

MILLCREEK TOWNSHIP SCHOOL DISTRICT

ERIE, PENNSYLVANIA

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Of

MILLCREEK TOWNSHIP SCHOOL DISTRICT

Erie, Pennsylvania

Fiscal year ended

June 30, 2022

BOARD OF SCHOOL DIRECTORS

Calendar 2020

Gary Winschel, President

Chris Busko, Vice President

Lisa Cappabianca

Jason Dean

John DiPlacido

Dr. Rick Lansberry

J. Michael Lindner

Janine McClintic, Esq.

Shirley Winschel

Calendar 2021

Gary Winschel, President

Chris Busko, Vice President

Lisa Cappabianca

Jason Dean

John DiPlacido

Dr. Rick Lansberry

J. Michael Lindner

Janine McClintic, Esq.

Shirley Winschel

Dr. Ian Roberts, Superintendent

Report Issued by the School District's Finance Office

Aaron M. O'Toole, Chief Financial Officer

COMPLIANCE STATEMENT

The Millcreek Township School District continues its policy of non-discrimination on the basis of race, age, sex, religion, color, national origin, handicap or disability, as applicable in its educational programs, activities, or employment policies as required by Title IX of the 1972 Educational Amendments, Title VI of the Civil Rights Act of 1964, Section 504 Regulations of the Rehabilitation Act of 1973, the Americans with Disabilities Act and all other applicable state, federal and local law and ordinances.

For information regarding Title IX compliance or Americans with Disabilities Act, contact the Director of Personnel, Millcreek Education Center, 3740 West 26th Street, Erie, PA 16506, (814)835-5300. For information on section 504 compliance, contact the Director of Pupil Services, Millcreek Education Center, 3740 West 26th Street, Erie, PA 16506, (814)835-5300.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
YEAR ENDED JUNE 30, 2022

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December 31, 2022

CITIZENS OF MILLCREEK TOWNSHIP:

Pennsylvania State law requires an annual audit of a school district's financial statements. This is to be presented in conformity with generally accepted accounting principles (GAAP) and performed by a firm of licensed certified public accountants. The Annual Comprehensive Financial Report for year ending June 30, 2022, is being submitted as of the date on this letter.

This report was prepared by the School District's Business Office. The Management of the School District assumes full responsibility for the accuracy, completeness, and reliability of the data presented here within. We believe, to the best of our knowledge and belief, the data is accurately presented in all material respects. The report is presented in a manner designed to provide stakeholders information regarding the School District's financial position because of its operation. The disclosures included in the report provide additional details regarding the School District's financial affairs allowing readers to fully understand its financial position and operations.

To protect the School District's assets from loss, theft, or misuse, internal controls are refined each year. The cost of internal controls should not exceed the benefits of implementing the control; therefore, all internal controls provide reasonable, but not absolute, assurance regarding both the safeguarding of assets against loss and reliability of financial records. Cost and benefits are discussed with the independent auditors as changes become desirable. We believe that the School District's internal controls adequately safeguard the School District's assets and provide reasonable assurance to its financial reporting.

The independent audit was performed by Zelenkofske Axelrod LLC. The independent auditors provide reasonable assurances the financial statements are free from material misstatement by performing audit procedures in conformance to the Government Auditing Standards. These procedures are designed to assess risk, internal controls, accounting principles used, estimates made by management, and evaluating the overall financial statement presentation. An unmodified opinion was issued by the independent auditor related to the report included here within. The unmodified opinion is the highest opinion an independent auditor can provide, confirming the report is fairly presented in conformity with GAAP.

Additional testing is required for federal funds received and mandates a "Single Audit". The standard governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

Governmental Accounting Standards Board Statement No. 34 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of

Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

PROFILE OF MILLCREEK TOWNSHIP

Millcreek Township is a suburb covering 29.5 square miles surrounding the west and southern border of Erie, Pennsylvania. Located in the northwestern part of the PA, Millcreek Township resides on the shoreline of Lake Erie. According to the U.S. Census estimates for July 1, 2021, Millcreek's population is 53,751. The Township continues to remain the retail hub for the region.

The Millcreek Mall and retail areas along Peach Street contribute to the School District's strong tax base and economy. Lack of regional competition coupled with no sales tax on certain items, leads the assumption that the retail sector has a high probability to remain stable for the foreseeable future unlike most mall-anchored shopping districts in the U.S. In addition to the mall, Millcreek is home to many of the region's important recreational, commercial, and educational assets including Presque Isle State Park, Waldameer Amusement Park, Asbury Woods Nature Center, Lake Erie College of Osteopathic Medicine, and the Erie International Airport.

Millcreek Township continues to be a desired place to live and operate a business. Property values are increasing with low supply and high demand demonstrated by an increase in real estate transfer taxes of 35%. The property tax base experienced steady assessed value growth of 4.2% over the past nine years mainly from appreciation of existing property values. Additionally, the tax base is diverse with the 10 largest taxpayers accounting for approximately 7.9% of assessed value, providing little volatility expected for the future. These data points are compounded considering the county-wide population is in decline and Millcreek's home values are roughly double the average of the Erie County. The median household income in Millcreek is higher than and unemployment is lower compared to Erie County and Pennsylvania averages. Furthermore, wage growth remains a constant factor within Millcreek Township as Earned Income Taxes increased 19% over the past year.

BUDGETING

All Pennsylvania's school budgets are School Board approved at the major function and major object level and follow a strict timeline for adoption. In accordance with the Taxpayer Relief Act (Act 1) of 2006, school districts are limited in taxation of real property by an inflationary measure (Act 1 index) established by Pennsylvania annually. Within 110 days prior to the primary election, a school district must submit a Proposed Preliminary Budget for public inspection or adopt an Accelerated Budget Opt Out Resolution indicating the district will not raise real estate taxes above the Act 1 index. A Proposed Final Budget must be School Board approved 30 days prior to Final Budget adoption and displayed for public comment. All Final budgets must be adopted by June 30. Once approved locally, the budget is transmitted to the Pennsylvania Department of Education.

Legal budgetary control is maintained by the Chief Financial Officer at the functional object level. Transfer between functional objects, whether between funds or within a fund or revisions that alters the total revenues and expenditures of any fund, must be approved by the School Board. Any adjustments outside the Board approved level require Board action.

For fiscal year ending June 30, 2022, the School Board approved a budget with a millage increase of 1.8%, or half the Act 1 index, compared to the prior year. The General Fund budget was originally approved at \$107.2 million and included the continued use of federal relief funds. The budget maintained the School District's ability to achieve its mission of providing a world-class education by creating lifelong learners of the 6,568 students that it serves. This was accomplished through appropriately funded instruction, operational management, and through the support services offered to our students. Key spending initiatives involved addressing gaps in learning due to the instructional interruptions from mitigating the spread of COVID-19. The district spent over \$5.7 million in providing professional development to staff, hiring additional custodial support to sanitize buildings, acquiring the necessary resources for a safe learning environment, purchasing IT hardware and software to assist with virtual or in-person learning, hired interventionist for each building and hired an additional virtual teacher.

On an annual basis, our budget includes typical K-12 instructional programs and student activities. Additionally, the district provides programs in Advance Placement, Distinctive Scholar, Honors College, Dual Enrollment with local universities, a robust internship program, Project Search, and the McDowell Manufacturing Program. Given Erie County's economic dependence on manufacturing, the district developed one of the nation's only student-run enterprises allowing students to generate parts and sell the parts to local manufacturers. All operations of the McDowell Manufacturing Program are run by our students. The local Vocational School, where most districts in the county participate, provides additional programming opportunities to our students.

Local resources contribute over 64.7% of our total budget, where real estate taxes account for 52.9% of the total budget. To date, the Act 1 restriction has not affected our district, but may in the future. State funding generates 30.7% of our total budget. Of this total, 15.6% of the subsidies are reimbursable of direct expenses incurred by the School District. Federal funding accounts for 4.6% of our total budget, while federal relief funds accounts for 2.4% of total revenue. We anticipate most of these funding sources to remain constant into the future, with exception of the federal relief funds. Significant reductions in federal relief funds will begin in 2023-24 adding future budget pressures to maintain services provided with these funds.

Over 73% of our annual budget is attributed to the salary and benefits of staff. This is expected as we are a people-centered organization providing a service. Within the overall budget, salaries, healthcare, and the state's retirement system (PSERS) rank as the top three costs to the district. PSERS increased its employer share from 34.51% of eligible salaries to 34.94% in this fiscal year. Although the state does provide subsidy for half of the employer's costs, PSERS forecasts an increase to 37.3% of eligible salaries in 2029. Other Post-Employment Benefits continue to place budget pressures annually as shown in the MD&A and disclosures.

Capital spending continues to occur as the district progresses through its 10-year capital projects plan. This includes updating all 13 district buildings with the necessary mechanical, electrical, plumbing, and roofing infrastructure needs. The infrastructure within most of the buildings is original and the age of our buildings varies from 70 to 18 years old. Given much of the infrastructure in these buildings is original and out of date, procurement of parts has become difficult as many parts are no longer manufactured. The capital projects not only provide a reliable infrastructure, which requires less maintenance hours, but also provides a savings in energy consumption. Further information regarding construction dates or operating data for all 13 buildings is available within the statistical section of this report.

Financing for this work is primarily through issuing bonds in three phases, with the second bond issuance occurring in January of 2022. When evaluating our debt metrics, outstanding debt is low compared to market values and moderate on a per capita basis. Current and future debt is expected to utilize slow amortization schedules. The slow amortization schedules will not affect future budgets considering all buildings will be renovated at the completion of the 10-year capital projects plan. All aesthetic needs of the buildings are addressed after the renovations and are supported through our Capital Projects Fund, which is funded through transfers from the General Fund or sales of capital assets.

Charter School funding is 3.2% of our total expenditures in 2022 with an expense of \$3.7 million. This is an increase of 6.5% compared to the prior year. This unsustainable increase relates to families moving to charter schools due to COVID-19. After speaking with many of these families, we believe they will return to Millcreek once they feel it is safe. Additional pressures from Charter School costs remain in the future with Montessori Regional Charter School requesting to adjust its charter with Millcreek to add 7th and 8th grade instruction.

FINANCIAL POLICIES OR FACTOR AFFECTING FINANCIAL CONDITION

The information presented in the financial statements and disclosures within this report are best to understand the scope of the financial policies or factors affecting the financial condition of the District as a whole picture.

COUNTY

Erie County provides the District with assessment information for the generation of the budget and calculates all tax rolls for review by the local Tax Collector and District. Real Estate taxes are collected by an elected Tax Collector, who transfers all delinquent taxes to the County for collection in January of the current fiscal year. In addition to managing assessed values within Millcreek and collecting delinquent real estate taxes, the County manages all real estate transfer tax collection and interim taxes resulting from adjustments to assessed values. The last County reassessment was conducted in 2013.

LONG TERM FINANCIAL PLANNING

In April of 2015, the School Board adopted a fund balance policy to maintain the General Fund unassigned fund balance of 8%, which is the legal limit in accordance with the Public School Code of 1949. This policy assures continued financial stability for the future.

On February 26, 2018, the School Board passed a resolution to earmark all revenue generated in extracurricular participation fees, event gate receipts, facility use fees, advertising, coke rebates, and 25% of the investment income to maintaining extracurricular facilities. The remaining 75% of investment income shall be earmarked as 25% for future technology replacement, 25% to be transferred to the capital projects fund, and 25% for future PSERS payments.

The School Board continues its practice of not issuing debt to balance a budget. This practice combined with the administration's annual process of evaluating all programs and departments for operational efficiency and success, allowed the District to improve its achievement and financial position. Over the past nine years, the District's financial position changed from a negative General Fund unassigned fund balance to \$17.8 million in 2022, or 15.5% of its expenses, and maintains a structured budget supporting further investment in the future. The structured budget includes transfers to a Capital Project Fund to maintain all facilities or upgrade security infrastructure. As a result, our credit rating was upgraded from Standard and Poors Global Ratings to A+/Stable in 2019.

Pennsylvania school districts receive financial assistance from the Commonwealth in several forms, all subject to statutory provisions and annual appropriation by the Pennsylvania General Assembly. The largest subsidy, the basic instructional subsidy, is allocated to all school districts based on student-based factors, such as: (1) number of children in the school district who live in poverty; (2) number of children enrolled in charter schools; and (3) number of children who are English language learners, as well as school district based factors such as: (1) wealth of the school district; (2) the school district's current tax effort; and (3) the ability of the school district to raise revenue.

Currently, the Commonwealth also provides a subsidy for certain capital projects of school districts. The rental and sinking fund reimbursement from the Commonwealth ("PlanCon Reimbursements") for such school projects is determined by the "Reimbursable Percentage" assigned to the school building project and by the school district's Market Value Aid Ratio ("MVAR") or Capital Account Reimbursable Fraction (the "CARF"), (or in some cases, a "Density Factor" of 50 percent) whichever is higher. The School District's CARF for fiscal year 2021-22 is 32.96% and the MVAR for fiscal year 2021-22 is 47.56%. Most school building projects in the Commonwealth are eligible for state reimbursement. Certain school building projects, such as school administration buildings, swimming pools and tracks, and deferred maintenance, are ineligible for reimbursement. A reimbursement percentage, based upon the rated pupil capacity of the new or renovated structure and certain other costs, is assigned to the building project. This reimbursement percentage multiplied by the school district MVAR or CARF, whichever is higher, determines the state share of the annual lease rental or debt service for that school year. The difference between the State share and 100% yields the local share of debt service or lease rental payments. As the school district's MVAR may change each year, so will the State share of such reimbursement. However, the Commonwealth's recent budgets have not appropriated funds for PlanCon Reimbursements to any school district.

In reviewing total 2021 expenditure compared to other districts in the Commonwealth, Millcreek's spend per student ranked 58 out of 500, meaning 442 districts spend more per student compared to Millcreek. Considering the Commonwealth's funding formula is based on a districts ability to generate revenue locally, we evaluate our tax rate on an annual basis. The 2022 tax rate of 15.3517 mills ranks 6th out of the 13 districts in Erie County. Additional information related to our tax rate and comparable data is available in the statistical section of this report.

ACKNOWLEDGEMENTS

The preparation of the Annual Comprehensive Financial Report would not be possible without the dedication of the Business Office. Each member has our appreciation for their support and contributions to this report.

With the leadership and support of the School Board, this report is available as we recognize the importance of providing financial transparency to all our stakeholders

Respectfully,

A handwritten signature in dark ink, appearing to read 'Aaron M. O'Toole', with a stylized, flowing script.

Aaron M. O'Toole
Chief Financial Officer

MILLCREEK TOWNSHIP SCHOOL DISTRICT
LIST OF SCHOOL DISTRICT OFFICIALS

CENTRAL OFFICE ADMINISTRATORS

Ian Roberts..... Superintendent
Darcie Moseley.....Assistant Superintendent
Aaron O'Toole.....Chief Financial Officer
John Cavanugh.....Director of Secondary Education
Joseph Orlando.....Director of Elementary Education
Edward Nientimp.....Director of Student Services
Timothy Stoops.....Director of Assessment
Michael Galleher.....Director of Engineering
Melody Ellington.....Director of Personnel
Timothy Moseley.....Manager of Technology

BOARD OF SCHOOL DIRECTORS

Gary Winschel.....President
Chris Busko.....Vice President
Lisa Cappabianca.....Director
Jason Dean.....Director
John DiPlacido.....Director
Rick Lansberry.....Director
J. Michael Lindner.....Director
Janine McClintic.....Director
Shirley Winschel.....Director

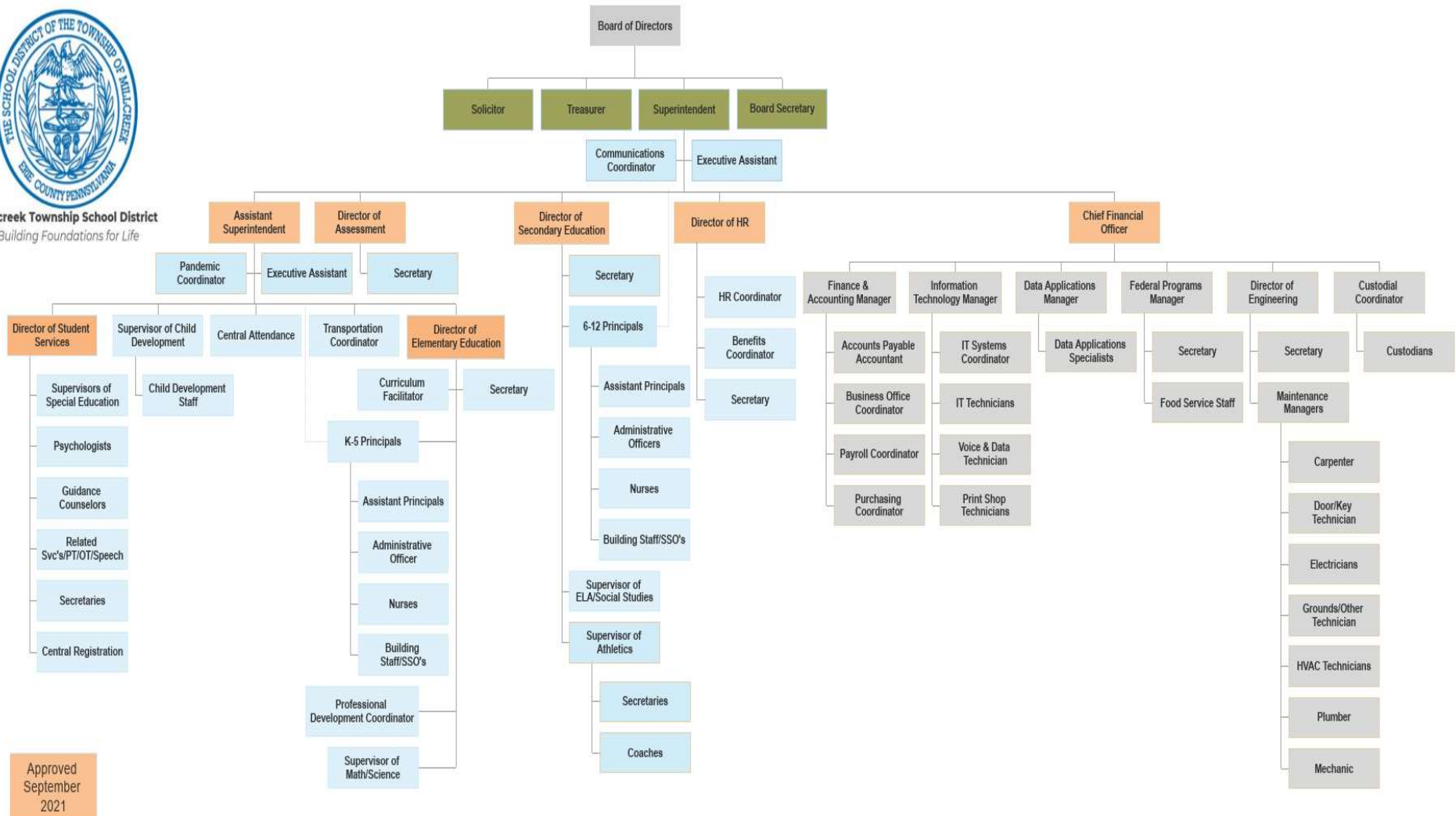
OTHER BOARD SERVICES

Linda Sitter.....Board Secretary
Timothy Sennett.....Solicitor
Joseph Maloney.....Treasurer
Zelenkofske Axelrod LLC.....Independent Auditors
First National Insurance.....Insurance Agent

Organizational Chart



Millcreek Township School District
Building Foundations for Life



Approved
September
2021



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

Millcreek Township School District

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'Will A. Sutter'.

