmental Activities	(64,144,621)	(66,844,495)	(68,456,357)	(67,328,707)	(67,604,174)
Business-type Activities	41,786	(26,520)	(31,240)	(36,699)	(69,930)
<b>Total Primary Government</b>	<b>\$ (64,102,835)</b>	<b>\$ (66,871,015)</b>	<b>\$ (68,487,597)</b>	<b>\$ (67,365,406)</b>	<b>\$ (67,674,104)</b>

Source: District Audited Financial Statements

# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Changes in Net Position-continued Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2016	2015	2014	2013	2012
<b>Expenses</b>					
<b>Governmental Activities:</b>					
Instruction	\$ 47,394,610	\$ 45,847,083	\$ 42,797,572	\$ 41,822,110	\$ 40,805,780
Instructional Student Support	5,357,520	4,953,537	4,943,339	10,299,201	9,974,543
Administrative & Financial Support Services	7,709,518	6,833,294	6,422,488	977,727	944,789
Operation & Maintenance of Plant Services	6,942,484	6,776,493	6,749,110	6,177,565	6,502,464
Pupil Transportation	5,054,747	5,018,670	4,753,709	5,234,257	5,219,016
Student Activities	1,254,487	1,226,738	1,189,028	1,103,142	1,079,627
Community Services	-	-	108,225	210	22,289
Interest on Long-term Debt	1,781,169	1,939,805	2,144,350	3,031,457	2,912,171
Unallocated Depreciation Expense	1,112,243	1,066,578	1,037,914	1,072,256	1,013,403
<b>Total Governmental Activities Expense</b>	<b>76,606,778</b>	<b>73,662,198</b>	<b>70,145,735</b>	<b>69,717,925</b>	<b>68,474,082</b>
<b>Business-type Activities:</b>					
Food Services	1,825,470	1,781,548	1,797,999	1,632,842	1,665,483
<b>Total Primary Government Expenses</b>	<b>78,432,248</b>	<b>75,443,746</b>	<b>71,943,734</b>	<b>71,350,767</b>	<b>70,139,565</b>
<b>Program Revenues</b>					
<b>Governmental Activities:</b>					
Charges for Service	200,969	205,253	176,484	-	-
Operating Grants and Contributions	10,462,025	9,675,484	8,637,648	3,008,134	3,116,728
Capital Grants and Contributions	-	-	-	366,705	417,636
<b>Total Governmental Program Revenue</b>	<b>10,662,994</b>	<b>9,880,737</b>	<b>8,814,132</b>	<b>3,374,839</b>	<b>3,534,364</b>
<b>Business-type Activities</b>					
Charges for Service	714,040	752,780	723,032	768,217	818,847
Operating Grants and Contributions	1,075,411	1,016,523	1,032,266	913,337	944,545
<b>Total Business-type Program Revenues</b>	<b>1,789,451</b>	<b>1,769,303</b>	<b>1,755,298</b>	<b>1,681,554</b>	<b>1,763,392</b>
<b>Total Primary Government Program Revenues</b>	<b>12,452,445</b>	<b>11,650,040</b>	<b>10,569,430</b>	<b>5,056,393</b>	<b>5,297,756</b>
<b>Net Revenues (Expenses)</b>					
Governmental Activities	(65,943,784)	(63,781,461)	(61,331,603)	(66,343,086)	(64,939,718)
Business-type Activities	(36,019)	(12,245)	(42,701)	48,712	97,909
<b>Total Primary Government</b>	<b>\$ (65,979,803)</b>	<b>\$ (63,793,706)</b>	<b>\$ (61,374,304)</b>	<b>\$ (66,294,374)</b>	<b>\$ (64,841,809)</b>

Source: District Audited Financial Statements

# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Changes in Net Position-continued Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2021	2020	2019	2018	2017
<b>Net Revenues (Expenses)</b>					
Governmental Activities	\$ (64,144,621)	\$ (66,844,495)	\$ (68,456,357)	\$ (67,328,707)	\$ (67,604,174)
Business-Type Activities	41,786	(26,520)	(31,240)	(36,699)	(69,930)
<b>Total Primary Government</b>	<b>(64,102,835)</b>	<b>(66,871,015)</b>	<b>(68,487,597)</b>	<b>(67,365,406)</b>	<b>(67,674,104)</b>
<b>GENERAL REVENUES</b>					
<b>Governmental Activities</b>					
Taxes:					
Property Taxes Levied for General Purposes, net	63,341,726	61,952,996	60,487,878	58,782,626	57,336,108
Public Utility Realty, Earned Income & Mercantile Taxes Levied for General Purposes, net	7,177,382	5,194,529	5,766,195	5,548,666	5,789,265
Grants, Subsidies, & Contributions Not Restricted	7,407,361	7,405,840	7,237,240	7,088,002	7,010,842
Investment Earnings	34,724	840,354	1,013,328	549,069	177,099
Miscellaneous Income	168,735	214,233	210,179	158,670	263,309
<b>Total Government Activities</b>	<b>78,129,928</b>	<b>75,607,952</b>	<b>74,714,820</b>	<b>72,127,033</b>	<b>70,576,623</b>
<b>Business-type Activities</b>					
Investment Earnings	-	9,698	18,619	11,063	5,007
<b>Total Business-type Activities</b>	<b>-</b>	<b>9,698</b>	<b>18,619</b>	<b>11,063</b>	<b>5,007</b>
<b>Total Primary Government</b>	<b>78,129,928</b>	<b>75,617,650</b>	<b>74,733,439</b>	<b>72,138,096</b>	<b>70,581,630</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>					
Governmental Activities	13,985,307	8,763,457	6,258,463	4,798,326	2,972,449
Business-type Activities	41,786	(16,822)	(12,621)	(25,636)	(64,923)
<b>Other Financing Sources (Uses)</b>					
Governmental Activities-Transfers Out	-	(26,729)	-	-	-
Business-type Activities-Transfers In	-	26,729	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>					
Governmental Activities	13,985,307	8,736,728	6,258,463	4,798,326	2,972,449
Business-type Activities	41,786	9,907	(12,621)	(25,636)	(64,923)
<b>Total Primary Government</b>	<b>\$ 14,027,093</b>	<b>\$ 8,746,635</b>	<b>\$ 6,245,842</b>	<b>\$ 4,772,690</b>	<b>\$ 2,907,526</b>

Source: District Audited Financial Statements

# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Changes in Net Position-continued Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2016	2015	2014	2013	2012
<b>Net Revenues (Expenses)</b>					
Governmental Activities	\$ (65,943,784)	\$ (63,781,461)	\$ (61,331,603)	\$ (66,343,086)	\$ (64,939,718)
Business-Type Activities	(36,019)	(12,245)	(42,701)	48,712	97,909
<b>Total Primary Government</b>	<b>(65,979,803)</b>	<b>(63,793,706)</b>	<b>(61,374,304)</b>	<b>(66,294,374)</b>	<b>(64,841,809)</b>
<b>GENERAL REVENUES</b>					
<b>Governmental Activities</b>					
Taxes:					
Property Taxes Levied for General Purposes, net	56,516,864	54,590,123	53,427,263	52,137,413	50,789,517
Public Utility Realty, Earned Income & Mercantile Taxes Levied for General Purposes, net	5,475,062	4,902,057	4,935,324	4,614,053	3,841,949
Grants, Subsidies, & Contributions Not Restricted	6,714,900	6,494,554	6,509,788	11,061,864	10,671,410
Investment Earnings	100,433	52,014	103,203	71,589	96,483
Miscellaneous Income	297,469	272,430	250,180	408,339	364,416
<b>Total Government Activities</b>	<b>69,104,728</b>	<b>66,311,178</b>	<b>65,225,758</b>	<b>68,293,258</b>	<b>65,763,775</b>
<b>Business-type Activities</b>					
Investment Earnings	1,861	815	750	636	506
<b>Total Business-type Activities</b>	<b>1,861</b>	<b>815</b>	<b>750</b>	<b>636</b>	<b>506</b>
<b>Total Primary Government</b>	<b>69,106,589</b>	<b>66,311,993</b>	<b>65,226,508</b>	<b>68,293,894</b>	<b>65,764,281</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>					
Governmental Activities	3,160,944	2,529,717	3,894,155	1,950,172	824,057
Business-type Activities	(34,158)	(11,430)	(41,951)	49,348	98,415
<b>Other Financing Sources (Uses)</b>					
Governmental Activities-Transfers Out	(4,924)	-	(8,843)	-	(400,000)
Business-type Activities-Transfers In	4,924	-	8,843	-	400,000
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>					
Governmental Activities	3,156,020	2,529,717	3,885,312	1,950,172	424,057
Business-type Activities	(29,234)	(11,430)	(33,108)	49,348	498,415
<b>Total Primary Government</b>	<b>\$ 3,126,786</b>	<b>\$ 2,518,287</b>	<b>\$ 3,852,204</b>	<b>\$ 1,999,520</b>	<b>\$ 922,472</b>

Source: District Audited Financial Statements

# **KENNETT CONSOLIDATED SCHOOL DISTRICT**

## **Governmental Funds – Fund Balance Last Ten Fiscal Years (Modified accrual basis of accounting)**

	Fiscal Year Ending June 30,				
	2021	2020	2019	2018	2017
<b>General Fund</b>					
Nonspendable	\$ 11,323	\$ 22,792	\$ 11,564	\$ 7,586	\$ 52,578
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	7,207,585	7,033,210	7,044,804	6,888,627	6,710,812
<b>Total General Fund</b>	<b>\$ 7,218,908</b>	<b>\$ 7,056,002</b>	<b>\$ 7,056,368</b>	<b>\$ 6,896,213</b>	<b>\$ 6,763,390</b>
<b>All Other Governmental Funds</b>					
Capital Projects					
Restricted	\$ 21,797,368	\$ 14,762,937	\$ 11,014,624	\$ 9,233,980	\$ 6,426,725
<b>Total All Other Governmental Funds</b>	<b>\$ 21,797,368</b>	<b>\$ 14,762,937</b>	<b>\$ 11,014,624</b>	<b>\$ 9,233,980</b>	<b>\$ 6,426,725</b>

Source: District Audited Financial Statements

# **KENNETT CONSOLIDATED SCHOOL DISTRICT**

## **Governmental Funds – Fund Balance - continued** **Last Ten Fiscal Years** **(Modified accrual basis of accounting)**

	Fiscal Year Ending June 30,				
	2016	2015	2014	2013	2012
<b>General Fund</b>					
Nonspendable	\$ 22,038	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	764,933	764,933
Committed	-	-	-	778,000	778,000
Unassigned	6,496,902	6,311,786	6,071,743	4,368,626	3,702,545
<b>Total General Fund</b>	<b>\$ 6,518,940</b>	<b>\$ 6,311,786</b>	<b>\$ 6,071,743</b>	<b>\$ 5,911,559</b>	<b>\$ 5,245,478</b>
<b>All Other Governmental Funds</b>					
Capital Projects					
Restricted	\$ 8,474,047	\$ 8,912,438	\$ 9,471,432	\$ 8,395,347	\$ 8,781,072
<b>Total All Other Governmental Funds</b>	<b>\$ 8,474,047</b>	<b>\$ 8,912,438</b>	<b>\$ 9,471,432</b>	<b>\$ 8,395,347</b>	<b>\$ 8,781,072</b>

Source: District Audited Financial Statements



# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Governmental Funds – Changes in Fund Balance Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2021	2020	2019	2018	2017
<b>REVENUES:</b>					
Local Sources	\$ 70,959,482	\$ 68,135,833	\$ 68,086,375	\$ 65,350,648	\$ 63,857,789
State Sources	18,246,339	18,292,080	17,844,931	17,382,556	16,734,075
Federal Sources	3,434,935	1,929,393	1,674,233	1,648,557	1,558,249
<b>TOTAL REVENUES</b>	<b>92,640,756</b>	<b>88,357,306</b>	<b>87,605,539</b>	<b>84,381,761</b>	<b>82,150,113</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Instruction	47,409,087	47,470,067	48,981,965	47,215,650	48,798,636
Support Services	27,107,618	24,819,143	26,437,352	24,822,962	23,990,869
Operation of Non-Instructional Services	1,285,333	1,525,931	1,524,325	1,403,425	1,439,536
<b>Total Current Expenditures</b>	<b>75,802,038</b>	<b>73,815,141</b>	<b>76,943,642</b>	<b>73,442,037</b>	<b>74,229,041</b>
<b>Capital Outlay</b>					
Facilities Acq, Construction & Imprvmnt Servs	2,475,778	3,249,952	1,841,714	863,115	2,370,355
<b>Total Capital Outlay</b>	<b>2,475,778</b>	<b>3,249,952</b>	<b>1,841,714</b>	<b>863,115</b>	<b>2,370,355</b>
<b>Debt Services</b>					
Principal	6,040,000	6,015,000	5,975,000	5,790,000	5,675,000
Interest and Fiscal Charges	1,237,687	1,506,737	1,163,003	1,546,199	1,678,589
<b>Total Debt Service</b>	<b>7,277,687</b>	<b>7,521,737</b>	<b>7,138,003</b>	<b>7,336,199</b>	<b>7,353,589</b>
<b>TOTAL EXPENDITURES</b>	<b>85,555,503</b>	<b>84,586,830</b>	<b>85,923,359</b>	<b>81,641,351</b>	<b>83,952,985</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>7,085,253</b>	<b>3,770,476</b>	<b>1,682,180</b>	<b>2,740,410</b>	<b>(1,802,872)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of Refunding Debt	10,000,000	-	19,785,000	11,425,000	-
Issuance of Bond Proceeds	-	-	-	-	-
Payment to Refunded Debt Escrow	(9,894,099)	-	(20,376,515)	(12,166,894)	-
Bond Discount	-	-	-	-	-
Bond Premium	-	-	842,574	934,662	-
Refund of Prior Year Revenues	(2,142)	-	-	-	-
Sale of Capital Assets	8,325	4,200	7,560	6,900	-
Transfers In	9,372,732	6,596,054	3,393,081	3,485,877	299,498
Transfers Out	(9,372,732)	(6,622,783)	(3,393,081)	(3,485,877)	(299,498)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>112,084</b>	<b>(22,529)</b>	<b>258,619</b>	<b>199,668</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 7,197,337</b>	<b>\$ 3,747,947</b>	<b>\$ 1,940,799</b>	<b>\$ 2,940,078</b>	<b>\$ (1,802,872)</b>
Debt Service as a percentage of noncapital expenditures	8.96%	9.18%	8.43%	9.10%	9.10%

Source: District Audited Financial Statements

# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Governmental Funds – Changes in Fund Balance - continued Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2016	2015	2014	2013	2012
<b>REVENUES:</b>					
Local Sources	\$ 62,338,405	\$ 60,070,213	\$58,950,195	\$ 57,000,078	\$ 55,009,082
State Sources	15,655,262	14,759,517	13,471,522	13,126,037	12,856,031
Federal Sources	1,521,663	1,405,253	1,675,914	1,310,666	1,349,743
<b>TOTAL REVENUES</b>	<b>79,515,330</b>	<b>76,234,983</b>	<b>74,097,631</b>	<b>71,436,781</b>	<b>69,214,856</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Instruction	46,141,491	43,645,410	41,173,135	40,604,143	39,388,054
Support Services	23,698,137	22,017,365	21,322,424	21,269,313	21,226,831
Operation of Non Instructional Services	1,265,038	1,224,276	1,297,851	1,103,352	1,101,917
<b>Total Current Expenditures</b>	<b>71,104,666</b>	<b>66,887,051</b>	<b>63,793,410</b>	<b>62,976,808</b>	<b>61,716,802</b>
<b>Capital Outlay</b>					
Facilities Acq, Construction & Imprvmnt Servs	1,438,564	1,829,352	1,361,293	1,727,394	10,268,877
<b>Total Capital Outlay</b>	<b>1,438,564</b>	<b>1,829,352</b>	<b>1,361,293</b>	<b>1,727,394</b>	<b>10,268,877</b>
<b>Debt Services</b>					
Principal	5,600,000	5,695,000	5,395,000	4,055,000	4,870,000
Interest and Fiscal Charges	2,251,193	2,142,531	2,302,816	2,397,223	2,964,370
<b>Total Debt Service</b>	<b>7,851,193</b>	<b>7,837,531</b>	<b>7,697,816</b>	<b>6,452,223</b>	<b>7,834,370</b>
<b>TOTAL EXPENDITURES</b>	<b>80,394,423</b>	<b>76,553,934</b>	<b>72,852,519</b>	<b>71,156,425</b>	<b>79,820,049</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(879,093)</b>	<b>(318,951)</b>	<b>1,245,112</b>	<b>280,356</b>	<b>(10,605,193)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of Refunding Debt	17,795,000	-	-	18,025,000	-
Issuance of Bond Proceeds	-	-	-	-	-
Payment to Refunded Debt Escrow	(17,605,000)	-	-	(18,675,203)	-
Bond Discount	-	-	-	(142,398)	-
Bond Premium	462,780	-	-	792,601	-
Refund of Prior Year Revenues	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-
Transfers In	1,082,595	1,201,675	2,387,477	1,312,377	-
Transfers Out	(1,087,519)	(1,201,675)	(2,396,320)	(1,312,377)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>647,856</b>	<b>-</b>	<b>(8,843)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (231,237)</b>	<b>\$ (318,951)</b>	<b>\$1,236,269</b>	<b>\$ 280,356</b>	<b>\$ (10,605,193)</b>
Debt Service as a percentage of noncapital expenditures	9.92%	10.51%	10.73%	9.26%	11.23%