William A. Sutter
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J Lewis
Executive Director



Zelenkofske Axelrod LLC

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Independent Auditor's Report

Members of the Board
Millcreek Township School District
Erie, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

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 MILLCREEK TOWNSHIP SCHOOL DISTRICT as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the MILLCREEK TOWNSHIP SCHOOL DISTRICT's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of MILLCREEK TOWNSHIP SCHOOL DISTRICT as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.



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Members of the Board
Millcreek Township School District
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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – general fund, schedule of changes in the total OPEB liability and related ratios- retirees' health plans, schedule of the district's proportionate share of the net OPEB liability – PSERS plan, schedule of the district's OPEB contributions – PSERS plan, schedule of the district's proportionate share of the net pension liability – last 10 years, and schedule of the district's contributions – last 10 years information on pages 12 through 26 and 70 through 78 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 of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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Members of the Board
Millcreek Township School District
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Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information in the annual comprehensive financial report. The other information comprises the introductory and statistical sections (pages 79 – 110) but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2022 on our consideration of the MILLCREEK TOWNSHIP SCHOOL DISTRICT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Zelenkofske Axelrod LLC
ZELENKOFSCHE AXELROD LLC

December 31, 2022
Pittsburgh, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

MILLCREEK TOWNSHIP SCHOOL DISTRICT, hereafter referred to as the "SCHOOL DISTRICT", is pleased to present its financial statements developed in compliance with Statement of Governmental Accounting Standard No. 34, entitled "Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments (hereafter "GASB 34"), and related standards. GASB 34 enhances information provided to the users of its financial statements. This section of the financial reporting package presents our discussion and analysis of the SCHOOL DISTRICT's financial performance during the year that ended on June 30, 2022. Please read this Management Discussion and Analysis in conjunction with the SCHOOL DISTRICT's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

Real Estate Tax is the main source of funding for the SCHOOL DISTRICT. This revenue is the primarily source of revenue the School Board controls annually and is 50.54% of the district's total revenue. The tax revenue from real estate tax increased by \$1,117,570, or 2%, compared to the prior year from a 1.8% tax increase and appreciation of property values.

Earned Income Tax revenue experienced 15% growth, or \$1,122,060 compared to the prior year. Low unemployment and higher wages contributed the increase.

For a second consecutive year, Real Estate Transfer Tax continues to trend \$337,409 or 34.6% higher compared to nine years ago. The exponential increase in home prices is caused by limited housing inventory were driving factors behind this increase.

State revenue reflects an increase of \$475,229, or 1.5%. An increase in state appropriations related to subsidies and reimbursement of Social Security/Medicare and PSERS contributions account for the increase. The state funds half the employer share of Public School Employees' Retirement System and Social Security/Medicare Tax applicable to wages. The PSERS rate increased from 34.51% in 2020-2021 to 34.94% of applicable wages in 2021-2022. PSERS contribution rates are expected to increase to 37.3% eligible salaries in future years.

Federal revenue was inflated by the federal stimulus money the SCHOOL DISTRICT received. Overall, federal stimulus funds recognized in 2021-2022 was \$5,681,101. Over the next 2 years, the SCHOOL DISTRICT is scheduled to receive an additional \$8.5 million in federal stimulus funding. Budgets for this federal funding is available on the district's website.

Governmental Activities expenditures increased from \$100,439,725 in 2021 to \$106,782,971 in 2022. Primary factors to this increase relate to spending of federal relief funds, PSERS contribution increase, and normal inflationary increases of salary or other operating expenditures. A planned payment of \$6,333,179 to the Erie County Vocational School renovation was processed from the General Fund to use assigned fund balance and reduce future debt obligations.

Overall, the SCHOOL DISTRICT'S financial position improved compared to the prior year by \$6,146,201. Total Assets increased \$54,985,678 compared to prior year from an additional debt issuance, capitalized renovation expenditures and receivables related to federal relief funds. Total Liabilities increased \$35,418,306 primarily from additional debt issuance and OPEB, which was offset by a reduction in pension liability. Deferred Outflows of Resources increased by \$544,271 and Deferred Inflows of Resources increase by \$13,965,442. Additional information related to Deferred Outflows or Inflows of Resources are described in the accompanying notes.

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of the following three parts:

- Management's discussion and analysis (this section)
- Basic financial statements (including notes)
- Required supplementary information

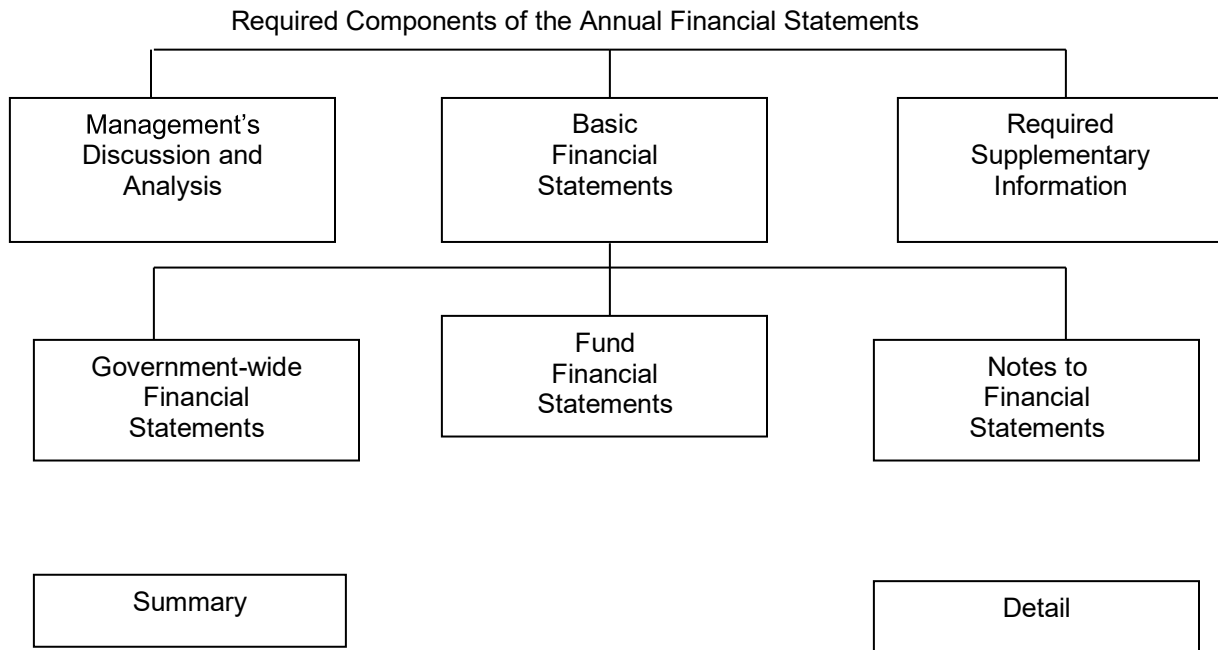
Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the SCHOOL DISTRICT's government and financial position for both the present and long-term view. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Fund financial statements provide details of how services were financed and what remains for future spending. Required supplementary information is provided on the SCHOOL DISTRICT's budget to actual figures for the general fund as well as certain pension and other postretirement benefit schedules.

The basic financial statements present two different views of the SCHOOL DISTRICT.

- *Government-wide financial statements*, the first two statements, provide information about the SCHOOL DISTRICT's overall financial status
- *Fund financial statements*, the remaining statements, focus on individual parts of the SCHOOL DISTRICT's government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements:
 - *Governmental funds statements* show how services such as instruction, support services, and non-instructional services are financed in the short term, as well as what remains for future spending.
 - *Proprietary fund statements* offer short-term and long-term financial information about the activities the SCHOOL DISTRICT operates like a business, like the Food Service Fund.
 - *Fiduciary funds statements* reflect activities involving resources that are held by the SCHOOL DISTRICT as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support the SCHOOL DISTRICT's programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Table A-1: Organization of the School District's annual financial report



MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Table A-2 summarizes the major features of the SCHOOL DISTRICT's financial statements, including the area of the SCHOOL DISTRICT's activities they cover and the types of information they contain.

Table A-2: Major features of the government-wide and fund financial statements

| | Government-wide Statements | Fund Financial Statements | | |
|---|--|--|--|---|
| | | <u>Governmental</u> | <u>Proprietary</u> | <u>Fiduciary</u> |
| Scope | Entire entity (except fiduciary funds) | The day-to-day operating activities of the SCHOOL DISTRICT, such as instruction and support services. | The activities of the SCHOOL DISTRICT, such as the Food Service Fund | Instances in which the SCHOOL DISTRICT administers resources on behalf of others |
| Required Financial Statements | -Statement of Net Position -Statement of activities | -Balance Sheet -Statement of revenues, expenditures and changes in fund balances | -Statement of Net Position -Statement of revenues, expenses and changes in Net Position -Statement of cash flows | -Statement of fiduciary Net Position -Statement of changes in fiduciary Net Position |
| Accounting basis and measurement focus | Accrual | Modified Accrual | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset and liability information | All assets and liabilities, short-term and long-term | Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets and liabilities, short-term and long-term | All assets and liabilities, short-term and long-term |
| Type of inflow and outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenue for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable | All revenues and expenses during year, regardless of when cash is received or paid | All additions and deductions during the year, regardless of when cash is received or paid |

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

The remainder of the overview explains the structure and contents of the government-wide and fund financial statements.

Government-wide financial statements

Government-wide financial statements report information about the SCHOOL DISTRICT as a whole using accounting methods similar to those used by private-sector companies.

- The Statement of Net Position includes all the SCHOOL DISTRICT's assets, deferred outflows of resources, deferred inflows of resources and liabilities, except fiduciary funds, with the difference reported as Net Position. This statement serves a purpose similar to that of the balance sheet of a private-sector business.
- The Statement of Activities focuses on how the SCHOOL DISTRICT's Net Position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on local taxes for funding. All current year revenue and expense are accounted for in the Statement of Activities regardless of when cash is received or paid.

All changes to Net Position are reported using the economic resources measurement focus and the accrual basis of accounting, which requires that revenues be reported when they are earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

Net Position is one way to measure the SCHOOL DISTRICT's financial position. Over time, increases or decreases in the SCHOOL DISTRICT's Net Position are one indicator of whether the SCHOOL DISTRICT's financial position is improving or deteriorating. However, other non-financial factors such as changes in the SCHOOL DISTRICT's property tax base and general economic conditions must be considered to assess the overall position of the SCHOOL DISTRICT.

There are two categories of activities for the primary government:

- *Governmental activities* include the SCHOOL DISTRICT's basic services such as instruction, support services, and non-instructional services.
- *Business-type activities* such as the Food Service Fund charge a fee to customers to help cover the costs of services.

Net Position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets in the fund level statements are reported as expenditures when financial resources (money) are expended to purchase or build assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt do not affect fund balances.

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Government wide statements are reported on the accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets
- Report long-term debt as a liability
- Depreciate capital assets and allocate the depreciation to the proper program/activities
- Allocate net position balances as follows:
 - Net Investment in Capital Assets
 - Restricted Net Position are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation
 - Unrestricted Net Position is Net Position that does not meet any of the above restrictions

Fund Financial Statements

Fund financial statements provide more detailed information on the SCHOOL DISTRICT's most significant funds, not the SCHOOL DISTRICT as a whole. Funds are accounting devices, i.e., a group of related accounts, the SCHOOL DISTRICT uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. Other funds are established to control and manage resources designated for specific purposes. Fund financial statements are reported using the modified accrual basis of accounting.

The SCHOOL DISTRICT has three kinds of funds:

- *Governmental funds* include most of the SCHOOL DISTRICT's basic services and focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash, and: (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting and provide a detailed short-term view of operations and what resources are available in the near future.

The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements.

The SCHOOL DISTRICT adopts an annual budget for the general fund, as required by state law. A budgetary comparison of the SCHOOL DISTRICT's general fund is presented as required supplementary information.

- *Proprietary Funds* report business-type programs and activities that charge fees designed to recover the cost of providing services. The proprietary funds report using the accrual basis of accounting.
- *Fiduciary Funds* are for which the SCHOOL DISTRICT is the trustee or fiduciary. These include certain custodial funds, or clearing accounts for assets held by the SCHOOL DISTRICT in its role as custodian until the funds are allocated to the private parties, organizations or government agencies to which they belong. The SCHOOL DISTRICT is responsible to ensure the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary Net Position. These funds are excluded from the SCHOOL DISTRICT's government-wide financial statements because the SCHOOL DISTRICT cannot use these assets to finance its operations. The fiduciary funds are reported using the accrual basis of accounting.

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

The SCHOOL DISTRICT's total assets for governmental activities were \$222,180,596 at June 30, 2022. Of this amount, \$108,129,955 was capital assets.

GASB No. 34 required that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements, but allowed infrastructure to be added over several years. The SCHOOL DISTRICT adopted the provisions of GASB 34 related to infrastructure on the retroactive basis.

Condensed Statement of Net Position

| | <u>2022</u> <u>Governmental</u> <u>Activities</u> | <u>2021</u> <u>Governmental</u> <u>Activities</u> | <u>2022</u> <u>Business-Type</u> <u>Activities</u> | <u>2021</u> <u>Business-Type</u> <u>Activities</u> | <u>2022 Total</u> | <u>2021 Total</u> |
|----------------------------------|---|---|--|--|------------------------|------------------------|
| Current & Other Assets | \$ 114,050,641 | \$ 76,883,775 | \$ 1,722,577 | \$ 884,737 | \$ 115,773,218 | \$ 77,768,512 |
| Capital Assets | 108,129,955 | 90,311,143 | 1,122,467 | 504,149 | 109,252,422 | 90,815,292 |
| Total Assets | <u>222,180,596</u> | <u>167,194,918</u> | <u>2,845,044</u> | <u>1,388,886</u> | <u>225,025,640</u> | <u>168,583,804</u> |
| Deferred Outflows of Resources | 25,047,249 | 24,502,978 | 424,144 | 408,593 | 25,471,393 | 24,911,571 |
| Current & other liabilities | 23,632,805 | 24,037,619 | 373,168 | 194,049 | 24,005,973 | 24,231,668 |
| Long-term liabilities | 276,672,112 | 240,848,992 | 2,492,799 | 2,894,015 | 279,164,911 | 243,743,007 |
| Total Liabilities | <u>300,304,917</u> | <u>264,886,611</u> | <u>2,865,967</u> | <u>3,088,064</u> | <u>303,170,884</u> | <u>267,974,675</u> |
| Deferred Inflows of Resources | 17,149,853 | 3,184,411 | 300,539 | 45,957 | 17,450,392 | 3,230,368 |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 40,718,342 | 50,680,877 | 1,122,467 | 504,149 | 41,840,809 | 51,185,026 |
| Restricted | 7,613,749 | 7,570,384 | | - | 7,613,749 | 7,570,384 |
| Unrestricted | (118,559,016) | (134,624,387) | (1,019,785) | (1,840,691) | (119,578,801) | (136,465,078) |
| Total Net Position | <u>\$ (70,226,925)</u> | <u>\$ (76,373,126)</u> | <u>\$ 102,682</u> | <u>\$ (1,336,542)</u> | <u>\$ (70,124,243)</u> | <u>\$ (77,709,668)</u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS **JUNE 30, 2022**

Change in Net Position

The following Statement of Activities represents the Change in Net Position for the years ended June 30, 2022 and 2021. It shows revenues by source and expenses by function for governmental activities, business-type activities and the government as a whole.

Condensed Statement of Activities

| | <u>2022</u> <u>Governmental</u> <u>Activities</u> | <u>2021</u> <u>Governmental</u> <u>Activities</u> | <u>2022</u> <u>Business-Type</u> <u>Activities</u> | <u>2021</u> <u>Business-Type</u> <u>Activities</u> | <u>2022 Total</u> | <u>2021 Total</u> |
|------------------------------------|---|---|--|--|------------------------|------------------------|
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 1,899,979 | \$ 1,627,072 | \$ 936,935 | \$ 341,616 | \$ 2,836,914 | \$ 1,968,688 |
| Grants and Contributions | 41,662,870 | 37,862,672 | 4,801,527 | 2,466,454 | 46,464,397 | 40,329,126 |
| General Revenues: | | | | | | |
| Property Taxes | 56,955,508 | 55,752,100 | - | - | 56,955,508 | 55,752,100 |
| Earned Income Tax | 8,583,528 | 7,461,468 | - | - | 8,583,528 | 7,461,468 |
| Real Estate Transfer Tax | 1,312,049 | 1,305,762 | - | - | 1,312,049 | 1,305,762 |
| Other Taxes | 758,494 | 867,172 | - | - | 758,494 | 867,172 |
| Investment Earnings | 233,146 | 349,137 | 2,391 | 1,329 | 235,537 | 350,466 |
| Other Income | 494,571 | 583,668 | - | - | 494,571 | 583,668 |
| State Property Tax Reduction | 937,737 | 935,753 | - | - | 937,737 | 935,753 |
| Sale of Capital Assets | 91,310 | 67,113 | - | - | 91,310 | 67,113 |
| Total Revenues | 112,929,192 | 106,811,917 | 5,740,853 | 2,809,399 | 118,670,045 | 109,621,316 |
| Expenses: | | | | | | |
| Instructional Services | 69,235,969 | 63,439,889 | - | - | 69,235,969 | 63,439,889 |
| Pupil Services | 4,275,039 | 4,542,036 | - | - | 4,275,039 | 4,542,036 |
| Instructional Support Services | 2,999,025 | 2,670,057 | - | - | 2,999,025 | 2,670,057 |
| Administration | 6,642,457 | 6,316,953 | - | - | 6,642,457 | 6,316,953 |
| Pupil Health Services | 1,387,657 | 1,479,389 | - | - | 1,387,657 | 1,479,389 |
| Financial Services | 1,097,062 | 1,025,566 | - | - | 1,097,062 | 1,025,566 |
| Operation and Maintenance of Plant | 9,613,213 | 10,413,532 | - | - | 9,613,213 | 10,413,532 |
| Student Transportation Services | 4,834,874 | 4,725,598 | - | - | 4,834,874 | 4,725,598 |
| Other Support Services | 2,164,126 | 1,921,378 | - | - | 2,164,126 | 1,921,378 |
| Student Activities | 1,792,579 | 1,602,748 | - | - | 1,792,579 | 1,602,748 |
| Community Services | 15,843 | 12,920 | - | - | 15,843 | 12,920 |
| Interest on Long-Term Debt | 2,725,147 | 2,289,659 | - | - | 2,725,147 | 2,289,659 |
| Food Service | | | 3,244,501 | 1,536,480 | 3,244,501 | 1,536,480 |
| Child Development | | | 1,057,128 | 838,944 | 1,057,128 | 838,944 |
| Total Expenses | 106,782,991 | 100,439,725 | 4,301,629 | 2,375,424 | 111,084,620 | 102,815,149 |
| Change in Net Position | 6,146,201 | 6,372,192 | 1,439,224 | 433,975 | 7,585,425 | 6,806,167 |
| Net Position - July 1 | (76,373,126) | (82,745,318) | (1,336,542) | (1,770,517) | (77,709,668) | (84,515,835) |
| Net Position - June 30 | \$ (70,226,925) | \$ (76,373,126) | \$ 102,682 | \$ (1,336,542) | \$ (70,124,243) | \$ (77,709,668) |

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. In 2022, taxes brought in \$67,609,579.

Net Cost of Governmental and Business-Type Activities

| | <u>2022</u> <u>Total Cost</u> <u>of Services</u> | | <u>2021</u> <u>Total Cost</u> <u>of Services</u> | | <u>2022</u> <u>Net Cost</u> <u>of Services</u> | | <u>2021</u> <u>Net Cost</u> <u>of Services</u> |
|------------------------------------|---|-----------|---|-----------|---|-----------|---|
| Program: | | | | | | | |
| Instructional Services | \$ 69,235,969 | \$ | 63,439,889 | \$ | 34,445,078 | \$ | 31,616,924 |
| Pupil Services | 4,275,039 | | 4,542,036 | | 3,874,540 | | 4,119,523 |
| Instructional Support Services | 2,999,025 | | 2,670,057 | | 1,668,705 | | 1,821,971 |
| Administration | 6,642,457 | | 6,316,953 | | 5,928,541 | | 5,729,537 |
| Pupil Health Services | 1,387,657 | | 1,479,389 | | 999,277 | | 1,066,880 |
| Fiancial Services | 1,097,062 | | 1,025,566 | | 997,332 | | 930,198 |
| Operation and Maintenance of Plant | 9,613,213 | | 10,413,532 | | 8,090,114 | | 8,316,226 |
| Student Transportation Services | 4,834,874 | | 4,725,598 | | 2,608,575 | | 2,412,847 |
| Other Support Services | 2,164,126 | | 1,921,378 | | 1,803,017 | | 1,706,423 |
| Student Activities | 1,792,579 | | 1,602,748 | | 1,477,063 | | 1,389,329 |
| Community Services | 15,843 | | 12,920 | | - | | - |
| Interest on Long-Term Debt | 2,725,147 | | 2,289,659 | | 1,327,900 | | 1,840,123 |
| Food Service | 3,244,501 | | 1,536,480 | | (1,091,182) | | (86,303) |
| Child Development | 1,057,128 | | 838,944 | | (345,651) | | (346,343) |
| Total Expenses | \$ 111,084,620 | \$ | 102,815,149 | \$ | 61,783,309 | \$ | 60,517,335 |

The SCHOOL DISTRICT relied on property taxes and other general revenues to fund 55.60% of its governmental and business-type activities in 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Capital Assets

The SCHOOL DISTRICT's investment in capital assets in its Governmental Activities at June 30, 2022, net of accumulated depreciation, was \$108,129,955. Capital assets consist primarily of land, buildings, equipment, and books. The following is a summary of capital assets at June 30, 2022:

| GOVERNMENTAL ACTIVITIES | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|---------------------------------|-------------------------|-------------------------|------------------------------|
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 549,708 | \$ - | \$ - | \$ 549,708 |
| Construction in Progress | 10,023,250 | 16,217,992 | (4,703,535) | 21,537,707 |
| Total Capital Assets, Not Being Depreciated | <u>10,572,958</u> | <u>16,217,992</u> | <u>(4,703,535)</u> | <u>22,087,415</u> |
| Capital Assets, Being Depreciated: | | | | |
| Equipment | 16,649,199 | 123,661 | - | 16,772,860 |
| Transportation Equipment | 1,411,438 | 81,563 | - | 1,493,001 |
| Building & LHI | 168,052,101 | 12,564,582 | - | 180,616,683 |
| Total Capital Assets, Being Depreciated | <u>186,112,738</u> | <u>12,769,806</u> | <u>-</u> | <u>198,882,544</u> |
| Less Accumulated Depreciation For: | | | | |
| Buildings & Improvement | (94,814,789) | (5,191,010) | | (100,005,799) |
| Equipment and Vehicles | (11,559,764) | (1,274,441) | - | (12,834,205) |
| Total Accumulated Depreciation | <u>(106,374,553)</u> | <u>(6,465,451)</u> | <u>-</u> | <u>(112,840,004)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>79,738,185</u> | <u>6,304,355</u> | <u>-</u> | <u>86,042,540</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 90,311,143</u> | <u>\$ 22,522,347</u> | <u>\$ (4,703,535)</u> | <u>\$ 108,129,955</u> |

The significant increase from Construction in Progress and Buildings/Improvement categories are due from renovations to buildings. Detailed information about the SCHOOL DISTRICT's capital assets can be found in Note 4, Notes to the Financial Statements.

| BUSINESS TYPE ACTIVITIES | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|---------------------------------|-------------------------|-------------------------|------------------------------|
| Capital Assets, Being Depreciated: | | | | |
| Food Service Equipment | \$ 1,554,254 | \$ 758,888 | \$ - | \$ 2,313,142 |
| Total Capital Assets, Being Depreciated | <u>1,554,254</u> | <u>758,888</u> | <u>-</u> | <u>2,313,142</u> |
| Less Accumulated Depreciation | (1,050,105) | (140,570) | - | (1,190,675) |
| Total Capital Assets, Being Depreciated, Net | <u>504,149</u> | <u>618,318</u> | <u>-</u> | <u>1,122,467</u> |
| Business Type Activities Capital Assets, Net | <u>\$ 504,149</u> | <u>\$ 618,318</u> | <u>\$ -</u> | <u>\$ 1,122,467</u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

At June 30, 2022, the SCHOOL DISTRICT had \$284,002,361 of long-term liabilities outstanding. Long-term liabilities increased 14.01% from the previous year. Additional information related to debt is found in Notes 6, 8 and 9 in the Financial Statements. The following is a summary of long-term liabilities for the 2022 year:

| | Beginning Balance | Additions | Payments | Ending Balance | Amounts Due Within One Year |
|-------------------------------|------------------------------|----------------------|------------------------|---------------------------|--|
| Governmental Activities | | | | | |
| Bonds and Notes Payable | | | | | |
| General Obligation Bonds | \$ 68,675,000 | \$ 58,475,000 | \$ (4,955,000) | \$ 122,195,000 | \$ 4,725,000 |
| Bond Premiums | 6,655,940 | 4,322,156 | (631,747) | 10,346,349 | - |
| Notes Payable | 666,044 | 27,500 | (390,827) | 302,717 | 112,470 |
| Total Bonds and Notes Payable | <u>75,996,984</u> | <u>62,824,656</u> | <u>(5,977,574)</u> | <u>132,844,066</u> | <u>4,837,470</u> |
| Other Liabilities | | | | | |
| Compensated Absences | 3,555,948 | 369,554 | (305,747) | 3,619,755 | - |
| Net Pension Liability | 148,724,521 | - | (22,496,926) | 126,227,595 | - |
| Other Postemployment Benefits | 17,930,280 | 887,886 | - | 18,818,166 | - |
| Total Other Liabilities | <u>170,210,749</u> | <u>1,257,440</u> | <u>(22,802,673)</u> | <u>148,665,516</u> | <u>-</u> |
| Governmental Activities | | | | | |
| Total Long-Term Liabilities | <u>\$ 246,207,733</u> | <u>\$ 64,082,096</u> | <u>\$ (28,780,247)</u> | <u>\$ 281,509,582</u> | <u>\$ 4,837,470</u> |
| | | | | | |
| | Beginning Balance | Additions | Payments | Ending Balance | Amounts Due Within One Year |
| Business Type Activities | | | | | |
| Other Liabilities | | | | | |
| Net Pension Liability | 2,734,692 | - | (413,666) | 2,321,026 | - |
| Other Postemployment Benefits | 159,323 | 12,450 | | 171,773 | - |
| Total Other Liabilities | <u>2,894,015</u> | <u>12,450</u> | <u>(413,666)</u> | <u>2,492,799</u> | <u>-</u> |

GOVERNMENTAL FUNDS

The SCHOOL DISTRICT uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of governmental funds is to provide information on inflows, outflows, and balances of spendable resources. Such information is useful in assessing the SCHOOL DISTRICT's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the SCHOOL DISTRICT's net resources available for spending at the end of the year.

The SCHOOL DISTRICT's governmental funds include the general fund, capital reserve fund and capital projects fund. The general fund is the chief operating fund for the SCHOOL DISTRICT. Capital reserve fund and capital projects funds are restricted to specific legislated use.

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

GOVERNMENTAL FUND REVENUES

Governmental fund revenues by source at June 30, 2022 and 2021 were as follows:

| | <u>2022</u> | <u>% of Total</u> | <u>2021</u> | <u>Increase/ (Decrease)</u> | <u>% Change from PY</u> |
|--------------------------------------|-----------------------|-------------------|-----------------------|---------------------------------|-------------------------|
| Revenues: | | | | | |
| Local Sources | | | | | |
| Property Taxes | \$ 57,103,827 | 50.54% | \$ 55,986,257 | \$ 1,117,570 | 2.00% |
| Earned Income Tax | 8,583,528 | 7.60% | 7,461,468 | 1,122,060 | 15.04% |
| Real Estate Transfer Tax | 1,312,049 | 1.16% | 1,305,762 | 6,287 | 0.48% |
| Other Taxes | 758,494 | 0.67% | 867,172 | (108,678) | -12.53% |
| Investment Earnings | 233,146 | 0.21% | 349,137 | (115,991) | -33.22% |
| Tuition | 1,448,158 | 1.28% | 1,304,226 | 143,932 | 11.04% |
| IDEA/Other Federal Sources | 1,592,477 | 1.41% | 1,681,456 | (88,979) | -5.29% |
| Other Local Revenue | 946,390 | 0.84% | 923,190 | 23,200 | 2.51% |
| Total Local Revenue | 71,978,069 | 63.71% | 69,878,668 | 2,099,401 | 3.00% |
| State Sources | | | | | |
| Basic Education Subsidy | 15,273,361 | 13.52% | 14,897,010 | 376,351 | 2.53% |
| Social Security/Retirement Subsidies | 9,458,084 | 8.37% | 9,125,812 | 332,272 | 3.64% |
| Special Education Subsidy | 4,096,747 | 3.63% | 3,930,028 | 166,719 | 4.24% |
| Transportation Subsidy | 1,786,778 | 1.58% | 1,873,316 | (86,538) | -4.62% |
| State Property Tax Reduction | 937,737 | 0.83% | 935,753 | 1,984 | 0.21% |
| Other State Revenue | 1,490,235 | 1.32% | 1,805,794 | (315,559) | -17.47% |
| Total State Revenue | 33,042,942 | 29.25% | 32,567,713 | 475,229 | 1.46% |
| Federal/Other Revenue | | | | | |
| Title Funding | 1,589,079 | 1.41% | 1,610,341 | (21,262) | -1.32% |
| COVID Stimulus Funding | 5,681,101 | 5.03% | 2,402,764 | 3,278,337 | 136.44% |
| ACCESS Funding | 695,009 | 0.62% | 519,475 | 175,534 | 33.79% |
| Total Federal Revenue | 7,965,189 | 7.05% | 4,532,580 | 3,432,609 | 75.73% |
| Total Revenues | \$ 112,986,200 | | \$ 106,978,961 | \$ 6,007,239 | 5.62% |

There are several factors relating to increases in revenues from 2022 to 2021. Local revenues increased \$2,099,401 or 3%. This increase was largely due to an increase in real estate taxes of 1.8% and collections in earned income taxes. The increase was offset by decreases in investment income and interim taxes collected. State revenues increased \$475,229 or 1.46% during 2022 due to a slight increase in the state budget for education and reimbursement for PSERS or Social Security. Federal revenues increased \$3,432,609 or 75.73% during 2022 due to the receipt of federal relief fund from COVID.

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

GOVERNMENTAL FUND EXPENDITURES

Governmental fund expenditures by function at June 30, 2022 and 2021 were as follows:

| | <u>2022</u> | <u>% of Total</u> | <u>2021</u> | <u>Increase/ (Decrease)</u> | <u>% Change from PY</u> |
|------------------------------------|-----------------------|-------------------|-----------------------|---------------------------------|-------------------------|
| Expenses: | | | | | |
| Instructional Services | \$ 70,595,241 | 51.09% | \$ 61,761,625 | \$ 8,833,616 | 7.34% |
| Pupil Services | 4,363,257 | 3.16% | 4,425,701 | (62,444) | -0.05% |
| Instructional Support Services | 3,060,913 | 2.22% | 2,601,669 | 459,244 | 0.38% |
| Administration | 6,779,529 | 4.91% | 6,155,157 | 624,372 | 0.52% |
| Pupil Health Services | 1,416,293 | 1.03% | 1,441,498 | (25,205) | -0.02% |
| Fiancial Services | 1,119,700 | 0.81% | 999,298 | 120,402 | 0.10% |
| Operation and Maintenance of Plant | 9,811,590 | 7.10% | 10,146,810 | (335,220) | -0.28% |
| Student Transportation Services | 4,934,645 | 3.57% | 4,604,562 | 330,083 | 0.27% |
| Other Support Services | 2,208,784 | 1.60% | 1,872,165 | 336,619 | 0.28% |
| Student Activities | 1,792,579 | 1.30% | 1,602,748 | 189,831 | 0.16% |
| Commnity Services | 15,843 | 0.01% | 12,920 | 2,923 | 0.00% |
| Debt: | | 0.00% | | - | 0.00% |
| Interest | 2,600,620 | 1.88% | 2,824,875 | (224,255) | -0.19% |
| Principal | 5,345,827 | 3.87% | 4,655,598 | 690,229 | 0.57% |
| Paying Agent | 2,672 | | | | |
| Other | 40,453 | 0.03% | 54,784 | (14,331) | -0.01% |
| Building Improvements | 24,077,093 | 17.43% | 17,209,532 | 6,867,561 | 5.71% |
| Total Expenses | \$ 138,165,039 | 100.00% | \$ 120,368,942 | \$ 17,793,425 | 14.78% |

Total expenditures for the year increased \$17,793,425 or 14.78%. Instruction expenditures increased \$8,833,616 or 7.3%. This increase can be primarily attributed to increases in pupil expenditures funded by federal sources related to COVID, typical inflationary margins, hiring ten interventionists and a payment of \$6,333,179 to Erie County Vocational School related to renovations. The renovation payment was designed to reduced assigned fund balance previously accounted for and minimize future debt issuance. Support services increased \$1,447,851 or 1.2%. The increase is a result of a district wide project to replace phones within the buildings, increase transportation costs, purchase of new computer hardware, increased teacher sub rates, increased cyber tuition costs and hired additional administrative staffing. Student Activities and Community Service increased by \$192,754 or 0.16% from activities resuming normal activity compared to operating under the duress of COVID. Building improvements increased \$6,867,561 or 5.71%. The increase was related to the ongoing efforts to update all 13 buildings with mechanical, plumbing and electric renovations within the district's long-range capital improvement plan funded through debt. Debt Service increased \$465,974 or 6.23% from additional debt increase and the implementation of GASB 87. See Note 5 Long Term Liabilities for further information on the Debt Service requirements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

GOVERNMENTAL FUND BALANCES AND PROPRIETARY FUND NET POSITION

Ending fund balances for governmental funds and net position for proprietary funds at June 30, 2022 and 2021 were as follows:

| Fund: | <u>Beginning</u> <u>Fund Balance</u> | <u>Net Change</u> | <u>Ending</u> <u>Fund</u> <u>Balance</u> |
|----------------------------|---|-----------------------------|---|
| Governmental Funds: | | | |
| General Fund | \$ 20,247,188 | \$ (2,518,482) | \$ 17,728,706 |
| Capital Reserve | 30,038,547 | 40,184,744 | 70,223,291 |
| Capital Projects | 7,570,384 | 43,365 | 7,613,749 |
| Proprietary Funds: | | | |
| Food Service | 392,537 | 1,092,734 | 1,485,271 |
| Day Care | (1,729,079) | 346,490 | (1,382,589) |
| Fidicary Funds: | | | |
| Total | <u>\$ 56,519,577</u> | <u>\$ 39,148,851</u> | <u>\$ 95,668,428</u> |

Changes to the General Fund net position are outlined within the Governmental Revenue and Expenditures in the previous pages. Capital Reserve Fund Balance net position improved \$40,184,744 from a debt issuance funding the continuance of the district's long-range mechanical, plumbing and electrical upgrades at each building. Capital Projects Fund Balance net position improved \$43,365 as the district expended less in carpet, paint or concrete repairs compared to original expectations. Food Service improved net position is a result of all meals free for the 2021-2022 school year. Given the federal reimbursement rate and all-time high in volume of meals served, the fund experienced an increase in net position of \$1,092,734. Child Development net position increased \$346,490 from reduced pension expense and unexpected federal subsidies.

BUDGETARY HIGHLIGHTS

The SCHOOL DISTRICT adopts an annual appropriated budget for its general fund. Detailed information about the SCHOOL DISTRICT's 2022 general fund budget can be found in Required Supplemental Information.