Source: District Audited Financial Statements

# KENNETT CONSOLIDATED SCHOOL DISTRICT

## General Fund Revenues by Source Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2021	2020	2019	2018	2017
<b>LOCAL SOURCES:</b>					
Real Estate Taxes (Current)	\$ 60,622,360	\$ 59,768,574	\$ 58,419,762	\$ 56,609,086	\$ 55,409,613
Interim Real Estate Taxes	761,053	593,037	468,408	234,855	219,503
Earned Income Taxes (Current)	5,533,174	3,968,816	4,534,772	4,568,266	4,619,000
Transfer Taxes	1,578,951	1,166,477	1,166,938	916,919	1,103,477
Delinquent Taxes	2,001,167	1,372,252	2,032,321	2,071,464	1,727,732
Earnings from Investments	31,232	593,415	814,344	415,193	153,564
Utility Taxes	65,257	59,237	64,485	63,481	66,788
Other Sources	362,796	437,841	477,674	378,662	534,577
Total Local Sources	70,955,990	67,959,649	67,978,704	65,257,926	63,834,254
<b>STATE SOURCES:</b>					
Basic Education	5,949,342	5,949,350	5,798,084	5,651,648	5,553,453
Special Education	1,918,262	1,922,312	1,840,497	1,850,375	1,812,011
Transportation	1,349,456	1,400,222	1,399,877	1,480,781	1,503,572
Rental & Sinking Fund Payments	455,797	500,678	511,954	486,728	438,141
State Property Tax Allocation	1,458,019	1,456,490	1,439,156	1,436,354	1,457,389
Social Security Subsidy	1,168,409	1,159,972	1,141,674	1,102,443	1,082,919
Retirement Subsidy	5,454,572	5,346,630	5,181,277	4,857,630	4,374,018
Other Sources	492,482	556,426	532,412	516,597	512,572
Total State Sources	18,246,339	18,292,080	17,844,931	17,382,556	16,734,075
<b>FEDERAL SOURCES:</b>					
Total Federal Sources	3,434,935	1,929,393	1,674,233	1,648,557	1,558,249
<b>TOTAL REVENUES</b>	<b>\$ 92,637,264</b>	<b>\$ 88,181,122</b>	<b>\$ 87,497,868</b>	<b>\$ 84,289,039</b>	<b>\$ 82,126,578</b>

Source: District Audited Financial Statements

# KENNETT CONSOLIDATED SCHOOL DISTRICT

## General Fund Revenues by Source - continued Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2016	2015	2014	2013	2012
<b>LOCAL SOURCES:</b>					
Real Estate Taxes (Current)	\$ 53,935,825	\$ 52,224,846	\$51,522,506	\$ 50,045,173	\$ 49,127,910
Interim Real Estate Taxes	364,777	293,621	176,233	405,286	198,738
Earned Income Taxes (Current)	4,428,024	4,059,485	4,077,297	3,860,952	3,144,285
Transfer Taxes	979,140	771,018	788,695	710,079	623,290
Delinquent Taxes	1,929,914	2,114,722	1,786,340	1,498,661	1,453,960
Earnings from Investments	81,791	41,794	54,727	42,296	47,642
Utility Taxes	67,897	71,554	69,332	73,021	74,375
Other Sources	532,395	482,954	425,164	335,318	290,041
Total Local Sources	62,319,763	60,059,994	58,900,294	56,970,786	54,960,241
<b>STATE SOURCES:</b>					
Basic Education	5,304,197	5,115,498	5,130,732	4,944,313	4,943,478
Special Education	1,796,196	1,734,045	1,642,179	1,603,930	1,587,547
Transportation	1,477,298	1,388,565	1,386,207	1,404,204	1,529,181
Rental & Sinking Fund Payments	478,304	771,363	458,439	366,705	417,636
State Property Tax Allocation	1,410,703	1,379,058	1,379,054	1,390,637	1,426,523
Social Security Subsidy	1,061,348	1,045,973	994,567	1,087,238	1,127,468
Retirement Subsidy	3,617,746	2,919,016	2,254,194	1,778,637	1,267,580
Other Sources	509,470	405,999	226,150	550,374	556,619
Total State Sources	15,655,262	14,759,517	13,471,522	13,126,037	12,856,031
<b>FEDERAL SOURCES:</b>					
Total Federal Sources	1,521,663	1,405,253	1,675,914	1,310,665	1,349,743
<b>TOTAL REVENUES</b>	<b>\$ 79,496,688</b>	<b>\$ 76,224,764</b>	<b>\$74,047,730</b>	<b>\$ 71,407,488</b>	<b>\$ 69,166,015</b>

Source: District Audited Financial Statements

## KENNETT CONSOLIDATED SCHOOL DISTRICT

### Assessed Value Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2021	2020	2019	2018	2017
Residential Property	\$1,564,051,010	\$1,555,707,760	\$1,549,756,500	\$1,547,412,240	\$1,542,272,560
Industrial Property	33,518,000	33,162,050	32,979,190	33,019,010	32,579,470
Commercial Property	413,157,462	406,117,312	402,078,022	397,228,732	398,841,950
Agricultural Property	39,401,706	38,763,806	39,833,636	41,330,496	41,094,585
Mobile Homes	2,480,990	2,465,680	2,474,310	2,425,870	2,506,190
Direct Tax Rate	31.4852	30.9497	30.4479	29.8789	29.2408
Total Taxable Assessed Property	\$2,052,609,168	\$2,036,216,608	\$2,027,121,658	\$2,021,416,348	\$2,017,294,755
Common Level Ratio*	45.00	47.00	49.30	51.30	53.00
Total Fair Market Value*	\$4,561,353,707	\$4,332,375,762	\$4,111,808,637	\$3,940,382,745	\$3,806,216,519

\*The fair market value of the taxable assessed property is calculated using the Common Level Ratio determined by the State Tax Equalization Board. Under Act 267 of 1982, this Board is required to establish a common level ratio of assessed value to market value using a statistically-acceptable technique to make the methodology for computing ratios public, and to certify the ratio of the chief assessor of each county each year.

Source of data: Chester County Assessment Office

Note: Effective June 30, 2007 – Pennsylvania law has imposed restrictions on a district's ability to increase tax rates. The State restricts increases to tax rates to no more than a pre-calculated index. A district may apply for exceptions to the State in order to increase the tax rate above the index.

# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Assessed Value - continued Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2016	2015	2014	2013	2012
Residential Property	\$1,530,444,750	\$1,532,123,690	\$1,536,068,450	\$1,549,025,370	\$1,573,914,954
Industrial Property	33,933,490	34,425,310	34,484,150	32,350,820	32,253,820
Commercial Property	396,376,580	391,897,340	385,430,490	383,308,460	382,069,990
Agricultural Property	44,867,975	42,257,345	41,547,780	42,323,150	44,506,250
Mobile Homes	2,428,990	2,390,100	2,347,390	2,368,440	2,366,750
Direct Tax Rate	28.6017	27.9406	27.4520	26.7303	25.7293
Total Taxable Assessed Property	\$2,008,051,785	\$2,003,093,785	\$1,999,878,260	\$2,009,376,240	\$2,035,111,764
Common Level Ratio*	53.80	55.40	57.70	60.20	58.52
Total Fair Market Value*	\$3,732,438,262	\$3,615,692,753	\$3,465,993,518	\$3,337,834,286	\$3,477,634,593

\*The fair market value of the taxable assessed property is calculated using the Common Level Ratio determined by the State Tax Equalization Board. Under Act 267 of 1982, this Board is required to establish a common level ratio of assessed value to market value using a statistically-acceptable technique to make the methodology for computing ratios public, and to certify the ratio of the chief assessor of each county each year.

Source of data: Chester County Assessment Office

Note: Effective June 30, 2007 – Pennsylvania law has imposed restrictions on a district's ability to increase tax rates. The State restricts increases to tax rates to no more than a pre-calculated index. A district may apply for exceptions with the State in order to increase the tax rate above the index.