Overall, the SCHOOL DISTRICT had a negative variance of \$2,418,798 for actual results in comparison to budget. Numerous factors determined these results. Revenue operated at a positive variance of \$4,851,888, which resulted from additional federal relief funds used compared to expectations, appreciation in property values, higher collection of Earned Income Tax and Real Estate Transfer Tax, and additional state subsidy appropriations. Expenditures ended with a negative variance of \$7,346,997 for actual results in comparison to budget, largely resulting from a \$6,333,179 payment to Erie County Vocational School related to renovations, additional staff hired, increase substitute costs or hardware purchases with federal relief funds.

ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

Current difficult economic conditions have affected the SCHOOL DISTRICT's financial position due largely in part by increased pension and healthcare costs. In addition, economic uncertainty related to the labor market places budget pressures on wages offered to minimize employee turnover. Maintaining staffing or resources utilizing federal relief funding may not be sustainable once funding ends. SCHOOL DISTRICT management continues to review ways to reduce expenditures which do not affect direct instruction and ways to improve revenues other than taxes.

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

The SCHOOL DISTRICT's ability to raise millage rates above an inflationary index is limited by Act 1 of 2006. Options to raise millage rates above the Act 1 index are available through referendum approval of the Pennsylvania Department of Education or asking the community to approve a budget via a voting referendum. The current budget does not exceed the Index increase of 4%, with a 4% millage increase, as use of fund balance, an increase to EIT and Real Estate Transfer Taxes from COVID and no increase to healthcare costs contributed to keeping millage rates within the index limitation. In addition, the current budget adds 14 positions, where most are funded through federal relief funds.

General Fund Budget Comparison

| | <u>2022-23</u> | <u>2021-22</u> | <u>Increase/ (Decrease)</u> | <u>% Change from PY</u> |
|----------------------------|-----------------------|-----------------------|--|--------------------------------|
| Revenues: | | | | |
| Local | \$ 72,697,744 | \$ 69,364,573 | \$ 3,333,171 | 4.81% |
| State | 33,711,737 | 32,895,366 | 816,371 | 2.48% |
| Federal/Other | 6,295,145 | 4,866,327 | 1,428,818 | 29.36% |
| Total Revenue | 112,704,626 | 107,126,266 | 5,578,360 | 5.21% |
| Expenditures: | | | | |
| Instruction | 66,268,142 | 63,964,137 | 2,304,005 | 3.60% |
| Support Services | 36,808,721 | 33,014,889 | 3,793,832 | 11.49% |
| Non-Instruction/Community | 2,269,829 | 1,919,166 | 350,663 | 18.27% |
| Fund Transfers/Debt | 9,529,333 | 8,327,757 | 1,201,576 | 14.43% |
| Total Expenditures | 114,876,025 | 107,225,949 | 7,650,076 | 7.13% |
| Net Deficit/Surplus | \$ (2,171,399) | \$ (99,683) | \$ (2,071,716) | 2078.30% |

The SCHOOL DISTRICT's ability to raise millage rates above an inflationary index is limited by Act 1 of 2006. Options to raise millage rates above the Act 1 index are available through referendum approval of the Pennsylvania Department of Education or asking the community to approve a budget via a voting referendum. The current budget does not exceed the Index increase of 3.6%, with a 1.8% millage increase, as use of fund balance, an increase to EIT and Real Estate Transfer Taxes from COVID and no increase to healthcare costs contributed to keeping millage rates within the index limitation.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the SCHOOL DISTRICT's finances and to demonstrate the SCHOOL DISTRICT's accountability. Questions concerning this financial information or requests for additional information should be directed to:

Millcreek Township School District
 Central Administration Office
 3740 West 26th Street
 Erie, PA 16506
 Phone: 814-835-5300

MILLCREEK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

| | Primary Government | | |
|--|------------------------|---------------------|------------------------|
| | Governmental | Business-Type | Total |
| | Activities | Activities | |
| Assets | | | |
| Cash and Cash Equivalents | \$ 97,656,586 | \$ 2,626,961 | \$ 100,283,547 |
| Property Taxes Receivable, Net of Allowance for Uncollectible | 1,274,362 | - | 1,274,362 |
| Other Taxes Receivable | 1,808,378 | - | 1,808,378 |
| Intergovernmental Receivable | 9,372,737 | 682,605 | 10,055,342 |
| Other Receivables | 1,440,306 | 52,967 | 1,493,273 |
| Internal Balances | 1,640,820 | (1,640,820) | - |
| Inventory | 150,021 | 864 | 150,885 |
| Prepays | 707,431 | - | 707,431 |
| Capital Assets: | | | |
| Non-Depreciable | 22,087,415 | - | 22,087,415 |
| Depreciable (Net) | 86,042,540 | 1,122,467 | 87,165,007 |
| Total Assets | \$ 222,180,596 | \$ 2,845,044 | \$ 225,025,640 |
| Deferred Outflows of Resources | | | |
| Deferred Outflows Related to Pensions | \$ 20,808,080 | \$ 382,612 | \$ 21,190,692 |
| Deferred Outflows Related to OPEB - Retirees Health Plan | 1,995,784 | 16,273 | 2,012,057 |
| Deferred Outflows Related to OPEB - PSERS | 1,382,580 | 25,259 | 1,407,839 |
| Deferred Loss on Refunding Debt | 860,805 | - | 860,805 |
| Total Deferred Outflows of Resources | \$ 25,047,249 | \$ 424,144 | \$ 25,471,393 |
| Liabilities | | | |
| Current Liabilities: | | | |
| Accounts Payable | 5,206,853 | 181,547 | 5,388,400 |
| Accrued Wages and Benefits | 12,224,929 | - | 12,224,929 |
| Accrued Interest Payable on Debt | 1,288,158 | - | 1,288,158 |
| Unearned Revenue | 75,395 | 191,621 | 267,016 |
| Current Portions of Long-Term Liabilities: | | | |
| Bonds Payable | 4,725,000 | - | 4,725,000 |
| Notes Payable | 112,470 | - | 112,470 |
| Non-Current Portion of Long-Term Liabilities: | | | |
| Bonds Payable | 127,816,349 | - | 127,816,349 |
| Notes Payable | 190,247 | - | 190,247 |
| Other Post Employment Benefits | 18,818,166 | 171,773 | 18,989,939 |
| Compensated Absences | 3,619,755 | - | 3,619,755 |
| Net Pension Liability | 126,227,595 | 2,321,026 | 128,548,621 |
| Total Liabilities | \$ 300,304,917 | \$ 2,865,967 | \$ 303,170,884 |
| Deferred Inflows of Resources | | | |
| Deferred Inflows of Pensions | \$ 15,528,991 | \$ 285,542 | \$ 15,814,533 |
| Deferred Inflows of OPEB - Retirees Health Plan | 1,447,059 | 11,800 | 1,458,859 |
| Deferred Inflows of OPEB - PSERS | 173,803 | 3,197 | 177,000 |
| Total Deferred Inflows of Resources | \$ 17,149,853 | \$ 300,539 | \$ 17,450,392 |
| Net Position | | | |
| Net Investment in Capital Assets | \$ 40,718,342 | \$ 1,122,467 | \$ 41,840,809 |
| Restricted | 7,613,749 | - | 7,613,749 |
| Unrestricted | (118,559,016) | (1,019,785) | (119,578,801) |
| Total Net Position | \$ (70,226,925) | \$ 102,682 | \$ (70,124,243) |

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

**MILLCREEK TOWNSHIP SCHOOL DISTRICT
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenues and Changes in Net Position | | |
|------------------------------------|----------------|------------------|-------------------|---|-----------------------------|-----------------|
| | | Charges | Operating Grants | Primary Government | | Total |
| | | For Services | and Contributions | Governmental Activities | Business-Type Activities | |
| Primary Government: | | | | | | |
| Governmental Activities: | | | | | | |
| Instructional Services | \$ 69,235,969 | \$ 1,523,843 | \$ 33,267,048 | \$ (34,445,078) | \$ - | \$ (34,445,078) |
| Pupil Services | 4,275,039 | - | 400,499 | (3,874,540) | - | (3,874,540) |
| Instructional Support Services | 2,999,025 | - | 1,330,320 | (1,668,705) | - | (1,668,705) |
| Administration | 6,642,457 | - | 713,916 | (5,928,541) | - | (5,928,541) |
| Pupil Health Services | 1,387,657 | - | 388,380 | (999,277) | - | (999,277) |
| Fiancial Services | 1,097,062 | - | 99,730 | (997,332) | - | (997,332) |
| Operation and Maintenance of Plant | 9,613,213 | 223,577 | 1,299,522 | (8,090,114) | - | (8,090,114) |
| Student Transportation Services | 4,834,874 | - | 2,226,299 | (2,608,575) | - | (2,608,575) |
| Other Support Services | 2,164,126 | - | 361,109 | (1,803,017) | - | (1,803,017) |
| Student Activities | 1,792,579 | 152,559 | 162,957 | (1,477,063) | - | (1,477,063) |
| Community Services | 15,843 | - | 15,843 | - | - | - |
| Interest on Long-Term Debt | 2,725,147 | - | 1,397,247 | (1,327,900) | - | (1,327,900) |
| Total Governmental Activities: | 106,782,991 | 1,899,979 | 41,662,870 | (63,220,142) | - | (63,220,142) |
| | | | | | | |
| Business-Type Activities: | | | | | | |
| Food Service | 3,244,501 | 287,729 | 4,047,954 | - | 1,091,182 | 1,091,182 |
| Child Development | 1,057,128 | 649,206 | 753,573 | - | 345,651 | 345,651 |
| Total Business-Type Activities | 4,301,629 | 936,935 | 4,801,527 | - | 1,436,833 | 1,436,833 |
| Total Primary Government | \$ 111,084,620 | \$ 2,836,914 | \$ 46,464,397 | \$ (63,220,142) | \$ 1,436,833 | \$ (61,783,309) |
| | | | | | | |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property Taxes | | | | 56,955,508 | - | 56,955,508 |
| Earned Income Tax | | | | 8,583,528 | - | 8,583,528 |
| Real Estate Transfer Tax | | | | 1,312,049 | - | 1,312,049 |
| Other Taxes | | | | 758,494 | - | 758,494 |
| Investment Earnings | | | | 233,146 | 2,391 | 235,537 |
| Other Income | | | | 494,571 | - | 494,571 |
| State Property Tax Reduction | | | | 937,737 | - | 937,737 |
| Sale of Capital Assets | | | | 91,310 | - | 91,310 |
| Total General Revenues | | | | 69,366,343 | 2,391 | 69,368,734 |
| | | | | | | |
| Change in Net Position | | | | 6,146,201 | 1,439,224 | 7,585,425 |
| | | | | | | |
| Net Position - Beginning | | | | (76,373,126) | (1,336,542) | (77,709,668) |
| | | | | | | |
| Net Position - Ending | | | | \$ (70,226,925) | \$ 102,682 | \$ (70,124,243) |

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

MILLCREEEK TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
JUNE 30, 2022

| | <u>General Fund</u> | <u>Capital Reserve</u> | <u>Capital Projects</u> | <u>Total Governmental</u> |
|--|----------------------|------------------------|-------------------------|---------------------------|
| Assets | | | | |
| Cash and Cash Equivalents | \$ 22,952,784 | \$ 66,984,260 | \$ 7,719,542 | \$ 97,656,586 |
| Receivables: | | | | |
| Property Taxes Receivable, Net of Allowance for Uncollectible | 1,274,362 | - | - | 1,274,362 |
| Other Taxes Receivable | 1,808,378 | - | - | 1,808,378 |
| Intergovernmental | 9,372,737 | - | - | 9,372,737 |
| Due From Other Funds | 889,405 | 5,757,270 | - | 6,646,675 |
| Other Receivables | 1,440,306 | - | - | 1,440,306 |
| Prepaid Assets | 707,431 | - | - | 707,431 |
| Inventory | 150,021 | - | - | 150,021 |
| Total Assets | \$ 38,595,424 | \$ 72,741,530 | \$ 7,719,542 | \$ 119,056,496 |
| Liabilities | | | | |
| Accounts Payable | \$ 2,582,821 | \$ 2,518,239 | \$ 105,793 | \$ 5,206,853 |
| Accrued Salaries & Benefits | 12,224,929 | - | - | 12,224,929 |
| Due To Other Funds | 5,005,855 | - | - | 5,005,855 |
| Unearned Revenues | 75,395 | - | - | 75,395 |
| Total Liabilities | 19,889,000 | 2,518,239 | 105,793 | 22,513,032 |
| Deferred Inflows of Resources | | | | |
| Unavailable Revenue - Property Taxes | 977,718 | - | - | 977,718 |
| Total Deferred Inflows of Resources | 977,718 | - | - | 977,718 |
| Fund Balances | | | | |
| Non-spendable | 857,452 | - | - | 857,452 |
| Restricted for Capital Projects | - | 70,223,291 | - | 70,223,291 |
| Committed: | | | | |
| Extracurricular Activities | 1,863,595 | - | - | 1,863,595 |
| Capital Reserve | - | - | 7,613,749 | 7,613,749 |
| Assigned: | | | | |
| PSERS | 1,055,460 | - | - | 1,055,460 |
| IT | 3,134,479 | - | - | 3,134,479 |
| Salaries | 2,197,929 | - | - | 2,197,929 |
| Unassigned | 8,619,791 | - | - | 8,619,791 |
| Total Fund Balances | 17,728,706 | 70,223,291 | 7,613,749 | 95,565,746 |
| Total Liabilities and Fund Balances | \$ 38,595,424 | \$ 72,741,530 | \$ 7,719,542 | \$ 119,056,496 |

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

MILLCREEEK TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

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

| | | |
|--|------------------|------------------------|
| Total fund balances of governmental funds | | \$ 95,565,746 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$220,969,959 and the accumulated depreciation is \$112,840,004. | | 108,129,955 |
| Property taxes receivable will be collected, but are not available soon enough to pay for current year's expenditures, and therefore are deferred in the Governmental Funds. | | 977,718 |
| Long-term liabilities and related deferrals such as Debt, Accrued Interest, and Compensated Absences are not due and payable in the current period and accordingly are not reported as fund liabilities. Both current and long-term liabilities are reported in the Statement of Net Position. | | |
| Long-term Bonds and Notes Payable | \$ (122,195,000) | |
| Unamortized Loss on Debt Refundings | 860,805 | |
| Bond Premium | (10,346,349) | |
| Accrued interest | (1,288,158) | |
| Notes Payable | (302,717) | |
| Other Post Employment Benefits | (18,818,166) | |
| Deferred Outflows related to Pensions | 20,808,080 | |
| Deferred Outflows related to OPEB - Retirees Health Plan | 1,995,784 | |
| Deferred Outflows related to OPEB - PSERS | 1,382,580 | |
| Deferred Inflows related to Pensions | (15,528,991) | |
| Deferred Inflows related to OPEB - Retirees Health Plan | (1,447,059) | |
| Deferred Inflows related to OPEB - PSERS | (173,803) | |
| Net Pension Liability | (126,227,595) | |
| Compensated Absences | (3,619,755) | (274,900,344) |
| Total net position of governmental activities | | <u>\$ (70,226,925)</u> |

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

MILLCREEEK TOWNSHIP SCHOOL DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | <u>General Fund</u> | <u>Capital Reserve</u> | <u>Capital Projects</u> | <u>Total Governmental Funds</u> |
|--|----------------------|------------------------|-------------------------|---|
| Revenues: | | | | |
| Local Revenue: | | | | |
| Property Taxes | \$ 57,103,827 | \$ - | \$ - | \$ 57,103,827 |
| Earned Income Tax | 8,583,528 | - | - | 8,583,528 |
| Real Estate Transfer Tax | 1,312,049 | - | - | 1,312,049 |
| Other Taxes | 758,494 | - | - | 758,494 |
| Investment Earnings | 73,940 | 146,409 | 12,797 | 233,146 |
| Tuition | 1,448,158 | - | - | 1,448,158 |
| IDEA/Other Federal Sources | 1,592,477 | - | - | 1,592,477 |
| Other Local Revenue | 946,345 | 45 | - | 946,390 |
| Total Local Revenue | 71,818,818 | 146,454 | 12,797 | 71,978,069 |
| State Revenue: | | | | |
| Basic Education Subsidy | 15,273,361 | - | - | 15,273,361 |
| Social Security/Retirement Subsidies | 9,458,084 | - | - | 9,458,084 |
| Special Education Subsidy | 4,096,747 | - | - | 4,096,747 |
| Transportation Subsidy | 1,786,778 | - | - | 1,786,778 |
| State Property Tax Reduction | 937,737 | - | - | 937,737 |
| Other State Revenue | 1,490,235 | - | - | 1,490,235 |
| Total State Revenue | 33,042,942 | - | - | 33,042,942 |
| Federal/Other Revenue: | | | | |
| Title Funding | 1,589,079 | - | - | 1,589,079 |
| COVID Stimulus Funding | 4,832,306 | 848,795 | - | 5,681,101 |
| ACCESS Funding | 695,009 | - | - | 695,009 |
| Total Federal Revenue | 7,116,394 | 848,795 | - | 7,965,189 |
| Total Revenues | 111,978,154 | 995,249 | 12,797 | 112,986,200 |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional Services | 70,595,241 | - | - | 70,595,241 |
| Pupil Services | 4,363,257 | - | - | 4,363,257 |
| Instructional Support Services | 3,060,913 | - | - | 3,060,913 |
| Administration | 6,779,529 | - | - | 6,779,529 |
| Pupil Health Services | 1,416,293 | - | - | 1,416,293 |
| Financial Services | 1,119,700 | - | - | 1,119,700 |
| Operation and Maintenance of Plant | 9,811,590 | - | - | 9,811,590 |
| Student Transportation Services | 4,934,645 | - | - | 4,934,645 |
| Other Support Services | 2,208,784 | - | - | 2,208,784 |
| Student Activities | 1,792,579 | - | - | 1,792,579 |
| Community Services | 15,843 | - | - | 15,843 |
| Other | 40,453 | - | - | 40,453 |
| Debt Service: | | | | |
| Interest | 2,600,620 | - | - | 2,600,620 |
| Principal | 5,345,827 | - | - | 5,345,827 |
| Paying Agent | 2,672 | - | - | 2,672 |
| Capital Outlay: | | | | |
| Building Improvements | - | 23,607,661 | 469,432 | 24,077,093 |
| Total Expenditures | 114,087,946 | 23,607,661 | 469,432 | 138,165,039 |
| Excess (Deficiency) of Revenues Over Expenditures | (2,109,792) | (22,612,412) | (456,635) | (25,178,839) |
| Other Financing Sources | | | | |
| Transfers In | - | - | 500,000 | 500,000 |
| Bond Proceeds | - | 58,475,000 | - | 58,475,000 |
| Bond Premiums | - | 4,322,156 | - | 4,322,156 |
| Sale of Capital Assets | 91,310 | - | - | 91,310 |
| Transfers Out | (500,000) | - | - | (500,000) |
| Total Financing Sources | (408,690) | 62,797,156 | 500,000 | 62,888,466 |
| Net Change in Fund Balance | (2,518,482) | 40,184,744 | 43,365 | 37,709,627 |
| Fund Balance, Beginning of Year | 20,247,188 | 30,038,547 | 7,570,384 | 57,856,119 |
| Fund Balance, End of Year | \$ 17,728,706 | \$ 70,223,291 | \$ 7,613,749 | \$ 95,565,746 |