## KENNETT CONSOLIDATED SCHOOL DISTRICT

### Property Tax Rates Direct and Overlapping Governments Last Ten Years (Unaudited)

Year	Kennett Consolidated School District			County	New Garden Township	Kennett Township	East Marlborough Township	Kennett Boro	Total
	Millage for Debt Service	Millage for General Purposes	Direct Millage Rate						
2021	3.6742	27.8110	31.4852	4.3690	1.7200	2.3000	1.0500	6.7500	47.6742
2020	3.8439	27.1058	30.9497	4.3690	1.7200	2.3000	2.1830	6.7500	48.2717
2019	3.6605	26.7874	30.4479	4.3690	1.7200	2.3000	2.1830	6.7500	47.7699
2018	3.7609	26.1180	29.8789	4.3690	1.7200	2.1000	2.1830	6.3500	46.6009
2017	3.7775	25.4633	29.2408	4.3690	1.6200	0.2000	2.1830	6.3500	43.9628
2016	4.0517	24.5500	28.6017	4.1630	1.6200	0.2000	2.1830	6.3500	43.1177
2015	4.0546	23.8860	27.9406	4.1630	1.6200	0.2000	2.0830	5.3500	41.3566
2014	3.9887	23.4633	27.4520	4.1630	1.6200	0.2000	1.9330	5.3500	40.7180
2013	3.3275	23.4028	26.7303	3.9650	0.7500	0.4000	1.7330	4.8500	38.4283
2012	3.9687	21.7606	25.7293	3.9650	0.7500	0.6000	1.4330	4.8500	37.3273

County and Townships operate on a calendar year – District operates on a Fiscal Year and information for District based on year ending June 30<sup>th</sup>.

Property tax component for all rates listed is real estate.

Source of data: Chester County Assessment Office

# **KENNETT CONSOLIDATED SCHOOL DISTRICT**

## **Ten Principal Taxpayers** **Current Year and Nine Years Ago** *(Unaudited)*

		July 1, 2020			July 1, 2011		
Name	Type of Property	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value (1)	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value (2)
Kendal Crosslands Community	Retirement Community	\$27,900,290	1	1.36%	\$21,991,300	1	1.08%
Kennett Exc Limited	Commercial Offices	19,059,480	2	0.93%	19,059,480	2	0.94%
East Marlboro Associates	Retail Shopping Center	11,382,980	3	0.55%	11,382,980	3	0.56%
State Street Associates	Professional Offices	11,329,460	4	0.55%	11,329,460	4	0.56%
Marlborough Associates	Retail Shopping Center	10,155,200	5	0.49%	7,153,220	7	0.35%
Modern Mushroom Farms, Inc.	Agriculture	8,446,170	6	0.41%	8,214,770	5	0.40%
Kennett Center LP	Professional Offices	7,597,700	7	0.37%	7,597,700	6	0.37%
350 Scarlet Group	Retail Shopping Center	6,534,970	8	0.32%	6,534,970	9	0.32%
Turks Head Health Services	Professional Offices	5,643,640	9	0.27%	5,643,640	10	0.28%
Chatham Financial Corp.	Commercial Offices	5,520,220	10	0.27%	6,552,980	8	0.32%
		<u>\$113,570,110</u>		<u>5.53%</u>	<u>\$105,460,500</u>		<u>5.18%</u>

Source of data: Chester County Assessment Office

(1) District's Total Taxable Value - 2020-2021	\$2,052,609,168
(2) District's Total Taxable Value - 2011-2012	\$2,035,111,764



# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Property Tax Levies and Collections Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30,	Year of the Levy			Collections in Subsequent Years	Total Collections to Date	
	Total Tax Levy for Fiscal Year (1)	Current Amount (2)	% of Levy		Amount	Percentage of Levy
2021	\$63,168,791	\$60,622,360	95.97%	(3)	\$60,622,360	95.97%
2020	61,563,803	59,768,574	97.08%	836,811	60,605,385	98.44%
2019	60,282,442	58,419,762	96.91%	1,704,059	60,123,821	99.74%
2018	58,961,343	56,609,086	96.01%	2,328,597	58,937,683	99.96%
2017	57,529,923	55,409,613	96.31%	2,108,923	57,518,536	99.98%
2016	56,022,992	53,935,825	96.27%	2,080,863	56,016,688	99.99%
2015	54,588,884	52,224,846	95.67%	2,363,169	54,588,015	100.00%
2014	53,521,604	51,522,506	96.26%	1,998,249	53,520,755	100.00%
2013	52,320,593	50,045,173	95.65%	2,274,586	52,319,759	100.00%
2012	50,971,364	49,127,910	96.38%	1,843,454	50,971,364	100.00%

(1) Beginning in 2008-2009, the amount of the Levy is reduced by the amount of the Homestead/Farmstead exemptions. The Levy shown excludes the amount payable from the Property Tax and Rent Rebate Program funded pursuant to Act 1 of the Commonwealth. The District's state property tax reduction allocation for fiscal 2020-2021 was \$1,458,019.

(2) Does not include delinquent or interim taxes collected.

(3) Collections in subsequent years not yet available for fiscal year ended June 30, 2021.

Source: School District's records.

# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Governmental Funds – Most Significant Own-Source Revenues Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30,	Property Tax Millage Rate	Current Property Taxes	Other Taxes (1)	Other Revenue (2)	Total
2021	31.4852	\$ 60,622,360	\$ 9,874,345	\$ 459,285	\$ 70,955,990
2020	30.9497	59,768,574	7,100,582	1,090,494	67,959,649
2019	30.4479	58,419,792	8,202,439	1,356,473	67,978,704
2018	29.8789	56,609,086	7,791,504	857,336	65,257,926
2017	29.2408	55,409,513	7,669,712	755,029	63,834,254
2016	28.6017	53,935,825	7,701,855	682,083	62,319,763
2015	27.9406	52,224,846	7,238,846	596,302	60,059,994
2014	27.4520	51,522,506	6,828,565	549,223	58,900,294
2013	26.7303	50,045,173	6,474,978	450,635	56,970,786
2012	25.7293	49,127,910	5,420,273	412,058	54,960,241

(1) Other taxes include delinquent, transfer, interim and earned income.

(2) Other income includes tuition, facility usage, interest and miscellaneous income.

Source: District's records

# **KENNETT CONSOLIDATED SCHOOL DISTRICT**

## **Gross Principal Debt Outstanding** (Unaudited)

Fiscal Year Ending June 30	General Obligation Bonds Series of 2018	General Obligation Bonds Series of 2018A	General Obligation Bonds Series of 2018AA	General Obligation Bonds Series of 2020	Total Debt Outstanding
2022	425,000	5,000	4,830,000	1,256,000	6,516,000
2023	450,000	5,000	5,070,000	1,201,000	6,726,000
2024	585,000	2,640,000	3,405,000	72,000	6,702,000
2025	675,000	4,195,000	-	2,140,000	7,010,000
2026	-	-	-	3,646,000	3,646,000
2027	1,185,000	-	-	-	1,185,000
	\$ 3,320,000	\$ 6,845,000	\$ 13,305,000	\$ 8,315,000	\$ 31,785,000

## **SCHEDULED YEARLY PAYMENTS**

Fiscal Year Ending June 30	General Obligation Bonds Series of 2018	General Obligation Bonds Series of 2018A	General Obligation Bonds Series of 2018AA	General Obligation Bonds Series of 2020	Total Debt Payments
2022	533,513	306,595	5,327,525	1,335,945	7,503,578
2023	547,575	306,483	5,383,075	1,268,168	7,505,301
2024	668,175	2,892,788	3,534,100	132,549	7,227,612
2025	735,900	4,297,075	-	2,189,046	7,222,021
2026	610,900	-	-	3,664,959	4,275,859
2027	622,200	-	-	-	622,200
	\$ 3,718,263	\$ 7,802,941	\$ 14,244,700	\$ 8,590,667	\$ 34,356,571

Note: Debt is all governmental activities. There is no revenue-based debt. All debt is General Obligation Bonds.