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

MILLCREEK TOWNSHIP SCHOOL DISTRICT
 RECONCILIATION OF STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCES GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2022

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

Net Change in fund balances - total governmental funds \$ 37,709,627

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

| | | |
|----------------------|--------------------|------------|
| Capital Outlays | 24,284,263 | |
| Depreciation Expense | <u>(6,465,451)</u> | 17,818,812 |

Payments of long-term debt and certain expenditures of debt issuance are expensed when paid in the Governmental Funds, but are amortized or recorded as a reduction of long term liabilities in the Statement of Net Position

| | | |
|--------------------------------|-----------------|--------------|
| Debt Principal Repayments | 4,955,000 | |
| Note Payable Additions | (27,500) | |
| Amortization of Bond Premiums | 631,747 | |
| Premium on Bond Issuance | (4,322,156) | |
| Bond Issuance | (58,475,000) | |
| Amortization of Deferred Loss | (215,202) | |
| Change in Accrued Interest | (510,902) | |
| Note Payable Payments | 390,827 | |
| Change in Compensated Absences | <u>(63,807)</u> | (57,636,993) |

Governmental funds do not report the changes in the Other Post Employment Benefit liability: (501,355)

Governmental funds do not report the changes in the Pension expense: 8,904,429

Real estate taxes reported in the funds include receipt of prior year delinquent taxes and do not include revenue attributable to the current year's delinquent tax receivable. This amount is the net effect of these differences.

| | | |
|--------------|--------------------|------------------|
| Current year | 977,718 | |
| Prior year | <u>(1,126,037)</u> | <u>(148,319)</u> |

Changes in net position of governmental activities \$ 6,146,201

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

MILLCREEK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

| | | <u>Food Service</u> | <u>Day Care</u> | <u>Total</u> <u>Propreitary Funds</u> | | |
|--|-----------|---------------------|-----------------|--|-----------|---------------------|
| <u>Assets</u> | | | | | | |
| Current Assets: | | | | | | |
| Cash and Cash Equivalents | \$ | 2,058,700 | \$ | 568,261 | \$ | 2,626,961 |
| Subsidies Receivalbe | | 638,855 | | 43,750 | | 682,605 |
| Due From Other Funds | | 4,339 | | 3,134 | | 7,473 |
| Other Receivables | | 10,716 | | 42,251 | | 52,967 |
| Inventories | | 864 | | - | | 864 |
| Total Current Assets | | 2,713,474 | | 657,396 | | 3,370,870 |
| Non-Current Assets: | | | | | | |
| Capital Assets (Net of Accumulated Depreciation \$1,190,675) | | 1,122,467 | | - | | 1,122,467 |
| Total Non-Current Assets | | 1,122,467 | | - | | 1,122,467 |
| Total Assets | | \$ 3,835,941 | | \$ 657,396 | | \$ 4,493,337 |
| | | | | | | |
| <u>Deferred Outflows of Resources</u> | | | | | | |
| Deferred Outflows of Resources for OPEB | | 10,136 | | 31,396 | | 41,532 |
| Deferred Outflows of Resources for Pension | | 77,604 | | 305,008 | | 382,612 |
| Total Deferred Outflows of Resources | | 87,740 | | 336,404 | | 424,144 |
| | | | | | | |
| <u>Liabilities</u> | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable | \$ | 165,500 | \$ | 16,047 | \$ | 181,547 |
| Due To Other Funds | | 1,496,701 | | 151,592 | | 1,648,293 |
| Unearned Revenues | | 191,448 | | 173 | | 191,621 |
| Total Current Liabilities | | 1,853,649 | | 167,812 | | 2,021,461 |
| Noncurrent Liabilities: | | | | | | |
| OPEB | | 51,818 | | 119,955 | | 171,773 |
| Pension | | 470,767 | | 1,850,259 | | 2,321,026 |
| Total Noncurrent Liabilities | | 522,585 | | 1,970,214 | | 2,492,799 |
| Total Liabilities | | 2,376,234 | | 2,138,026 | | 4,514,260 |
| | | | | | | |
| <u>Deferred Inflows of Resources</u> | | | | | | |
| Deferred Inflows of Resources for OPEB | | 4,260 | | 10,737 | | 14,997 |
| Deferred Inflows of Resources for Pension | | 57,916 | | 227,626 | | 285,542 |
| Total Deferred Inflows of Resources | | 62,176 | | 238,363 | | 300,539 |
| | | | | | | |
| <u>Net Position</u> | | | | | | |
| Net Investment in Capital Assets | | 1,122,467 | | - | | 1,122,467 |
| Unrestricted | | 362,804 | | (1,382,589) | | (1,019,785) |
| Total Net Position | | 1,485,271 | | (1,382,589) | | 102,682 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ | 3,923,681 | \$ | 993,800 | \$ | 4,917,481 |

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

MILLCREEEK TOWNSHIP SCHOOL DISTRICT
 STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Food Service</u> | <u>Day Care</u> | <u>Total Proprietary Funds</u> |
|---|---------------------|-----------------------|--|
| Operating Revenues: | | | |
| Receipts from Providing Services | \$ 287,729 | \$ 649,206 | \$ 936,935 |
| Total Operating Revenues | 287,729 | 649,206 | 936,935 |
| Operating Expenses | | | |
| Salaries and Wages | 148,233 | 782,168 | 930,401 |
| Employee Benefits | 85,730 | 228,488 | 314,218 |
| Operation | 2,869,968 | 46,472 | 2,916,440 |
| Depreciation | 140,570 | - | 140,570 |
| Total Operating Expenses | 3,244,501 | 1,057,128 | 4,301,629 |
| Operating Loss | (2,956,772) | (407,922) | (3,364,694) |
| Nonoperating Revenues (Expenses) | | | |
| Federal Programs: | | | |
| Federal Subsidies | 3,777,797 | 363,577 | 4,141,374 |
| Donated Commodities | 122,477 | - | 122,477 |
| State Subsidies | 147,680 | 389,996 | 537,676 |
| Investment Earnings | 1,552 | 839 | 2,391 |
| Total Nonoperating Revenues (Expenses) | 4,049,506 | 754,412 | 4,803,918 |
| Changes in Net Position | 1,092,734 | 346,490 | 1,439,224 |
| Net Position - Beginning of Year | 392,537 | (1,729,079) | (1,336,542) |
| Net Position - End of Year | \$ 1,485,271 | \$ (1,382,589) | \$ 102,682 |

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

MILLCREEK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Food Service</u> | <u>Day Care</u> | <u>Total Proprietary Funds</u> |
|--|-----------------------|---------------------|--|
| Cash Flows from Operating Activities | | | |
| Cash Received from Customers | \$ 262,260 | \$ 635,154 | \$ 897,414 |
| Cash Paid to Employees | (142,935) | (782,168) | (925,103) |
| Cash Paid to Suppliers | (1,645,445) | (277,711) | (1,923,156) |
| Net Cash Used in Operating Activities | (1,526,120) | (424,725) | (1,950,845) |
| Cash Flows from Non-Capital Financing Activities | | | |
| Grants & Subsidies Received: | | | |
| State | 138,637 | 368,121 | 506,758 |
| Federal | 3,567,293 | 363,577 | 3,930,870 |
| Net Cash Provided by Non-Capital Financing Activities | 3,705,930 | 731,698 | 4,437,628 |
| Cash Flows from Capital and Related Financing Activities | | | |
| Purchase of Capital Assets | (758,888) | - | (758,888) |
| Investment Earnings | 1,552 | 839 | 2,391 |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | (757,336) | 839 | (756,497) |
| Net Increase in Cash and Cash Equivalents | 1,422,474 | 307,812 | 1,730,286 |
| Beginning Cash and Cash Equivalents | 636,226 | 260,449 | 896,675 |
| Ending Cash and Cash Equivalents | \$ 2,058,700 | \$ 568,261 | \$ 2,626,961 |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES | | | |
| Operating Loss | \$ (2,956,772) | \$ (407,922) | \$ (3,364,694) |
| Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities: | | | |
| Depreciation | 140,570 | - | 140,570 |
| Pension/OPEB Expense | (35,873) | (126,312) | (162,185) |
| Donated Commodities | 122,477 | - | 122,477 |
| (Increase) Decrease in Assets | | | |
| Interfund Receivables | (1,048) | (660) | (1,708) |
| Inventories | 9,843 | - | 9,843 |
| Other Assets | (3,654) | (12,809) | (16,463) |
| Increase (Decrease) in Liabilities | | | |
| Accounts Payable | 79,285 | 9,773 | 89,058 |
| Interfund Payable | 1,149,663 | 114,447 | 1,264,110 |
| Unearned Revenue | (30,611) | (1,242) | (31,853) |
| Accrued Expenses | - | - | - |
| Net Cash Used in Operating Activities | \$ (1,526,120) | \$ (424,725) | \$ (1,950,845) |

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

MILLCREEEK TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Total</u> | |
|---|------------------------|------------------------|
| | <u>Custodial Funds</u> | <u>Fiduciary Funds</u> |
| Assets | | |
| Cash and Cash Equivalents | \$ 211,596 | \$ 211,596 |
| Due From Other Funds | - | - |
| Total Assets | 211,596 | 211,596 |
| Liabilities | | |
| Accounts Payable | \$ - | \$ - |
| Total Liabilities | - | - |
| Net Position | | |
| Unrestricted | 211,596 | 211,596 |
| Total Net Position | 211,596 | 211,596 |
| Total Liabilities and Net Position | \$ 211,596 | \$ 211,596 |

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

MILLCREEEK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Custodial Funds</u> | <u>Total</u> <u>Fiduciary Funds</u> |
|---|------------------------|--|
| Additions | | |
| Receipts from Providing Services | \$ 312,496 | \$ 312,496 |
| Total Additions | <u>312,496</u> | <u>312,496</u> |
| Deductions | | |
| Disbursements | 296,433 | 296,433 |
| Total Deductions | <u>296,433</u> | <u>296,433</u> |
| Net Increase (Decrease) | <u>16,063</u> | <u>16,063</u> |
| Changes in Net Position | 16,063 | 16,063 |
| Net Position - Beginning of Year | <u>195,533</u> | <u>195,533</u> |
| Net Position - End of Year | <u>\$ 211,596</u> | <u>\$ 211,596</u> |

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

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Millcreek Township School District (the "District") is located in Erie County, Pennsylvania. The District's tax base consists of Millcreek Township.

The District is governed by a board of nine school board members 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 Directors (the "Board") 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 five and twenty-one years, who may attend.

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

The financial statements of the District have been prepared in accordance with generally accepted accounting principles 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.

A.) 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B.) Reporting Entity:

The District is the basic level of government, which has financial accountability and control over all activities related to the public school education in the District. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District, is not included in any other governmental "reporting entity" as defined by the GASB pronouncements, since Board members are elected from the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in GASB Statement No. 61, which are included in the District's reporting entity.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C.) Joint Venture:

The Millcreek Township School District, along with other school districts located in the County of Erie, Pennsylvania, own and operate a joint venture, namely the Erie County Area Vocational-Technical School (Vo-Tech).

Students of the School District, if they so elect, may receive vocational/technical training at Vo-Tech. The School District pays the tuition for the students enrolled at the vocational-technical school. The School District paid \$832,780 in tuition and alternative education for the year ended June 30, 2022.

Each School District elects one member to the operating committee of Vo-Tech. The operating committee acts as the school's governing body.

Financial information relating to the Erie County Area Vocational-Technical School is included in a separate audit report for the year ended June 30, 2022. The report can be obtained at the administrative offices of the school, 8500 Oliver Road, Erie, Pennsylvania.

D.) Jointly Governed Organizations

The District is a participating member of the Northwest Tri-County Intermediate Unit ("IU"). Operations of the IU are directed by a board of directors consisting of members from each participating district. No participating district appoints a majority of the board of directors. The board of directors of each participating district must approve IU's annual operating budget.

The IU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no ongoing financial interest or responsibility in the IU. The IU contracts with participating districts to supply special education services, computer services and to act as a conduit for certain federal programs.

E.) 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, liabilities, fund balance, revenues and expenditures or expenses as appropriate. Resources are allocated to and accounted for in the individual funds based on the purpose for which they are to be spent.

The District uses the following funds:

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

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E.) Fund Accounting (Continued)

1. General Fund – This is the general operating fund of the District. All activities of the District are accounted for through this major fund except for those required to be accounted for in another fund.
2. Capital Projects Fund - This major fund is used to account for financial resources to be used in acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds.
3. Capital Reserve Fund - This fund accounts for financial resources used for the acquisition of capital assets, as deemed necessary by the Board of Directors, other than those financed through the District's Capital Project Fund.

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).

1. Food Service Fund – This major 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, costs and expenses for the Food Service Program.
2. Day Care Fund – This major fund is used to account for the District's day care operations that are financed and operated in a manner similar to private business enterprises. The Fund accounts for all revenues, costs and expenses for the Child Development Program.

FIDUCIARY FUNDS – These funds are used to account for assets held by the District as trustee or agent.

1. Custodial Fund – This fund accounts for the receipts and disbursements of monies from student activity organizations. These organizations exist with the explicit approval and are subject to revocation by the District's governing body. This accounting reflects the District's custodial relationship with the student activity organizations.

F.) 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.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F.) Basis of Presentation (Continued):

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 the fiduciary funds of the District. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Fiduciary funds are reported by fund type.

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 this definition are reported as non-operating revenues and expenses.

G.) Measurement Focus and Basis of Accounting:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the Proprietary Fund and the Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net Position (total assets and deferred outflows less total liabilities and deferred inflows) 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 to be available if collected within sixty 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 deferred 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 and claims and judgments, are recorded only when payment is due.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H.) Budgetary Data:

In accordance with Act 1, the District elected not to increase the real estate tax rate above the index established by the Pennsylvania Department of Education and, therefore, follows the procedures outlined below in establishing the budgetary data reflected in the basic financial statements:

1. Prior to May 31, the Board submits a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The budget of the District is the approved spending plan of the District for the year and the Board is prohibited from obligating funds in excess of these amounts. The Board may, during any fiscal year, amend the budget by making additional appropriations or increase existing appropriations to meet emergencies. The funds shall be provided from unexpended balances in existing appropriations, from unappropriated revenues or from temporary loans. Legal budgetary control is maintained by the Board at the department level. Transfers between departments, whether between funds or within a fund or revisions that alters the total revenues and expenditures of any fund, must be approved by the Board. Budget information in the Budgetary Comparison Schedule is presented at or below the legal level of budgetary control.
5. Budgetary data is included in the District's management information system and is employed as a management control device during the year.
6. The budget for the General Fund is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.
7. There were supplemental budgetary appropriations or amendments proposed or approved during the year.

Legal budgetary control is maintained by the Chief Financial Officer at the functional object level. Transfers between functional objects, wither between funds or within a fund, or revisions that alters the total revenues and expenditures of any fund, must be approved by the SCHOOL BOARD. Instructional services overspent budget allocation by \$6,814,457 from the spending of federal stimulus funding and a \$6,333,179 payment to Erie County Vocational School related to renovations, which was intended to use fund balance assigned for this purpose. The remaining departments overspent by \$532,540 resulting from spending of federal stimulus money, replacement phone project and professional development.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.) Budgetary Data (Continued):

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

I.) Cash and Cash Equivalents:

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

J.) Investments:

Investments are carried at market value based on quoted market prices.

K.) Receivables/Payables:

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

L.) Accounts Receivable:

Accounts receivable are recorded at the invoiced amount. The District determines the allowance for doubtful accounts based on historical write-off experience. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Accounts Receivable balances are anticipated to be collected within a year.

M.) Inventories and Prepaid Items:

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 fair market value as determined by the U.S. Department of Agriculture at the date of donation. The inventories on hand at June 30, 2022, consist of the following:

| | |
|---------------------|---------------|
| Donated Commodities | <u>\$ 864</u> |
| Total Inventory | <u>\$ 864</u> |

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both government-wide and fund financial statements.

N.) 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 \$1,500 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$1,500 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N.) Capital Assets: (continued)

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 assets 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> |
|----------------------------|--------------|
| Buildings and Improvements | 15 – 40 |
| Equipment and vehicles | 7 – 15 |
| Food service equipment | 5 – 15 |

O.) Long-Term Obligations:

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium.

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 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.

P.) PSERS Net OPEB Liability:

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

Q.) Net/Position/Fund Balance:

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q.) Net Position/Fund Balance: (Continued)

- Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This category represents net position of the District, not restricted for any project or other purpose.

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Non-spendable:* This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School District has \$857,452 in non-spendable fund balance in the General Fund as of June 30, 2022.
- *Restricted:* This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School District had \$70,223,291 of restricted fund balance as of June 30, 2022.
- *Committed:* This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School District had \$9,477,344 of committed resources as of June 30, 2022.
- *Assigned:* This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to the District's management. The School District had \$6,387,868 of assigned resources as of June 30, 2022.
- *Unassigned:* This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. School District policy 620 states the School district will strive to maintain an unassigned general fund balance of not less than the maximum amount permitted by the Commonwealth of Pennsylvania. The School District had \$8,619,791 of unassigned fund balance as of June 30, 2022, which complies with policy 620.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q.) Net Position/Fund Balance: (Continued)

The School District uses 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.

R.) Deferred Outflows /Inflows of Resources

The Statement of Net Position reports separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/revenue) until then. The District has three items that qualify for reporting in these categories: deferred outflows on refunding bonds, deferred outflows related to OPEB, deferred outflows and inflows related to pensions, and unavailable tax revenue.

In accordance with applicable guidance, the excess of the reacquisition price over the net carrying amount of refunded debt is recorded as a deferred outflow of resources on the statement of net position and amortized as a component of interest expense over the shorter of the term of the refunding issue or refunded bonds.

Deferred outflows of resources related to OPEB is described further in Note 8. Deferred outflows of resources should be recognized in OPEB expense, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period. The recognition period for the OPEB Plan's change in assumption and differences between expected and actual experience is 11 years.

Deferred outflows and inflows of resources related to pensions are described further in Note 9. Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits determined for the period during which the changes occurred. Differences between projected and actual earnings on pension plan investments are amortized over a closed five-year period.

In the governmental funds balance sheet, the District only has one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable tax revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

S.) Adoption of Governmental Accounting Standards Board Statements

The District adopted the requirements of GASB Statement No. 87, "Leases". The adoption of this statement did not have a material effect on the District's financial statements, but resulted in some classification changes of line items within the Statement of Net Position.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S.) Adoption of Governmental Accounting Standards Board Statements (Continued)

The District adopted the requirements of GASB Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". The adoption of this statement had no effect on the District's financial statements.

The District adopted the requirements of GASB Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". The adoption of this statement had no effect on the District's financial statements.

The District adopted the requirements of GASB Statement No. 92 "Omnibus 2020". The adoption of this statement had no effect on the District's financial statements.

The District adopted the requirements of GASB Statement No. 93 "Replacement of Interbank Offered Rates". The adoption of this statement had no effect on the District's financial statements.

The District adopted the requirements of GASB 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 adoption of this statement had no effect on the District's financial statements.

The District adopted certain requirements of GASB Statement No. 99, "Omnibus 2022". The adoption of these certain requirements had no effect on the District's financial statements.

T.) Pending Changes in Accounting Principles

In May of 2020, The GASB issued Statement No. 91 "Conduit Debt Obligations". The District is required to adopt statement No. 91 for its fiscal year 2023 financial statements.

In March of 2020, the GASB issued statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The District is required to adopt Statement No. 94 for its 2023 financial statements.

In May of 2020, the GASB issued statement No. 96 "Subscription-Based Information Technology Arrangements". The District is required to adopt Statement No. 96 for its fiscal year 2023 financial statements.

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

In June 2022, the GASB issued Statement No. 101, "Compensated Absences". The District is required to adopt Statement No. 101 for its 2024 financial statements.

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

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 2: 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 and (d) shares of an investment company registered under the Investment Company Act of 1940, provided that the instruments are those types of investments listed above, and the investment company is managed so as to maintain its shares at a constant net asset value and the investment company is rated in the highest category by a nationally recognized rating agency. Pursuant to Act 72 of the Pennsylvania State Legislature, a depository must pledge assets to secure state and municipal deposits. The pledged assets must at least be equal to the total amount of such assets required to secure all of the public deposits at the depository and may be on a pooled basis. Additionally, all such pledged assets must be delivered to a legal custodian.

Act 10 of 2016 broadened the scope of investment options for the District with safeguard measures to protect those investments. The Act added high quality money market instruments including repurchase agreements, commercial paper, negotiable certificates of deposit and bankers' acceptances to the authorized list of investments.

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

A portion of the District's cash and investments are in the Pennsylvania School District Liquid Asset Fund ("PSDLAF"), which is a fund very similar to mutual funds. PSDLAF operates in accordance with appropriate State laws and regulations and under State oversight. The reported value of the pool is the same as the fair value of the pool shares.

In accordance with the Government Accounting Standards Board, investments in PSDLAF are valued at amortized cost, which approximates market value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the investment. The net asset value per share for the purpose of calculating the price at which shares are issued and redeemed is determined by the Administrator each banking day. Such determination is made by subtracting the liabilities from the value of the assets and dividing the remainder by the number of shares outstanding.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Although such requirement has been waived since 2005, all investments in PSDLAF's MAX Series by Settlers must be deposited for a minimum of 14 calendar days. No investment made in the MAX Series may be withdrawn by the Settlor making it during the first 14 calendar days after it is made without the incurrence of a penalty for such premature withdrawal. However, the 14 day minimum investment period does not apply to direct deposits of state aid payments into the MAX Series. In the event that a Settlor withdraws a deposit within such initial 14 calendar day period, it will be subject to a penalty equal to the loss of 14 days interest on the amount so withdrawn. Such 14 day interest penalty shall be calculated on the basis of the dividend rates in effect for the MAX Series for the 14 day period immediately preceding the withdrawal date.

Accordingly, the penalty will be equal to the dividend that would have been paid during the 14 days preceding the withdrawal date on the amount prematurely withdrawn. Such penalty will be payable even though the amount withdrawn has not been invested in the MAX Series for the full 14 day period preceding the withdrawal. However, as noted above, the 14 day minimum investment period has been waived since 2005 and would not be reinstituted without notice to the Fund's Settlers.

As of June 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Interest Rate Risk – The School District's investment policy seeks to have its investments remain sufficiently liquid to meet all operating requirements that are reasonably anticipated. Investments shall be made with the objective of attaining a market-average rate of return throughout the budgetary and economic cycles, taking into account investment risk constraints and liquidity needs as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The School District's investment policy for its operating and Fiduciary funds maintains that preservation of principal shall be the highest priority. Preservation of principal shall be ensured by diversification and other means of means of minimizing credit risk. As of June 30, 2022, the School District's operating investments were all maintained in Money Market funds with the Pennsylvania School District Liquid Asset Fund (PSDLAF).

Custodial Credit Risk – For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of June 30, 2022, the School District's cash balances for its governmental activities, business-type activities and custodial fund were \$100,495,143 and its bank balances and cash equivalents were \$102,497,222. Of these bank balances, \$506,798 was covered by Federal Depository Insurance Company (FDIC) insurance. The remaining \$101,990,424 was collateralized with securities held by the pledging financial institutions, or by their trust departments or agents, but not in the School District's name, and therefore was subject to custodial credit risk.

Concentration of Credit Risk – The School District's formal investment policy for operating investments seeks to avoid concentration of credit risk by diversification and other means of minimizing credit risk. All of the School District's investments were in the PSDLAF.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 3: REAL ESTATE TAXES RECEIVABLE

The District has independently elected tax collectors who are responsible for the collection of taxes. Assessed values are established by the Erie County Board of Assessment. The District tax rate for the year ended June 30, 2022 was 14.7613 mills (\$14.7613) per \$1,000 of assessed valuation) as levied by the 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 31 | 10% Penalty period |
| January 1 | Turnover to delinquent collector |

The District, in accordance with U.S. generally accepted accounting principles, recognizes the delinquent and unpaid taxes receivable, reduced by an allowance for uncollectible taxes, as determined by management. A portion of the net amount estimated to be collectible, which was measurable and available within sixty days, was recognized as revenue and the balance deferred in the fund financial statements.

The SCHOOL DISTRICT's 2022 real estate taxes are based on assessed values established by the County of Erie's Bureau of Assessments. Assessed values of real property are generally fair market value multiplied by the Common Level Ratio for Erie County. The total 2022 real estate taxes levied was \$58,664,037 based on a total SCHOOL DISTRICT assessed valuation of \$3,974,178,214.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

| GOVERNMENTAL ACTIVITIES | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|---------------------------------|-------------------------|-------------------------|------------------------------|
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 549,708 | \$ - | \$ - | \$ 549,708 |
| Construction in Progress | 10,023,250 | 16,217,992 | (4,703,535) | 21,537,707 |
| Total Capital Assets, Not Being Depreciated | 10,572,958 | 16,217,992 | (4,703,535) | 22,087,415 |
| Capital Assets, Being Depreciated: | | | | |
| Equipment | 16,649,199 | 123,661 | - | 16,772,860 |
| Transportation Equipment | 1,411,438 | 81,563 | - | 1,493,001 |
| Building & LHI | 168,052,101 | 12,564,582 | - | 180,616,683 |
| Total Capital Assets, Being Depreciated | 186,112,738 | 12,769,806 | - | 198,882,544 |
| Less Accumulated Depreciation For: | | | | |
| Buildings & Improvement | (94,814,789) | (5,191,010) | | (100,005,799) |
| Equipment and Vehicles | (11,559,764) | (1,274,441) | - | (12,834,205) |
| Total Accumulated Depreciation | (106,374,553) | (6,465,451) | - | (112,840,004) |
| Total Capital Assets, Being Depreciated, Net | 79,738,185 | 6,304,355 | - | 86,042,540 |
| Governmental Activities Capital Assets, Net | \$ 90,311,143 | \$ 22,522,347 | \$ (4,703,535) | \$ 108,129,955 |

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 4: CAPITAL ASSETS (CONTINUED)

| BUSINESS TYPE ACTIVITIES | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|--------------------------|-------------------|------------------|-----------------------|
| Capital Assets, Being Depreciated: | | | | |
| Food Service Equipment | \$ 1,554,254 | \$ 758,888 | \$ - | \$ 2,313,142 |
| Total Capital Assets, Being Depreciated | <u>1,554,254</u> | <u>758,888</u> | <u>-</u> | <u>2,313,142</u> |
| Less Accumulated Depreciation | (1,050,105) | (140,570) | - | (1,190,675) |
| Total Capital Assets, Being Depreciated, Net | <u>504,149</u> | <u>618,318</u> | <u>-</u> | <u>1,122,467</u> |
| Business Type Activities Capital Assets, Net | <u>\$ 504,149</u> | <u>\$ 618,318</u> | <u>\$ -</u> | <u>\$ 1,122,467</u> |

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

Governmental Activities:

| | |
|---------------------------------------|----------------|
| Instruction | \$ 4,380,215 |
| Pupil Services | 270,026 |
| Instructional Support Services | 189,428 |
| Administration | 419,560 |
| Pupil Health Services | 87,649 |
| Financial Services | 69,292 |
| Operation and Maintenance of the Plan | 607,201 |
| Student Transportation Services | 305,387 |
| Other Support Services | <u>136,693</u> |

| | |
|--|---------------------|
| Total Depreciation Expense - Governmental Activities | <u>\$ 6,465,451</u> |
|--|---------------------|

Business Type Activities:

| | |
|---------------|-------------------|
| Food Services | <u>\$ 140,570</u> |
|---------------|-------------------|

| | |
|---|-------------------|
| Total Depreciation Expense - Business Type Activities | <u>\$ 140,570</u> |
|---|-------------------|

NOTE 5: LONG-TERM LIABILITIES OBLIGATIONS

On September 14, 2006, the District entered into a note payable agreement for the Energy Management Project. The note requires quarterly payments which range from \$51,248 to \$74,656 beginning July 1, 2007 through April 1, 2022. On August 1, 2019, the District entered into a note payable agreement for copiers. The note requires monthly payments totaling \$2,896 beginning August 1, 2019 through July 1, 2024. On September 1, 2020, the District entered into a note payable agreement for copiers. The note requires monthly payments totaling \$5,864 beginning September 27, 2020 through August 28, 2025. On August 1, 2021, the District entered into a note payable agreement for copiers. The note requires monthly payments totaling \$613 beginning August 1, 2021 through July 1, 2025.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 5: LONG-TERM LIABILITIES OBLIGATIONS (CONTINUED)

The assets acquired through issuance of notes payable are as follows:

| <u>Asset Detail</u> | <u>Governmental Activities</u> |
|--------------------------------|------------------------------------|
| Machinery and Equipment | \$ 4,019,327 |
| Less: Accumulated Depreciation | <u>(3,509,674)</u> |
| | <u>\$ 581,653</u> |

The future minimum obligations under notes payable and the net present value of these minimum payments as of June 30, 2022 are as follows:

Governmental Activities

Year Ended June 30:

| | |
|---------------|-------------------|
| 2023 | \$ 112,470 |
| 2024 | 112,470 |
| 2025 | 80,614 |
| 2026 | <u>12,341</u> |
| Total | 317,895 |
| Less Interest | <u>(15,178)</u> |
| Total | <u>\$ 302,717</u> |

Bonds Payable:

The government issues general obligation bonds/notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds/notes have been issued for government activities. General obligation bond/notes are direct general obligations of the School District. Principal and interest payments are backed by the full faith, credit, and taxing authority of the School District.

On November 27, 2012, the School District issued \$3,080,000 General Obligation Bonds, Refunding Series of 2012. The bonds mature July 15 of each year beginning July 15, 2014 and ending in 2026. The bonds pay interest ranging from .7% to 2.75% on a semi-annual basis. The bonds were used to refund the General Obligation Bonds, Series 2007. The outstanding balance as of June 30, 2022 is \$1,305,000.

On September 30, 2013, the School District issued \$26,695,000 General Obligation Bonds, Refunding Series of 2013A, 2013B and 2013C. Series A was used to refund a portion of the 2002 General Obligation Bonds. Series B was used to refund a portion of General Obligation Bonds, Series 2005. Series C was used to refund a portion of General Obligation Bonds, Series 2010. The bonds pay interest ranging from 2.5% to 5.0% on a semi-annual basis. As a result of the refunding, debt service payments have decreased by \$8,357,170 and resulted in a net economic loss of \$2,448,016. The outstanding balance as of June 30, 2022 is \$0 for Series A, \$1,915,000 for Series B and \$17,155,000 for Series C.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 5: LONG-TERM LIABILITIES OBLIGATIONS (CONTINUED)

On January 16, 2020, the School District issued \$43,350,000 General Obligation Bonds Series of 2020. The bonds mature March 15 and September 15 of each year beginning March 15, 2020 and ending in 2034. The bonds pay interest ranging from 2.125% to 5.00% on a semi-annual basis. The bonds will be used to fund various capital projects of the School District and pay the costs of issuing the bonds. The outstanding balance as of June 30, 2022 is \$43,345,000.

On February 16, 2022, the School District issued \$58,475,000 General Obligation Bonds Series of 2022. The bonds mature September 15 and March 15 of each year beginning September 15, 2022 and ending in 2044. The bonds pay interest at a rate of 3.00% on a semi-annual basis. The bonds will be used to fund various capital projects of the School District and pay the costs of issuing the bonds. The outstanding balance as of June 30, 2022 is \$58,475,000.

An analysis of debt service requirements to maturity for the governmental activities on these obligations follows (with the exception of the compensated absences, capital lease and postemployment benefit liability):

| Governmental Activities | Principal Requirements | Interest Requirements | Total Debt Service Requirements |
|-------------------------|---------------------------|--------------------------|------------------------------------|
| Year Ended June 30: | | | |
| 2023 | \$ 4,725,000 | \$ 4,279,033 | \$ 9,004,033 |
| 2024 | 4,905,000 | 3,961,559 | 8,866,559 |
| 2025 | 4,095,000 | 3,792,088 | 7,887,088 |
| 2026 | 4,270,000 | 3,614,800 | 7,884,800 |
| 2027 | 4,465,000 | 3,421,281 | 7,886,281 |
| 2028-2032 | 24,315,000 | 13,764,425 | 38,079,425 |
| 2033-2037 | 27,330,000 | 9,045,075 | 36,375,075 |
| 2038-2045 | 48,090,000 | 5,997,600 | 54,087,600 |
| Total | \$ 122,195,000 | \$ 47,875,861 | \$ 170,070,861 |

Compensated Absences:

Compensated absences are comprised of accumulated unused sick days and are funded annually through the School District's Budget. The aggregate liability is \$3,619,755 as of June 30, 2022.

Under the current plan, the following is a summary of the items covered:

Teachers and Administrators – Rate ranges from \$45 to \$190 per day.
Non-Professionals – Rate ranges from \$25 to \$125 per day.

In addition to the above sick day policy, administrators and non-professionals can accumulate and receive compensation for unused vacation pay. The policy describes that upon retirement, any unused vacation days will be paid at a daily rate commensurate to the administrator's or non-professionals current salary.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 5: LONG-TERM LIABILITIES OBLIGATIONS (CONTINUED)

A summary of changes in long-term debt obligations for 2022 is as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Payments</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
|-------------------------------|------------------------------|----------------------|------------------------|---------------------------|--|
| Governmental Activities | | | | | |
| Bonds and Notes Payable | | | | | |
| General Obligation Bonds | \$ 68,675,000 | \$ 58,475,000 | \$ (4,955,000) | \$ 122,195,000 | \$ 4,725,000 |
| Bond Premiums | 6,655,940 | 4,322,156 | (631,747) | 10,346,349 | - |
| Notes Payable | 666,044 | 27,500 | (390,827) | 302,717 | 112,470 |
| Total Bonds and Notes Payable | <u>75,996,984</u> | <u>62,824,656</u> | <u>(5,977,574)</u> | <u>132,844,066</u> | <u>4,837,470</u> |
| Other Liabilities | | | | | |
| Compensated Absences | 3,555,948 | 369,554 | (305,747) | 3,619,755 | - |
| Net Pension Liability | 148,724,521 | - | (22,496,926) | 126,227,595 | - |
| Other Postemployment Benefits | 17,930,280 | 887,886 | - | 18,818,166 | - |
| Total Other Liabilities | <u>170,210,749</u> | <u>1,257,440</u> | <u>(22,802,673)</u> | <u>148,665,516</u> | <u>-</u> |
| Governmental Activities | | | | | |
| Total Long-Term Liabilities | <u>\$ 246,207,733</u> | <u>\$ 64,082,096</u> | <u>\$ (28,780,247)</u> | <u>\$ 281,509,582</u> | <u>\$ 4,837,470</u> |
| | | | | | |
| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Payments</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
| Business Type Activities | | | | | |
| Other Liabilities | | | | | |
| Net Pension Liability | 2,734,692 | - | (413,666) | 2,321,026 | - |
| Other Postemployment Benefits | 159,323 | 12,450 | - | 171,773 | - |
| Total Other Liabilities | <u>2,894,015</u> | <u>12,450</u> | <u>(413,666)</u> | <u>2,492,799</u> | <u>-</u> |

General obligation bonds will be liquidated by the General Fund. Compensated absences, Pension Liability, OPEB and Leases payable will be liquidated by the appropriate fund based on the funds share of applicable debt. Total interest paid during the year ended June 30, 2022 was \$2,073,323.

NOTE 6: RISK MANAGEMENT

The School District's self-insurance program pays accident and health insurance coverage for School District employees on a cost-reimbursement basis. Retired employees are also covered by the program, provided they pay a monthly premium to the School District. Under the program, the School District is obligated for claim payments.

A stop-loss insurance contract executed with and insurance carrier covers individual claims in excess of \$300,000, with no maximum.