Source: District's records

# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita, Per Pupil and Personal Income Last Ten Fiscal Years (Unaudited)

Fiscal Year	Assessed Value (1)	General Obligation Bonds Outstanding	Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Population (2)	Net Bonded Debt Per Capita	Personal Income (3)	Ratio of Net Bonded Debt to Personal Income	Student Enrollment (4)	Net Bonded Debt per Student
2020-21	2,052,609,168	32,831,195	-	32,831,195	1.60%	27,488	1,194	N/A	N/A	4,012	8,183
2019-20	2,036,216,608	39,072,674	-	39,072,674	1.92%	27,089	1,442	N/A	N/A	4,156	9,402
2018-19	2,027,121,658	45,387,932	-	45,387,932	2.24%	27,089	1,676	1,050,640,465	4.32%	4,145	10,950
2017-18	2,021,416,348	51,070,956	-	51,070,956	2.53%	27,089	1,885	998,584,842	5.11%	4,176	12,230
2016-17	2,017,294,755	56,817,781	-	56,817,781	2.82%	27,089	2,097	909,148,281	6.25%	4,150	13,691
2015-16	2,008,051,785	62,664,921	-	62,664,921	3.12%	27,089	2,313	970,572,014	6.46%	4,172	15,020
2014-15	2,003,093,785	68,134,790	-	68,134,790	3.40%	27,089	2,515	968,091,475	7.04%	4,207	16,196
2013-14	1,999,878,260	73,957,662	-	73,957,662	3.70%	27,089	2,730	873,016,872	8.47%	4,236	17,459
2012-13	2,009,376,240	78,625,000	-	78,625,000	3.91%	27,089	2,902	845,009,004	9.30%	4,281	18,366
2011-12	2,035,111,764	82,830,000	-	82,830,000	4.07%	27,089	3,058	838,963,157	9.87%	4,276	19,371

### Sources:

- (1) Chester County Board of Assessment Appeals, West Chester, PA.
- (2) 2011-2012 to 2019-2020 fiscal years based on results of 2010 U.S. Census. 2020-2021 fiscal year based on results of 2020 U.S. Census.
- (3) Pennsylvania Department of Education; Years 2019-2020 and 2020-2021 not yet available.
- (4) October enrollment for the fiscal year noted.

# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Schedule of Direct and Overlapping Debt

June 30, 2021

(Unaudited)

Name of Governmental Unit	Gross Debt Outstanding	Percentage Applicable to Governmental Unit	Net Share of Debt
<b>Direct Debt:</b>			
Kennett Consolidated School District (3)	\$ 32,831,195	100%	\$ 32,831,195
<b>Overlapping Debt:</b>			
East Marlborough Township (2)(4)	5,815,000	26%	1,504,341
New Garden Township (2)(4)	-	100%	-
Borough of Kennett Square (2)(4)	10,490,000	100%	10,490,000
Chester County (1)(2)(4)	<u>572,384,689</u>	<u>5.26%</u>	<u>30,107,435</u>
Total Overlapping Debt	588,689,689	7.15%	42,101,775
<b>Total Direct and Overlapping Debt</b>	<u>\$ 621,520,884</u>	<u>12.06%</u>	<u>\$ 74,932,970</u>

### Method/Computation/Definitions:

- Gross Direct Debt is the total debt of the District, the municipalities that are within the District's boundaries and the County within which the District lies.
- Overlapping Debt is the proportionate share of the debt of local governments located wholly or in part within the limits of the reporting government that must be borne by property within each government. The amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction.
- The direct debt ratios are computed by applying the District's direct debt only.
- The direct and overlapping ratios are computed by applying the net share of direct and overlapping debt.
  - The District's proportionate share of debt (5.26%) is based on Kennett Consolidated School District's assessed value of \$2,052,609,168 as a percentage of Chester County's assessed value of \$39,020,302,826.
  - As of December 31, 2020
  - As of June 30, 2021
  - Data Source: Chester County Comprehensive Annual Financial Report, 2020
- There is no other debt for which the Kennett Consolidated School District is legally responsible.

**Sources:** School District's Annual Financial Reports and Chester County Comptroller's Office.

# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Computation of Nonelectoral Debt Margin Past Ten Years (Unaudited)

	2021	2020	2019	2018	2017
<b>Total Nonelectoral Debt Limit</b>	\$ 200,351,004	\$ 194,133,560	\$ 189,525,060	\$ 183,457,176	\$ 177,094,319
<b>Less: Amount of Debt Applicable to Debt Limit</b>	32,831,195	39,072,674	45,387,932	51,070,956	56,817,781
<b>Total Debt Margin</b>	\$ 167,519,809	\$ 155,060,886	\$ 144,137,128	\$ 132,386,220	\$ 120,276,538
<b>Total Debt Margin Percentage</b>	83.61%	79.87%	76.05%	72.16%	67.92%

Formula for Debt Limit	For the Period Ended June 30,		
	2019 Audited	2020 Audited	2021 Audited
Total Revenues	\$ 87,605,539	\$ 88,356,806	\$ 92,640,756
Less: Required Deductions if Included in Total Revenues			
a. Rental & Sinking Fund Reimbursement	511,954	500,678	455,797
b. Sale of Property & Nonrecurring Items	-	-	-
Net Revenue	\$ 87,093,585	\$ 87,856,128	\$ 92,184,959
Total Net Revenues for Three Years			267,134,672
Borrowing Base - Average Net Revenues for Three			89,044,891
<b>Calculation of Remaining Borrowing Capacity</b>			
1. Net Non-Electoral Debt and Lease Rental Debt			-
Borrowing Capacity			
(a) Debt Limitation - 225% of Borrowing Base			200,351,004
(b) Less: Net Non-electoral and Lease Rental Debt			32,831,195
(c) Current Debt Margin			\$ 167,519,809
Total Debt Margin Percentage			83.61%

## NOTE

Act 50 of 1998 amends various provisions pertaining to municipal borrowing in the Local Government Unit Debt Act (Act 52 of 1978, re-enacting and amending Act 185 of 1972). Among other things, section 5 of Act 50 lowers the permitted debt, which may be incurred by school districts. Effective 7/4/98, the new limit is 225% of the school district's borrowing base. The "Debt Act" is administered by the Pennsylvania Department of Community and Economic Development.

Source: District's records

## KENNETT CONSOLIDATED SCHOOL DISTRICT

Computation of Nonelectoral Debt Margin - continued  
Past Ten Years  
(Unaudited)

	2016	2015	2014	2013	2012
Total Nonelectoral Debt Limit	\$ 171,020,339	\$ 165,062,606	\$ 160,033,841	\$ 156,313,901	\$ 153,681,847
Less: Amount of Debt Applicable to Debt Limit	62,664,921	68,134,790	73,957,662	78,625,000	82,830,000
Total Debt Margin	\$ 108,355,418	\$ 96,927,816	\$ 86,076,179	\$ 77,688,901	\$ 70,851,847
Total Debt Margin Percentage	63.36%	58.72%	53.79%	49.70%	46.10%

### NOTE

Act 50 of 1998 amends various provisions pertaining to municipal borrowing in the Local Government Unit Debt Act (Act 52 of 1978, re-enacting and amending Act 185 of 1972). Among other things, section 5 of Act 50 lowers the permitted debt, which may be incurred by school districts. Effective 7/4/98, the new limit is 225% of the school district's borrowing base. The "Debt Act" is administered by the Pennsylvania Department of Community and Economic Development.

Source: District's records

## KENNETT CONSOLIDATED SCHOOL DISTRICT

### Demographic and Economic Statistics

(Unaudited)

Fiscal Year Ended June 30,	Kennett Consolidated School District Population (1)	Kennett Consolidated School District Personal Income (2)	Kennett Consolidated School District Per Capita Personal Income	School Enrollment (3)	Chester County Estimated Population (4)	Pennsylvania Estimated Population (4)	Chester County Per Capita Income (5)	Pennsylvania Per Capita Personal Income (4)	Chester County Unemployment Rate (6)	Pennsylvania Unemployment Rate (6)
2021	27,488	1,050,640,465	38,222	4,012	N/A	N/A	N/A	N/A	N/A	N/A
2020	27,488	1,050,640,465	38,222	4,156	534,413	13,002,700	N/A	34,352	6.6%	7.1%
2019	27,089	1,050,640,465	38,785	4,145	524,989	12,801,989	87,557	35,804	3.0%	4.1%
2018	27,089	998,584,842	36,863	4,176	522,046	12,807,060	82,846	32,889	3.1%	3.8%
2017	27,089	909,148,281	33,562	4,150	519,293	12,805,537	77,465	31,476	3.5%	4.2%
2016	27,089	970,572,014	35,829	4,172	516,312	12,783,977	75,281	30,137	3.9%	5.4%
2015	27,089	968,091,475	35,737	4,207	515,939	12,802,503	73,803	29,291	3.7%	5.3%
2014	27,089	873,016,872	32,228	4,236	512,784	12,787,209	71,971	29,220	4.3%	5.7%
2013	27,089	845,009,004	31,194	4,281	509,468	12,773,801	66,136	29,116	5.8%	7.4%
2012	27,089	838,963,157	30,971	4,276	506,190	12,764,475	63,741	28,639	6.0%	8.1%

#### Data Sources:

(1) U. S. Census Bureau, 2021 information currently not available, 2020 data used as estimate.

(2) Pennsylvania Department of Education, Data for years 2020 and 2021 not yet available - 2019 data used as estimate.

(3) Based on the school district census at the start of the school year.

(4) U. S. Census Bureau, 2021 information currently not available.