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. The District monitors their insured programs and increases insurance coverage as needed. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. The District has no unfunded liability.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS

Plan Description:

The District administers a single-employer defined benefit healthcare plan (the "Retiree Health Plan"). The plan provides healthcare, prescription drug, dental and/or vision insurance, at various costs to the member and the District, for the life of the member or until the member is eligible for Medicare, depending on the terms of the contract when they retire, for eligible retirees and their spouses through the District's health insurance plan. The Retiree Health Plan covers active and retired members. Benefit provisions are

established and may be amended through negotiation with the District and the unions representing the District's employees. The Retiree Health Plan does not issue a publicly available financial report.

Employees covered by benefit terms. At June 30, 2022, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 94 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active employees | 806 |
| | <u>900</u> |

Funding Policy. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The benefits are expensed when incurred and are financed on a pay-as-you-go basis. Retirees currently pay a portion of the monthly premium. The School District covers the balance of the premium not paid by the retiree. Retiree and dependent coverage, group plans, and costs to the retiree are subject to change. A spouse may be covered as a dependent until the death of the retiree; thereafter, they are eligible to continue coverage by paying 100% of the monthly insurance premium.

Total OPEB Liability. The District's total OPEB liability of \$11,546,939 was measured as of July 1, 2020, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Inflation | 2.5 percent |
| Salary Increases | Composed of 1.0 percent real wage growth and merit increase which vary by age from 2.75 - 0.0 percent. |
| Discount Rate | 2.28 percent |
| Healthcare cost trend rates | 5.5 % for 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model. Retiree contributions are assumed to increase at the same rate as the Healthcare cost trend rate. |

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The discount rate was based on the S & P Municipal Bond 20 Year High Grade Rate Index at July 1, 2021.

Separate mortality rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement. A recent actuarial experience study was not performed.

Changes in the total OPEB Liability.

The District's total OPEB liability has been measured as of July 1, 2020. The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, and by rolling forward the liabilities from the July 1, 2020 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is \$11,546,939, all of which is unfunded.

The District's change in its total OPEB liability for the year ended June 30, 2022 was as follows:

| | Governmental | Business-Type Activities | | |
|--|----------------------|---------------------------------|------------------|----------------------|
| | Activities | Food Service | Daycare | Total |
| Service Costs | \$ 729,721 | \$ 721 | \$ 3,074 | \$ 733,516 |
| Interest | 220,575 | 424 | 646 | 221,645 |
| Changes of assumptions or other inputs | (383,662) | (38) | (1,732) | (385,432) |
| Benefit payments | (444,085) | (4,718) | - | (448,803) |
| Net change in Total OPEB liability | 122,549 | (3,611) | 1,988 | 120,926 |
| Net OPEB obligation - January 1, 2021 | 11,387,005 | 28,171 | 10,837 | 11,426,013 |
| Net OPEB obligation - June 30, 2022 | <u>\$ 11,509,554</u> | <u>\$ 24,560</u> | <u>\$ 12,825</u> | <u>\$ 11,546,939</u> |

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$941,358 for the Governmental Activities, \$2,349 for Food Services and \$5,237 for Daycare for a total of \$949,034. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 369,231 | \$ 443,600 |
| Changes of Assumptions | 1,198,317 | 1,015,259 |
| Contributions subsequent to the measurement date | 444,509 | - |
| Total | <u>\$ 2,012,057</u> | <u>\$ 1,458,859</u> |

Split of Deferred Outflows of Resources and Deferred Inflows of Resources

| | | |
|-------------------------|---------------------|---------------------|
| Governmental Activities | \$ 1,995,784 | \$ 1,447,059 |
| Food Service | 4,980 | 3,611 |
| Daycare | 11,293 | 8,189 |
| Total | <u>\$ 2,012,057</u> | <u>\$ 1,458,859</u> |

\$444,509 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. The amount reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:

| | |
|------------|-------------------|
| 2023 | \$ (6,127) |
| 2024 | (6,127) |
| 2025 | (6,127) |
| 2026 | (6,127) |
| 2027 | (6,127) |
| Thereafter | 139,324 |
| | <u>\$ 108,689</u> |

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.28 percent) or 1 percentage point higher (3.28 percent) than the current discount rate:

| | 1% Decrease (1.28%) | Discount Rate (-2.28%) | 1% Increase (3.28%) |
|---------------------------------|------------------------|---------------------------|------------------------|
| District's total OPEB liability | \$ 12,491,444 | \$ 11,546,939 | \$ 10,688,654 |

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare trend rates that are 1 percentage point higher or 1 percentage point lower than the current healthcare cost trend rates:

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

| | 1% Decrease Between 3.0% to 4.5% | Current Trend Rate Between 4.0% to 5.5% | 1% Increase Between 5.0% to 6.5% |
|---------------------------------|-------------------------------------|---|-------------------------------------|
| District's total OPEB liability | \$ 10,563,608 | \$ 11,546,939 | \$ 12,715,152 |

Health Insurance Premium Assistance Plan

In addition, the Pennsylvania Public School Employees' Retirement System ("PSERS") provides a Health Insurance Premium Assistance Plan ("PSERS Plan"). The PSERS Plan is a governmental cost-sharing multi-employer postretirement benefits plan that provides premium assistance to eligible public school employees of the Commonwealth of Pennsylvania. Under the PSERS Plan, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of premium assistance benefits for each succeeding year.

The administrative staff of PSERS administers the PSERS Plan. The control and management of PSERS, including the investment of its assets, is vested in the 15 member Board of Trustees (Board). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS Plan by passing a bill in the Senate

and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the PSERS Plan if they satisfy the following criteria:

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions. The school districts' contractually required contribution rate for fiscal year ended June 30, 2022 was 0.80% of covered payroll, an actuarially determined amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the PSERS Plan from the District were \$380,838 for the year ended June 30, 2022.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

At June 30, 2022, the District reported a liability of \$7,442,061 for its proportionate share of the net OPEB liability. As of June 30, 2022, \$7,307,690 is related to governmental activities and \$107,116 is related to Daycare and \$27,255 is related to Food Services. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2020 to June 30, 2021. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll of all School Districts in the PSERS Plan. At June 30, 2022, the District's proportion was 0.3140 percent, which was an increase of 0.0056% of its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized OPEB expense of \$373,962 for the Governmental Activities, \$1,395 for Food Services and \$5,482 for Daycare for a total of \$380,838. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 69,000 | \$ - |
| Changes of assumptions | 793,000 | 99,000 |
| Net difference between projected and actual investment earnings | 15,000 | - |
| Changes in proportion | 150,000 | 78,000 |
| District contributions subsequent to the measurement date | 380,838 | - |
| Total | \$ 1,407,838 | \$ 177,000 |

Split of Deferred Outflows of Resources and Deferred Inflows of Resources

| | | |
|-------------------------|--------------|------------|
| Governmental Activities | \$ 1,382,580 | \$ 173,803 |
| Food Services | 5,156 | 649 |
| Daycare | 20,103 | 2,548 |
| | \$ 1,407,838 | \$ 177,000 |

\$380,838 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Year Ended June 30

| | |
|------|-------------------|
| 2023 | \$ 99,553 |
| 2024 | 180,431 |
| 2025 | 143,841 |
| 2026 | 121,803 |
| 2027 | 304,372 |
| | <u>\$ 850,000</u> |

Actuarial Assumptions. The total OPEB liability as of June 30, 2021 was determined by rolling forward the System's total OPEB liability as of the June 30, 2020 actuarial valuation to June 30, 2021 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

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

The following assumptions were used to determine the contribution rate:

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

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

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the Program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. The Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021 were:

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

| OPEB-Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------|----------------------|--|
| Cash | 79.8% | 0.1% |
| US Core Fixed Income | 17.5% | 0.7% |
| Non-US Developed Fixed | 2.7% | -0.3% |
| | <u>100%</u> | |

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

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2021, 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. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

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

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|--------------|-----------------------|--------------|
| District's proportionate share of the net OPEB liability | \$ 7,442,000 | \$ 7,443,000 | \$ 7,444,000 |

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.18 percent) or higher (3.18 percent) than the current discount rate:

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

| | 1% Decrease (1.18%) | Discount Rate (2.18%) | 1% Increase (3.18%) |
|---|--------------------------------------|--|--------------------------------------|
| District's proportionate share of the net OPEB liability | \$ 8,541,771 | \$ 7,443,000 | \$ 6,537,997 |
| <u>OPEB plan fiduciary net position.</u> | | | |

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

NOTE 8: EMPLOYEE RETIREMENT PLAN

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

General Information about the Pension Plan:

Plan Description. PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.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 become new members on or after July 1, 2011. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service.

For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

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

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 8: EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

Contributions. The contribution policy is established in the Public School Employee's Retirement Code and requires contributions by active members, employers and the Commonwealth. Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class TC) or at 6.5% (Membership Class TD) 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 6.25% (Membership Class TC) or at 7.5% (Membership Class TD) of the members qualifying compensation. Members who joined the System after June 30, 2001 and before June 1, 2011, contribute at 7.5% (automatic Membership Class TD).

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 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a 'shared risk' provision in Act 120 of 2010 that in future years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.30%.

Employer Contributions. The school districts' contractually required contribution rate for fiscal year ended June 30, 2022 was 33.69% 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. The 34.14% is comprised of a pension contribution rate of 33.99% for pension benefits and a 0.15% act 5 employer contribution. Contributions to the pension plan from the District were \$16,027,724 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$128,548,621 for its proportionate share of the net pension liability. As of June 30, 2022, \$126,227,595 is related to governmental activities and \$470,767 is related to Food Services and \$1,850,259 is related to Daycare for a total of \$128,548,621. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2020 to June 30, 2021. 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, 2021, the District's proportion was 0.3131 percent, which represents an increase of .0055 from its proportion measured as of June 30, 2020.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 8: EMPLOYEE RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2022, the District recognized pension expense of \$8,432,297 for the Governmental Activities, \$31,448 for Food Service and \$123,602 Daycare for a total of \$8,587,347.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 63,123 | \$ 266,112 |
| Net differences between projected and actual investment earnings | | 15,548,421 |
| Changes in proportion | 1,324,000 | |
| Changes in assumptions | 4,156,684 | |
| District contributions subsequent to the measurement date | 15,646,885 | |
| Total | <u>\$ 21,190,692</u> | <u>\$ 15,814,533</u> |

Split of Deferred Outflows of Resources and Deferred Inflows of Resources

| | | |
|-------------------------|----------------------|----------------------|
| Governmental Activities | \$ 20,808,080 | \$ 15,528,991 |
| Food Services | 77,604 | 57,916 |
| Daycare | 305,008 | 227,626 |
| Total | <u>\$ 21,190,692</u> | <u>\$ 15,814,533</u> |

\$15,646,885 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---------------------|------------------------|
| Year Ended June 30: | |
| 2023 | \$ (1,833,723) |
| 2024 | (1,826,129) |
| 2025 | (6,610,874) |
| | <u>\$ (10,270,726)</u> |

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 8: EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

| | |
|---------------------------|---|
| Actuarial cost method | Entry Age Normal – level % of pay |
| Salary increases | 4.5 percent, average, including inflation of 2.50 percent, and real wage growth and merit or seniority increases of 2.00% |
| Investment rate of return | 7.00 percent, net of pension plan investment expense, includes inflation of 2.50% |

Mortality rates were based on a blend of 50% of PubT-2010 and 50% of PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2021 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015. The recommended assumption changes based on this experience study were adopted by the Board at its June 10, 2016 Board meeting, and were effective beginning with the June 30, 2016 actuarial valuation.

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

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|------------------------------|---|
| Global public equity | 27.0% | 5.2% |
| Private equity | 12.0% | 7.3% |
| Fixed income | 35.0% | 1.8% |
| Commodities | 10.0% | 2.0% |
| Absolute return | 8.0% | 3.1% |
| Infrastructure/MLPs | 8.0% | 5.1% |
| Real estate | 10.0% | 4.7% |
| Cash | 3.0% | 0.1% |
| Leverage | -13.0% | 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, 2021.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 8: EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00 percent) or 1-percentage point higher (8.00 percent) than the current rate:

| | 1% Decrease 6.00% | Current Rate 7.00% | 1% Increase 8.00% |
|--|----------------------|-----------------------|----------------------|
| District's proportionate share of the net pension liability | \$ 168,724,758 | \$ 128,548,621 | \$ 94,658,063 |

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

Act 5 of 2017. On June 12, 2017, the Commonwealth of Pennsylvania Act 5 of 2017 was signed into law. This legislation established a new hybrid defined benefit/defined contribution retirement benefit plan applicable to all school employees who become new members of PSERS on July 1, 2019 and thereafter. The three new plan options under Act 5 include two hybrid plans consisting of defined benefit and defined contribution components and a stand-alone defined contribution plan. The current stand-alone defined benefit plan is no longer available to new members after June 30, 2020.

NOTE 9: INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of Interfund Receivables and Payables at June 30, 2022:

| Governmental Fund Types | Due From | Due to |
|------------------------------|----------------------------|----------------------------|
| General Fund | \$ 889,405 | \$ 5,005,855 |
| Capital Reserve Fund | 5,757,270 | - |
| Total Governmental Fund Type | <u>6,646,675</u> | <u>5,005,855</u> |
| Enterprise Fund | | |
| Food Services | 4,339 | 1,496,701 |
| Daycare | <u>3,134</u> | <u>151,592</u> |
| Total Enterprise Fund | <u>7,473</u> | <u>1,648,293</u> |
| Total Internal Balances | <u><u>\$ 6,654,148</u></u> | <u><u>\$ 6,654,148</u></u> |

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 9: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

Interfund balances between the General Fund and the Enterprise Funds represent subsidy payments deposited in the General Fund or payments the General Fund paid to the Enterprise Funds for upcoming subsidy receivables during 2022 which have not been remitted to the Enterprise Funds by June 30, 2022.

NOTE 10: TRANSFERS

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|------------------|---------------------|----------------------|
| General Fund | \$ - | \$ 500,000 |
| Capital Projects | 500,000 | - |
| Total Transfers | <u>\$ 500,000</u> | <u>\$ 500,000</u> |

Certain funds are required to fund a portion or all of the expenses of other funds or cover deficits in those funds. The District records operating transfers to account for these transactions. Transfers to the Capital Projects Fund allow the District to provide funding for upcoming renovations or required cosmetic upkeep of buildings.

NOTE 11: COMMITMENTS AND CONTINGENCIES

The School District is a defendant in various lawsuits. Management does not believe the settlement of these matters will have a material effect upon the District's financial condition.

The District receives a number of state and federal grants. The grants may be subject to audit by the granting agency to determine if activities undertaken by the District comply with the conditions of the grant. Management believes no material liability would arise from any such audit.

The District entered into a contracted transportation service agreement with an external party who provides busing service to students. This agreement does not meet the criteria of a lease under GASB 87 as the terms and conditions for payment specify a rate of reimbursement per mile calculated by the Commonwealth. Since the payments are variable based on the usage of the underlying asset, the District has not recorded a liability in the financial statements for this agreement in accordance with GASB 87.

NOTE 12: TAX ABATEMENTS

Tax Abatements are the result of agreements that are entered into by the District to forgo real estate tax revenues for the promise by an individual or entity to take specific action that contributes to economic development in the District. Currently, there are no tax abatements entered into by other governments that reduce the District's tax revenues. The District has one real estate tax abatement program: Local Economic Revitalization Tax Assistance (LERTA).

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 12: TAX ABATEMENTS (CONTINUED)

Local Economic Revitalization Tax Assistance (LERTA)

The LERTA program is a tool to encourage private investment and rehabilitation of deteriorated properties within Erie County. The LERTA program exists pursuant to the Commonwealth of Pennsylvania Local Economic Revitalization Tax Assistance Act 76 of 1977 (72 P.S. §4722, et seq.). Authorization of a LERTA can be driven by either a developer for a specific project or a municipality seeking to redevelop a deteriorated area or facilitate a new economic development project. The Erie County LERTA Program Guidelines created by Erie County Council (ECC) provide an understanding of the County's policy and requirements for using LERTA. Evaluation requirements considered for a LERTA include economic and fiscal impact of the new development, demonstration of the need for LERTA, value added to local economy, private investment leverage, type and location of development. The LERTA Project Review Form is evaluated by ECC to determine eligibility under requirements set forth by the Commonwealth and County. ECC facilitates a meeting for community engagement in the Project. Prior to the County ordinance authorizing the LERTA exemption, the local municipal government must affix the boundaries of the deteriorated area during a public hearing. The determination of deteriorated areas takes into account criteria set forth in the Urban Redevelopment Law of Pennsylvania of May 24, 1945 (35 P.S. 1701, et seq.). LERTA allows for an exemption of real estate property tax for the assessed valuation of new construction or improvements to certain industrial, commercial or other business property in deteriorated areas. An exemption is provided on the assessment attributable to a portion of the actual cost of new construction or improvements. Each agreement has a proposed development, termination date and maximum tax exemption and/or yearly maximum tax exemptions. The LERTA exemption schedule is 5 years at 100% declining each year by 20%. The Erie County Office of Property Assessment (OPA) assesses the property to determine the valuation attributable to the actual costs of the improvements to the deteriorated property in conjunction with the project. There is no provision or conditions for recapturing. During 2021, one (1) properties received an exemption from County's real estate property tax. The total County tax abated during 2021 was \$16,658 related to various projects throughout the County.

NOTE 13: RISK AND UNCERTAINTIES

As the effects of the Coronavirus pandemic continue to evolve and are dependent upon future developments, the impact of the Coronavirus on the District's operations and financial results are uncertain at this time.

NOTE 14: EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2022 the General Fund's total expenditures exceeded total appropriations by \$7,346,997. Revenues received in excess of the amount budgeted in the current year as well as prior year fund balances provided the funds for those excess expenditures.