(5) Chester County Annual Financial Report 2020, Data for years 2020 and 2021 not yet available.

(6) U. S. Department of Labor, Bureau of Labor Statistics, 2021 information currently not available.



# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Principal Employers Current Year and Nine Years Ago *Unaudited*

Employer	Rank	2020		Rank	2011	
		Employees	Percentage of Labor Force		Employees	Percentage of Labor Force
Kaolin Mushroom Farms Inc.	1	987	0.36%	1	1,661	0.63%
GHC Payroll LLC (Genesis Health Care)	2	641	0.23%	4	761	0.29%
Kennett Consolidated School District	3	482	0.17%	2	1,054	0.40%
Chatham Financial	4	430	0.16%			
Giant Food Stores	5	380	0.14%			
Exelon Generation Co LLC	6	379	0.14%	6	663	0.25%
Kendal-Crosslands Communities	7	317	0.11%			
YMCA of the Brandywine Valley	8	279	0.10%			
To-Jo Mushrooms Inc	9	255	0.09%			
The Tri-M Group LLC	10	241	0.09%			
George Krapf Jr. & Sons				3	906	0.34%
Sears				5	733	0.28%
W.L. Gore & Associates				7	532	0.20%
Walmart				8	506	0.19%
C & C Carriage Mushroom Co.				9	438	0.17%
Exelon Business Services				10	436	0.17%
Total		4,391	1.59%		7,690	2.92%
Chester County Labor Force 2020 (average)	277,025					
Chester County Labor Force 2011 (average)	263,242					

Source - Keystone Collections Group

Percentage of Labor Force is based on Chester County average labor force per Chester County Comprehensive Annual Financial Report, 2020.

**KENNETT CONSOLIDATED SCHOOL DISTRICT****Building Construction**  
**Last Ten Calendar Years**  
*(Unaudited)*

<b>Calendar Year</b>	<b>Number of Permits</b>	<b>Commercial</b>	<b>Residential</b>	<b>Total</b>
2021	148	\$49,013,030	\$23,497,030	\$72,510,060
2020	97	3,383,720	12,332,320	15,716,040
2019	83	3,216,310	10,474,360	13,690,670
2018	63	7,452,340	11,517,700	18,970,040
2017	35	5,220,870	6,739,470	11,960,340
2016	60	657,180	11,259,050	11,916,230
2015	77	3,432,710	16,957,340	20,390,050
2014	32	3,799,060	4,747,240	8,546,300
2013	36	8,105,480	4,505,670	12,611,150
2012	45	26,536,010	6,391,310	32,927,320

\*Source: Chester County Board of Assessments. Calendar year 2021 is as of November 2021.

# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Cost per Pupil for Expenditures and Other Financing Uses Last Ten Fiscal Years

*Unaudited*

<b>Fiscal Year Ending June 30,</b>	<b>Total Current Expenditures</b>	<b>Student Enrollment</b>	<b>Current Expenditures Per Pupil</b>	<b>Total Expenditures</b>	<b>Total Expenditures Per Pupil</b>
2021	\$75,802,038	4,012	\$18,894	\$83,079,725	\$20,708
2020	73,815,141	4,156	17,761	81,336,878	19,571
2019	76,943,642	4,145	18,563	84,081,645	20,285
2018	73,442,037	4,176	17,587	80,778,236	19,343
2017	74,229,041	4,150	17,887	81,582,630	19,658
2016	71,104,666	4,172	17,043	78,955,859	18,925
2015	66,887,051	4,207	15,899	74,724,582	17,762
2014	63,793,410	4,236	15,060	71,491,226	16,877
2013	62,976,808	4,281	14,711	69,429,031	16,218
2012	61,716,802	4,276	14,433	69,551,172	16,265

### Notes:

1. Total current expenditures consist of expenditures related to instruction, instructional support, administrative and financial support services, operation and maintenance of facilities, student activities and pupil transportation.
2. Total expenditures includes all the items in current expenditures plus debt service.
3. Student enrollment is from the Public School Enrollment report published by the Pennsylvania Department of Education as of October 1.

Source: District's records

# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Personnel Distribution by Function – Full Time Equivalent Employees June 30, 2021 (Unaudited)

Program	Regular Education 1100	Special Education 1200	Pupil Services 2100	Instructional Services 2200	Admin Services 2300	Health Services 2400	Business Office 2500	Maintenance 2600	Transportation 2700	Central Services 2800	Food Services 3100	Student Activities 3200	Total
<b>Administrators</b>													
-Educational				2.00	13.00								15.00
-Support			1.00	2.00			2.00	1.00	1.00	2.00		1.00	10.00
<b>Teachers</b>													
-Elementary	133.00	13.00											146.00
-Secondary	136.00	23.00											159.00
<b>Specialists</b>													
-Library				5.00									5.00
-Psychologist			4.00										4.00
-Guidance			11.00										11.00
-Social Workers			3.00										3.00
-Coordinator		1.00											1.00
-Speech		2.00											2.00
-Nurses						5.00							5.00
<b>Support Staff</b>													
-Supervisor								1.00		1.00	5.00		7.00
-Secretarial			2.00	2.00	9.50		1.00	1.00	1.00		0.50		17.00
-Clerical			2.00	3.00	4.00		3.00			1.00		1.00	14.00
-Custodial								34.00					34.00
-Maintenance								6.00					6.00
-Nurse Assistant						3.00							3.00
-Technology										5.00			5.00
-Therapist		1.00											1.00
<b>Function Total</b>	<b>269.00</b>	<b>40.00</b>	<b>23.00</b>	<b>14.00</b>	<b>26.50</b>	<b>8.00</b>	<b>6.00</b>	<b>43.00</b>	<b>2.00</b>	<b>9.00</b>	<b>5.50</b>	<b>2.00</b>	<b>448.00</b>

Source of Data: District's Records

# KENNETT CONSOLIDATED SCHOOL DISTRICT

## Salary Data for Classroom Teachers & Specialists As of June 30, 2021 (Unaudited)

Salary Group	number of Teachers with B.S.	number of Teachers with M.Ed.	number of Teachers with D.Ed.	Total of all Classroom Teachers/Specialists
\$100,000 and Over	0.00	16.00	2.00	18.00
\$97,000 - \$99,999	0.00	15.00	0.00	15.00
\$94,000 - \$96,999	0.00	28.00	0.00	28.00
\$91,000 - \$93,999	0.00	3.00	0.00	3.00
\$88,000 - \$90,999	0.00	9.00	1.00	10.00
\$85,000 - \$87,999	3.00	8.00	0.00	11.00
\$82,000 - \$84,999	0.00	11.00	0.00	11.00
\$79,000 - \$81,999	1.00	2.00	0.00	3.00
\$76,000 - \$78,999	0.00	15.00	0.00	15.00
\$73,000 - \$75,999	0.00	8.00	1.00	9.00
\$70,000 - \$72,999	0.00	22.00	1.00	23.00
\$67,000 - \$69,999	0.00	19.00	0.00	19.00
\$64,000 - \$66,999	0.00	19.00	0.00	19.00
\$61,000 - \$63,999	1.00	60.00	0.00	61.00
\$58,000 - \$60,999	1.00	17.00	0.00	18.00
\$55,000 - \$57,999	20.00	9.00	0.00	29.00
\$52,000 - \$54,999	11.00	0.00	0.00	11.00
\$49,000 - \$51,999	33.00	0.00	0.00	33.00
<b>Total No. of Teachers</b>	<b>70.00</b>	<b>261.00</b>	<b>5.00</b>	<b>336.00</b>

	B.S.	M.Ed.	D.Ed.
Highest Salary	\$87,216	\$104,618	\$104,618
Lowest Salary	\$50,200	\$55,700	\$71,950

Total Salaries	\$ 24,174,504
Classroom Teachers	336.00
2020-2021 Average	\$ 71,948

Source of Data: District Human Resource Department Records

Total number of full-time equivalent teachers/specialists – base salary only

**KENNETT CONSOLIDATED SCHOOL DISTRICT****Student to Teacher Ratio – By District Building**  
**As of June 30, 2021**  
*(Unaudited)*

Building	Full Time Equivalent Teachers	Number of Students	Student/ Teacher Ratio
High School	94.0	1,387	14.76
Middle School	89.0	911	10.24
Bancroft Elementary	38.0	425	11.18
Greenwood Elementary	50.0	539	10.78
Mary D. Lang Kindergarten Center	21.0	269	12.81
New Garden Elementary	44.0	481	10.93
<b>Totals</b>	<b>336.0</b>	<b>4,012</b>	<b>11.94</b>

Source of Data: District's Human Resource Department Records

## KENNETT CONSOLIDATED SCHOOL DISTRICT

### District Facilities

(Unaudited)

Building	Original Construction	Additions	Square Footage	Building Capacity	Projected Enrollment	Difference
Greenwood Elementary School 420 Greenwood Road Kennett Square, PA 19348	1963	1984	66,897	725	523	202
Kennett High School 100 East South Street Kennett Square, PA 19348	1930	1997 2007	219,763	1,545	1,307	238
Mary D. Lang Kindergarten Center 409 Center Street Kennett Square, PA 19348	1971		68,432	550	274	276
New Garden Elementary School 265 New Garden Road Toughkenamon, PA 19374	1955	1960,1966 1989,1994 1998	73,605	650	483	467
Kennett Middle School 195 Sunny Dell Road Landenberg, PA 19350	2002		192,000	1,150	932	218
Bancroft Elementary 181 Bancroft Road Kennett Square, PA 19348	2011		105,172	625	385	240

Source of Data: District's Records  
Projected Enrollment is for 2022-2023

## KENNETT CONSOLIDATED SCHOOL DISTRICT

### Enrollment History and Projections

(Unaudited)

Year	Elementary Schools	Middle School	High School	Total
2004-05	1,928	962	1,096	3,986
2005-06	1,969	962	1,133	4,064
2006-07	1,904	985	1,213	4,102
2007-08	1,877	964	1,259	4,100
2008-09	1,877	969	1,226	4,072
2009-10	1,940	989	1,281	4,210
2010-11	1,980	944	1,295	4,219
2011-12	2,025	980	1,271	4,276
2012-13	1,987	1,038	1,256	4,281
2013-14	1,968	1,016	1,252	4,236
2014-15	1,965	979	1,263	4,207
2015-16	1,877	1,009	1,286	4,172
2016-17	1,851	1,010	1,289	4,150
2017-18	1,786	1,056	1,334	4,176
2018-19	1,788	1,012	1,345	4,145
2019-20	1,788	1,006	1,362	4,156
2020-21	1,714	911	1,387	4,012
2021-22	1,712	921	1,336	3,969
2022-23*	1,665	932	1,307	3,904

#### **Notes:**

1. 2022-23 numbers are derived using historical retention ratios.
2. Enrollment for all other years represents September 30<sup>th</sup> actual.
3. Enrollment figures exclude students enrolled in Charter Schools, Cyber Charter Schools and out-of-district Special Education educational facilities.
4. Enrollment for elementary schools includes kindergarten.
5. Source of Data: District's Records



## KENNETT CONSOLIDATED SCHOOL DISTRICT

### Enrollment History and Projections Elementary Schools (Unaudited)

Year	Bancroft Elementary	Greenwood Elementary	Mary D. Lang Kindergarten Center	New Garden Elementary	Total
2004-05	0	634	439	855	1,928
2005-06	0	677	437	855	1,969
2006-07	0	646	423	835	1,904
2007-08	0	633	428	816	1,877
2008-09	0	639	459	779	1,877
2009-10	0	682	470	788	1,940
2010-11	0	714	491	775	1,980
2011-12	528	607	334	556	2,025
2012-13	538	619	290	540	1,987
2013-14	538	597	310	523	1,968
2014-15	553	587	304	521	1,965
2015-16	512	592	296	477	1,877
2016-17	486	602	301	462	1,851
2017-18	451	604	279	452	1,786
2018-19	450	581	275	482	1,788
2019-20	438	569	278	503	1,788
2020-21	425	539	269	481	1,714
2021-22	400	558	256	498	1,712
2022-23*	385	523	274	483	1,665

#### **Notes:**

1. Bancroft Elementary School opened in September, 2011.
2. Mary D. Lang was converted to a Kindergarten Center in September, 2011.
3. 2022-23 numbers are derived using historical retention ratios.
4. Enrollment for all other years represents September 30<sup>th</sup> actual.
5. Enrollment figures exclude students enrolled in Charter Schools, Cyber Charter Schools and out-of-district Special Education educational facilities.
6. Source of Data: District's Records

## KENNETT CONSOLIDATED SCHOOL DISTRICT

### Average Daily Attendance Report Last ten years (Unaudited)

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
<b>Kindergarten</b>										
ADA	261.144	266.257	266.632	269.176	288.497	282.277	293.397	299.122	272.627	322.285
ADM	272.228	279.907	276.812	280.802	301.859	294.153	305.484	309.05	283.668	335.978
% Attendance	95.93%	95.12%	96.32%	95.86%	95.57%	95.96%	96.04%	96.79%	96.11%	95.92%
<b>Elementary</b>										
ADA	1,696.27	1,757.02	1,759.302	1,795.276	1,832.288	1,879.852	1,918.124	1,918.317	1,957.098	1,967.363
ADM	1,735.44	1,897.17	1,811.932	1,859.487	1,890.880	1,915.604	1,982.600	1,975.854	2,024.434	2,034.736
% Attendance	97.74%	92.61%	97.10%	96.55%	96.90%	98.13%	96.75%	97.09%	96.67%	96.69%
<b>Secondary</b>										
ADA	1,872.40	1,833.42	1,835.844	1,830.874	1,797.369	1,760.880	1,760.790	1,770.597	1,778.500	1,758.641
ADM	1,896.75	1,945.66	1,947.082	1,934.656	1,929.244	1,880.262	1,850.050	1,858.416	1,870.884	1,843.563
% Attendance	98.72%	94.23%	94.29%	94.64%	93.16%	93.65%	95.18%	95.27%	95.06%	95.39%
<b>District Total</b>										
ADA	3,829.812	3,856.697	3,861.778	3,895.326	3,918.154	3,923.009	3,972.311	3,988.036	4,008.225	4,048.289
ADM	3,904.413	4,122.743	4,035.826	4,074.945	4,121.983	4,090.019	4,138.134	4,143.320	4,178.986	4,214.277
% Attendance	98.09%	93.55%	95.69%	95.59%	95.06%	95.92%	95.99%	96.25%	95.91%	96.06%

### Notes:

1. Source: PDE 4062E and 4062S.
2. ADA – Average Daily Attendance
3. ADM – Average Daily Membership

# KENNETT CONSOLIDATED SCHOOL DISTRICT

## National School Lunch Program Free and Reduced Data Last Ten Years (Unaudited)

Building	Percentage of Participation									
	Fiscal Year									
	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
<b>Bancroft Elementary School</b>										
Free	100.00%	41.19%	45.03%	49.44%	43.09%	45.26%	43.76%	46.27%	42.12%	38.04%
Reduced	0.00%	8.92%	7.51%	7.57%	7.01%	7.31%	7.78%	8.21%	8.79%	11.68%
<b>Greenwood Elementary School</b>										
Free	100.00%	41.45%	40.31%	45.52%	40.67%	41.67%	33.22%	32.33%	30.61%	30.44%
Reduced	0.00%	3.70%	6.40%	4.82%	5.17%	3.00%	4.60%	4.35%	4.33%	5.56%
<b>Kennett High School</b>										
Free	100.00%	31.94%	34.52%	35.77%	30.19%	30.96%	27.40%	24.76%	24.90%	22.88%
Reduced	0.00%	4.02%	4.24%	3.96%	3.95%	3.13%	5.62%	6.23%	5.85%	7.08%
<b>Kennett Middle School</b>										
Free	100.00%	33.67%	34.59%	36.97%	35.51%	35.39%	32.58%	30.86%	30.98%	27.41%
Reduced	0.00%	4.28%	4.55%	4.64%	4.06%	4.49%	6.23%	6.73%	5.74%	8.12%
<b>Mary D. Lang Kindergarten Center</b>										
Free	100.00%	40.00%	39.07%	47.33%	44.67%	41.22%	42.76%	43.04%	41.32%	33.23%
Reduced	0.00%	3.57%	6.45%	2.85%	5.33%	5.74%	7.89%	7.77%	7.99%	10.89%
<b>New Garden Elementary School</b>										
Free	100.00%	29.53%	33.06%	34.30%	38.26%	37.53%	33.21%	33.52%	31.98%	30.78%
Reduced	0.00%	4.53%	3.12%	3.12%	3.48%	6.50%	4.99%	4.57%	6.65%	7.29%

### Notes:

1. Due to COVID-19 pandemic all students were eligible for free meals during 2020-21.

Source: Pennsylvania Department of Education National School Lunch Program

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# **SINGLE AUDIT SECTION**





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

October 28, 2021

Members of the Board  
Kennett Consolidated School District  
Kennett Square, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kennett Consolidated School District ("the District"), Kennett Square, Pennsylvania, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") to determine the auditing 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District'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.

Members of the Board  
Kennett Consolidated School District


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.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
BARBACANE, THORNTON & COMPANY LLP





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

October 28, 2021

Members of the Board  
Kennett Consolidated School District  
Kennett Square, Pennsylvania

Report on Compliance for Each Major Program

We have audited the Kennett Consolidated School District's ("the District") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Members of the Board  
Kennett Consolidated School District

We believe that our audit provides a reasonable basis for our opinion on compliance for the District's major federal programs. However, our audit does not provide a legal determination of the District's compliance.

#### Opinion on Each Major Federal Program

In our opinion, the Kennett Consolidated 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 its major federal program for the year ended June 30, 2021.

#### Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Barbacane, Thornton & Company LLP*  
BARBACANE, THORNTON & COMPANY LLP

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor Project Title	SOURCE CODE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (DEFERRED) REVENUE 6/30/2020	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2021	PASSED THROUGH TO SUBRECIPIENTS
<b>U.S. Department of Education</b>											
Passed through Pennsylvania Department of Education											
Title I - Grants to Local Education Agencies	I	84.010	013-20-0210	08/28/19-09/30/20	\$ 596,786	\$ 255,741	\$ 124,126	\$ 131,615	\$ 131,615	\$ -	\$ -
Title I - Grants to Local Education Agencies	I	84.010	013-21-0210	09/09/20-09/30/21	649,134	399,129	-	453,898	453,898	54,769	-
Total CFDA# 84.010						654,870	124,126	585,513	585,513	54,769	-
Title II - Improving Teacher Quality	I	84.367	020-20-0210	08/28/19-09/30/20	122,959	26,248	25,828	420	420	-	-
Title II - Improving Teacher Quality	I	84.367	020-21-0210	09/09/20-09/30/21	127,219	107,045	-	125,599	125,599	18,554	-
Total CFDA# 84.367						133,293	25,828	126,019	126,019	18,554	-
Title III - Language Inst LEP	I	84.365	010-20-0210	08/28/19-09/30/20	122,812	43,861	9,603	34,258	34,258	-	-
Title III - Language Inst LEP	I	84.365	010-21-0210	09/09/20-09/30/21	131,412	90,978	-	115,460	115,460	24,482	-
Total CFDA# 84.365						134,839	9,603	149,718	149,718	24,482	-
Title IV-Student Support and Academic Enrichment	I	84.424	144-20-0210	08/28/19-09/30/20	44,706	-	(2,500)	2,500	2,500	-	-
Title IV-Student Support and Academic Enrichment	I	84.424	144-21-0210	09/09/20-09/30/21	44,732	41,291	-	38,144	38,144	(3,147)	-
Total CFDA# 84.424						41,291	(2,500)	40,644	40,644	(3,147)	-
Elementary and Secondary School Emergency Relief Fund I	I	84.425D	200-20-0210	03/13/20-09/30/21	484,452	484,452	66,477	408,948	408,948	(9,027)	-
Elementary and Secondary School Emergency Relief Fund II	I	84.425D	200-21-0210	03/13/21-09/30/22	2,371,355	-	-	303,208	303,208	303,208	-
COVID-19 School Health & Safety Grant (ESSER)	I	84.425D	200-20-0210	03/13/20-09/30/21	120,996	-	-	120,996	120,996	120,996	-
Total CFDA# 84.425D						484,452	66,477	833,152	833,152	415,177	-
<b>Subgrant from U.S. Department of Education</b>											
Passed through Chester County Intermediate Unit											
IDEA Part B	I	84.027	062-20-0024	07/01/19-06/30/20	449,290	179,716	179,716	-	-	-	-
IDEA Part B	I	84.027	062-21-0024	07/01/20-06/30/21	460,634	273,297	-	460,634	460,634	187,337	-
COVID-19 SECIM	I	84.027	252-20-0210	03/13/20-09/30/22	24,803	9,921	-	6,145	6,145	(3,776)	-
Total CFDA# 84.027						462,934	179,716	466,779	466,779	183,561	-
IDEA Part B 619	I	84.173	131-21-0024B	07/01/20-06/30/21	2,392	2,392	-	2,392	2,392	-	-
Total CFDA# 84.173						2,392	-	2,392	2,392	-	-
Total Special Education Cluster						465,326	179,716	469,171	469,171	183,561	-
<b>Total U.S. Department of Education</b>						1,914,071	403,250	2,204,217	2,204,217	693,396	-
<b>U.S. Department of Agriculture</b>											
Passed through Pennsylvania Department of Agriculture											
Value of USDA Donated Commodities	I	10.555	N/A	09/01/19-06/30/20	N/A	206,654	-	206,654	206,654	-	-
Passed through Pennsylvania Department of Education											
National School Lunch Program	I	10.555	N/A	09/01/19-06/30/20	N/A	52,518	52,518	-	-	-	-
National School Lunch Program	I	10.555	N/A	09/01/20-06/30/21	N/A	649,004	-	707,004	707,004	58,000	-
Total CFDA# 10.555						908,176	52,518	913,658	913,658	58,000	-

Continued on next page.

**KENNETT CONSOLIDATED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor Project Title (cont'd)	SOURCE CODE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (DEFERRED) REVENUE 6/30/2020	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2021	PASSED THROUGH TO SUBRECIPIENTS
<b>U.S. Department of Agriculture</b>											
Passed through Pennsylvania Department of Education											
Breakfast Program	I	10.553	N/A	09/01/19-06/30/20	N/A	27,609	27,609	-	-	-	-
Breakfast Program	I	10.553	N/A	09/01/20-06/30/21	N/A	350,482	-	376,838	376,838	26,356	-
Total Child Nutrition Cluster						378,091	27,609	376,838	376,838	26,356	-
<b>Total U.S. Department of Agriculture</b>						1,286,267	80,127	1,290,496	1,290,496	84,356	-
<b>U.S. Department of Health and Human Services</b>											
Passed through Pennsylvania Department of Health and Human Services											
Medical Assistance Program	I	93.778	N/A	07/01/19-06/30/20	17,815	9,495	9,495	-	-	-	-
Medical Assistance Program	I	93.778	N/A	07/01/20-06/30/21	20,116	7,027	-	20,116	20,116	13,089	-
Total CFDA# 93.778						16,522	9,495	20,116	20,116	13,089	-
<b>Total U.S. Department of Health and Human Services</b>						16,522	9,495	20,116	20,116	13,089	-
<b>U.S. Department of Justice</b>											
Passed through Pennsylvania Commission on Crime and Delinquency											
COVID-19 School Health and Safety Grants	I	16.034	N/A	03/01/20-10/30/20	288,367	288,367	49,481	238,886	238,886	-	-
Total CFDA# 16.034						288,367	49,481	238,886	238,886	-	-
<b>U.S. Department of Treasury</b>											
Passed through County of Chester/Chester County Intermediate Unit											
Coronavirus Relief Fund	I	21.019	19947	03/01/20-12/30/20	865,088	865,088	-	865,088	865,088	-	-
Total CFDA# 21.019						865,088	-	865,088	865,088	-	-
<b>TOTAL FEDERAL AWARDS</b>						\$ 4,370,315	\$ 542,353	\$ 4,618,803	\$ 4,618,803	\$ 790,841	\$ -

Source Codes:

D = Direct Funding  
I = Indirect Funding

KENNETT CONSOLIDATED SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SCOPE OF THIS SCHEDULE

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE B BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note C. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE C NONMONETARY FEDERAL AWARDS - DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under CFDA #10.555, National School Lunch Program, include surplus food consumed by the District during the 2020 - 2021 fiscal year.

NOTE D ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2021 was \$106,628.

NOTE E INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

KENNETT CONSOLIDATED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**PART A - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- |   |                   |                            |
|---|-------------------|----------------------------|
| • Material weakness(es) identified?                     | <u>      </u> Yes | <u>  X  </u> No            |
| • Significant deficiency(ies) identified?               | <u>      </u> Yes | <u>  X  </u> None reported |
| • Noncompliance material to financial statements noted? | <u>      </u> Yes | <u>  X  </u> No            |

*Federal Awards*

Internal control over major program:

- |   |                   |                            |
|---|-------------------|----------------------------|
| • Material weakness(es) identified?       | <u>      </u> Yes | <u>  X  </u> No            |
| • Significant deficiency(ies) identified? | <u>      </u> Yes | <u>  X  </u> None reported |

Type of auditor's report issued on compliance for major programs [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

       Yes   X   No

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.425D

Elementary and Secondary School Emergency Relief Fund

21.019

Coronavirus Relief Fund

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

\$ 750,000

Auditee qualified as low-risk auditee?

  X   Yes        No

KENNETT CONSOLIDATED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

**PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS**

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

**PART C - FINDINGS RELATED TO FEDERAL AWARDS**

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

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**Kennett Consolidated School District**

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