REQUIRED SUPPLEMENTAL INFORMATION

MILLCREEK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | Budgeted Amounts | | Actual Amounts | Vairance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|-----------------------|--|
| | Original | Final | | |
| Revenues: | | | | |
| Local Revenue: | | | | |
| Property Taxes | \$ 56,669,949 | \$ 56,669,949 | \$ 57,103,827 | \$ 433,878 |
| Earned Income Tax | 7,450,000 | 7,450,000 | 8,583,528 | 1,133,528 |
| Real Estate Transfer Tax | 900,000 | 900,000 | 1,312,049 | 412,049 |
| Other Taxes | 711,624 | 711,624 | 758,494 | 46,870 |
| Investment Earnings | 180,000 | 180,000 | 73,940 | (106,060) |
| Tuition | 1,600,000 | 1,600,000 | 1,448,158 | (151,842) |
| IDEA/Other Federal Sources | 1,351,000 | 1,351,000 | 1,592,477 | 241,477 |
| Other Local Revenue | 502,000 | 502,000 | 946,345 | 444,345 |
| Total Local Revenue | 69,364,573 | 69,364,573 | 71,818,818 | 2,454,245 |
| State Revenue: | | | | |
| Basic Education Subsidy | 14,897,027 | 14,897,027 | 15,273,361 | 376,334 |
| Social Security/Retirement Subsidies | 9,877,847 | 9,877,847 | 9,458,084 | (419,763) |
| Special Education Subsidy | 3,826,977 | 3,826,977 | 4,096,747 | 269,770 |
| Transportation Subsidy | 1,873,452 | 1,873,452 | 1,786,778 | (86,674) |
| State Property Tax Reduction | 937,737 | 937,737 | 937,737 | - |
| Other State Revenue | 1,482,326 | 1,482,326 | 1,490,235 | 7,909 |
| Total State Revenue | 32,895,366 | 32,895,366 | 33,042,942 | 147,576 |
| Federal/Other Revenue: | | | | |
| Title Funding | 1,613,299 | 1,613,299 | 1,589,079 | (24,220) |
| COVID Stimimulus Funding | 2,591,528 | 2,591,528 | 4,832,306 | 2,240,778 |
| ACCESS Funding | 661,500 | 661,500 | 695,009 | 33,509 |
| Total Federal Revenue | 4,866,327 | 4,866,327 | 7,116,394 | 2,250,067 |
| Total Revenues | 107,126,266 | 107,126,266 | 111,978,154 | 4,851,888 |
| Expenditures: | | | | |
| Instructional Services | 63,735,224 | 63,964,137 | 70,595,241 | (6,631,104) |
| Pupil Services | 4,350,720 | 4,361,240 | 4,363,257 | (2,017) |
| Instructional Support Services | 2,783,124 | 2,757,572 | 3,060,913 | (303,341) |
| Administration | 6,758,048 | 6,744,836 | 6,779,529 | (34,693) |
| Pupil Health Services | 1,478,494 | 1,503,494 | 1,416,293 | 87,201 |
| Fiancial Services | 1,103,225 | 1,082,725 | 1,119,700 | (36,975) |
| Operation and Maintenance of Plant | 9,327,969 | 9,360,469 | 9,811,590 | (451,121) |
| Student Transportation Services | 5,441,256 | 5,192,736 | 4,934,645 | 258,091 |
| Other Support Services | 1,978,765 | 2,011,817 | 2,208,784 | (196,967) |
| Student Activities | 1,930,432 | 1,908,232 | 1,792,579 | 115,653 |
| Commnity Services | 10,934 | 10,934 | 15,843 | (4,909) |
| Other | - | - | 40,453 | (40,453) |
| Debt: | | | | |
| Interest | 2,592,080 | 2,592,080 | 2,600,620 | (8,540) |
| Principal | 5,245,677 | 5,245,677 | 5,345,827 | (100,150) |
| Paying Agent | 5,000 | 5,000 | 2,672 | 2,328 |
| Total Expenditures | 106,740,948 | 106,740,949 | 114,087,946 | (7,346,997) |
| Excess (Deficiency) of Revenues Over Expenditures | 385,318 | 385,317 | (2,109,792) | 12,198,885 |
| Other Financing Sources | | | | |
| Sale of Fixed Assets | 15,000 | 15,000 | 91,310 | 76,310 |
| Transfers Out | (500,000) | (500,000) | (500,000) | - |
| Total Financing Sources | (485,000) | (485,000) | (408,690) | 76,310 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | \$ (99,682) | \$ (99,683) | \$ (2,518,482) | \$ (2,418,799) |

MILLCREEK TOWNSHIP SCHOOL DISTRICT
2021- 2022 BUDGET
POLICIES AND PRACTICES

GAAP serves as the basis of budgeting for all funds.

BUDGET DEVELOPMENT – GENERAL FUND

On an annual basis, budget development starts with goal setting for the upcoming year. All goals are formulated to follow the district's comprehensive plan or new initiatives presented to enhance the district's services provided. Once goals are established, the goals are translated into forecasts to review impact on enrollment, staffing, facilities, or finance. These quantified goals become the guidelines for the development of the budget.

Budget development is a decentralized process involving all stakeholders. Each department or program head creates their proposed budget, developed according to the guidelines established for the current budget, and presents the budget to the Chief Financial Officer. The proposed budget is reviewed by the Chief Financial Officer, Superintendent and Assistant Superintendent to ensure requests are aligned with guidelines for the upcoming year. All salary costs are determined by union or meet and discuss contracts. Supplies and equipment are based on program needs.

In November, the School Board approved the accelerated budget opt-out resolution which restricts the School Board from exceeding the Act 1 Index regarding millage rates. The School Board elected to increase its millage rates by 1.8% in the 2021-2022 school year to account for typical inflationary expectations.

After a proposed budget is constructed, it's presented to the School Board and public for input and adjustments. All presentations to the School Board and public are recorded and available on the district's website. A preliminary budget was approved in April, while the final budget was adopted by the School Board in May.

BUDGET DEVELOPMENT – CAPITAL PROJECT FUND

In 2018, the district contracted StanTech to perform a district-wide facility assessment study. Once the study was received, a long-range committee comprised of administration, staff and community members was created to develop a plan in addressing the district's aging infrastructure within the buildings. In 2019, the long-range plan was presented to the School Board and public for comments, which focused on mechanical, electrical, plumbing and roofing upgrades to all buildings. The plan included extensive renovations to all buildings and included multiple phases over 8 years. Beginning January of 2020, the district issued \$50 million in debt to start the renovations and phase I of the plan. In January of 2022, the district issued an additional \$62 million to fund the ongoing renovations. It's expected an additional \$30 million of debt will need issued in January 2024 to finish the projects.

On an annual basis, the plan is discussed during budget presentations. Financial and cash flow reports are reviewed monthly with the Board and public. All presentations and plans are available on the district's website.

BUDGET DEVELOPMENT – CAPITAL RESERVE FUND

Every October, Directors or Principals submit their requests to the Chief Financial Officer regarding building or program needs or upgrades to their buildings. These requests are reviewed to ensure alignment with budget goals and sustainability. All approved projects are reviewed with the Director of Engineering and final approved projects are bid in November with Board approval in January/February. The timeline is rigid to maintain competition with all bids and provide project amounts to include in all final forecasts. This budget is not legally required and is revised during the year based on instructional needs.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
2021- 2022 BUDGET
POLICIES AND PRACTICES

BUDGET DEVELOPMENT – FOOD SERVICE FUND

Since the food service operation must be self-supporting, prices of student lunches, a-la-caret costs and adult meals must cover all anticipated costs of operations. Considering the food service preparation is outsourced and is most of the cost for the fund, a contract with a food service management company is first bid and approved by the Board before a budget is designed. While evaluating the best food service management company, quality of food, food options, customer service and financial forecasts are evaluated for the best option available. Over the last 15 years, Aramark has won the food service contract. After a food service contract has been awarded, a budget is created with recommend price increases in June.

BUDGET DEVELOPMENT – CHILD DEVELOPMENT FUND

Since the child development operation must be self-supporting, all prices must cover all anticipated costs of operations. In developing the budget, enrollment trends are considered in addition to projected costs. All staffing costs are determined in accordance with the Child Development Meet & Discuss Agreement. Knowing expected costs and forecasted enrollment, recommended prices to cover expenses are presented to the School Board and public. Once final prices are approved, a final budget is approved in June.

BUDGET MANAGEMENT

All budgets are managed through a decentralized accounting system by each building administrator or department supervisor. Monthly reports are available in the accounting system to assist in managing their budget. It is their decision as to which items merit purchase and inclusion in budget requests. All reductions are managed first by these staff and followed by central office administrative staff. Effective control over the District's financial position is performed by structuring the accounting system to not allow overspending of accounts and is evidenced based on the growing fund balance of the General Fund.

COMMUNITY INPUT

The community has opportunities to provide input regarding the budget during recurring Board Meetings or Community Townhalls dedicated to the budget. This allows the Board and administration to understand the community values and needs.

LEGAL REQUIREMENTS

In accordance with Act 1, the District elected not to increase the real estate tax rate above the index established by the Pennsylvania Department of Education and, therefore, follows the procedures outlined below in establishing the budgetary data reflected in the basic financial statements:

1. Prior to May 31, the Board submits a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The budget of the district is the approved spending plan of the District for the year and the Board is prohibited from obligating funds in excess of these amounts. The Board may, during any fiscal year, amend the budget by making additional appropriations or increase existing appropriations to meet emergencies. The funds shall be provided from unexpended balances in existing appropriations, from unappropriated revenues or from temporary loans. Legal budgetary control is maintained by the Board at the department level. Transfers between departments, whether between funds or within a fund or revisions that alters the total revenues and expenditures of any fund, must be approved by the Board. Budget information in the Budgetary Comparison Schedule is presented at or below the legal level of budgetary control.
5. Budgetary data is included in the district's management information system and is employed as a management control device during the year.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
2021- 2022 BUDGET
POLICIES AND PRACTICES

6. The budget for the General Fund is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.
7. There were supplemental budgetary appropriations or amendments proposed or approved during the year.

Legal budgetary control is maintained by the Chief Financial Officer at the functional object level. Transfer between functional objects, whether between funds or within a fund or revisions that alters the total revenues and expenditures of any fund, must be approved by the District Board. Budget information in the Budgetary Comparison Schedule for the General Fund is presented at or below the legal level of budgetary control.

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

LONG-TERM FINANCIAL POLICIES

The district carefully maintains its financial position by following practices and policies to protect itself financially. Budgets are drafted by ensuring adequate funding is available to cover all contracts, labor and benefits and debt service payments. A focus on efficient and safe operations is a priority as displayed by the district's low cost per student with high student achievement. These measures are achieved by utilizing technology to streamline operations, evaluating utilization rates, consistently reviewing data elements and monitoring energy consumption.

Additionally, the Board does not borrow to fund operating deficits. An unassigned fund balance of 8% must be maintained by Board Policy. All these policies and procedures proved successful to providing a quality and sustainable service to the community with a credit rating improvement to A+ Stable from S&P Global.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS – RETIREES
HEALTH PLAN
JUNE 30, 2022

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---|--------------------------|-------------------------|-------------------------|--------------------------|--------------------------|
| Total OPEB Liability | | | | | |
| Service Cost | \$ 577,189 | \$ 597,463 | \$ 515,986 | \$ 508,975 | \$ 733,516 |
| Interest | 251,818 | 331,644 | 285,767 | 322,902 | 221,645 |
| Changes of benefit terms | - | - | - | (33,913) | - |
| Differences between expected and actual experience | - | (665,400) | - | 443,077 | - |
| Changes of assumptions or other inputs | 180,771 | (678,454) | (279,526) | 1,311,440 | (385,432) |
| Benefit payments | (566,944) | (531,208) | (491,910) | (496,770) | (448,803) |
| Other Changes | - | - | - | - | - |
| Net change in total OPEB liability | 442,834 | (945,955) | 30,317 | 2,055,711 | 120,926 |
| Total OPEB liability - Beginning | 9,843,106 | 10,285,940 | 9,339,985 | 9,370,302 | 11,426,013 |
| Total OPEB liability - Ending | <u>10,285,940</u> | <u>9,339,985</u> | <u>9,370,302</u> | <u>11,426,013</u> | <u>11,546,939</u> |
| Covered Payroll | \$ 38,590,212 | \$ 35,827,502 | \$ 35,827,502 | \$ 42,902,663 | \$ 42,902,633 |
| District's total OPEB liability as a percentage of covered payroll | 26.65% | 26.07% | 26.15% | 26.63% | 26.91% |

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

MILLCREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – PSERS
PLAN
JUNE 30, 2022

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|---------------|---------------|---------------|---------------|---------------|
| District's proportion of the net OPEB liability | 0.3044% | 0.3085% | 0.3076% | 0.3084% | 0.3140% |
| District's proportionate share of the net OPEB liability | \$ 6,201,882 | \$ 6,432,068 | \$ 6,542,166 | \$ 6,663,590 | \$ 7,442,061 |
| District's covered payroll | \$ 41,541,609 | \$ 42,430,658 | \$ 43,262,483 | \$ 42,928,608 | \$ 43,280,781 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 15% | 15% | 15% | 15% | 17% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 6% | 6% | 6% | 6% | 3% |

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

MILLCREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS – PSERS PLAN
JUNE 30, 2022

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---|------------------|-----------------|---------------|---------------|---------------|---------------|
| Contractually determined contribution | \$ 344,795 | \$ 346,789 | \$ 352,174 | \$ 363,188 | \$ 354,019 | \$ 380,838 |
| Contributions in relation to the actuarially determined contribution | 331,906 | 344,669 | 352,174 | 363,188 | 354,019 | 380,838 |
| Contribution deficiency | <u>\$ 12,889</u> | <u>\$ 2,120</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 41,541,609 | \$ 42,430,658 | \$ 43,262,483 | \$ 42,928,608 | \$ 43,280,781 | \$ 43,280,781 |
| Contributions as a percentage of covered payroll | 0.80% | 0.81% | 0.81% | 0.85% | 0.82% | 0.88% |

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

MILLCREEK TOWNSHIP SCHOOL DISTRICT
 SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY
 TEACHERS PENSION PLAN
 LAST 10 FISCAL YEARS*
 (DOLLAR AMOUNTS IN THOUSANDS)

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Districts proportion of the net pension liability | 0.3304% | 0.3176% | 0.3153% | 0.3044% | 0.3085% | 0.3076% | 0.3084% | 0.3131% |
| District's proportionate share of the net pension liability | \$ 130,775 | \$ 137,569 | \$ 156,253 | \$ 150,338 | \$ 148,095 | \$ 143,903 | \$ 148,725 | \$ 128,549 |
| District's covered payroll | \$ 43,582 | \$ 40,862 | \$ 40,524 | \$ 41,542 | \$ 42,431 | \$ 43,262 | \$ 42,929 | \$ 43,281 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 300.07% | 336.67% | 385.58% | 361.90% | 349.03% | 332.63% | 346.45% | 297.01% |
| Plan fiduciary net position as a percentage of the total pension liability | 57% | 54% | 50% | 52% | 52% | 56% | 56% | 61% |

*The amounts presented for each fiscal year were determined as of 06/30

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

MILLCREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
TEACHERS PENSION PLAN
LAST 10 FISCAL YEARS*

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually determined contribution | \$ 8,176,866 | \$ 10,854,415 | \$ 11,925,355 | \$ 13,261,530 | \$ 13,832,395 | \$ 14,462,648 | \$ 15,107,760 | \$ 15,646,885 |
| Contributions in relation to the actuarially determined contribution | 8,176,866 | 10,854,415 | 12,008,596 | 13,261,530 | 13,832,395 | 14,462,648 | 15,107,760 | 15,646,885 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ (83,241) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 40,861,981 | \$ 40,523,782 | \$ 41,541,609 | \$ 42,430,658 | \$ 43,262,483 | \$ 42,928,608 | \$ 43,280,781 | \$ 43,280,781 |
| Contributions as a percentage of covered payroll | 20.01% | 26.79% | 28.91% | 31.25% | 31.97% | 33.69% | 34.91% | 36.15% |

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

MILLCREEK TOWNSHIP SCHOOL DISTRICT

DESCRIPTION OF STATISTICAL SECTION

This section of Millcreek Township School District's annual comprehensive financial report provides additional detailed information to support the financial statements, note disclosures, and required supplementary information in understanding the School District's financial position and operating components.

CONTENTSPAGES**FINANCIAL TRENDS**

These schedules contain trend information showing how the School District's financial performance and position have changed over time.

80-88

REVENUE CAPACITY

These schedules contain information regarding the School District's most significant local revenue sources allowing readers to assess viability of future funding.

89-94

DEBT CAPACITY

These schedules present information regarding the School District's current levels of outstanding debt and the ability to issue additional debt.

95-100

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules present demographic and economic indicators for which help explain outside factors affecting the School District's operations, while providing insight to the operating environment for the future.

101-105

OPERATING INFORMATION

These schedules contain additional operating information displaying how the School District's financial activities relates to service provided or how operations affect the School District's financial position.

106-110

Sources: Unless otherwise noted, the information in these schedules is derived from the audit reports for the relevant year.

**MILLCREEK TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST NINE FISCAL YEARS**

| | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | | | | | | |
| Instructional Services | \$ 53,745,883 | \$ 53,997,077 | \$ 52,200,294 | \$ 58,697,869 | \$ 59,041,711 | \$ 60,247,989 | \$ 59,158,561 | \$ 63,439,889 | \$ 69,235,969 |
| Pupil Services | 3,374,844 | 3,751,559 | 4,334,822 | 4,688,034 | 4,995,795 | 4,596,697 | 4,406,221 | 4,542,036 | 4,275,039 |
| Instructional Support Services | 2,160,338 | 3,195,444 | 1,601,424 | 3,931,265 | 2,970,595 | 3,320,058 | 3,509,963 | 2,670,057 | 2,999,025 |
| Administration | 5,938,824 | 5,269,190 | 5,277,493 | 5,796,229 | 6,329,786 | 6,200,949 | 6,033,895 | 6,316,953 | 6,642,457 |
| Pupil Health Services | 1,307,245 | 1,380,912 | 1,232,217 | 1,447,093 | 1,427,652 | 1,445,559 | 1,405,502 | 1,479,389 | 1,387,657 |
| Financial Services | 1,045,556 | 1,279,931 | 1,116,095 | 1,127,608 | 1,055,507 | 1,122,160 | 1,057,404 | 1,025,566 | 1,097,062 |
| Operation and Maintenance of Plant | 8,845,169 | 9,632,216 | 8,650,721 | 9,687,996 | 9,135,807 | 9,535,189 | 9,464,585 | 10,413,532 | 9,613,213 |
| Student Transportation Services | 5,108,274 | 4,961,460 | 4,578,311 | 5,190,808 | 5,219,744 | 5,162,399 | 5,320,201 | 4,725,598 | 4,834,874 |
| Other Support Services | 1,731,486 | 1,321,397 | 1,317,662 | 1,866,520 | 1,816,086 | 1,872,004 | 1,993,305 | 1,921,378 | 2,164,126 |
| Student Activities | 1,179,802 | 1,262,305 | 1,433,280 | 1,483,144 | 1,781,641 | 1,741,400 | 1,714,668 | 1,602,748 | 1,792,579 |
| Community Services | 21,511 | 20,319 | 19,196 | 20,456 | 13,446 | 11,270 | 5,514 | 12,920 | 15,843 |
| Interest on Long-Term Debt | 3,032,365 | 2,513,933 | 2,304,949 | 1,880,263 | 1,639,302 | 932,155 | 2,364,187 | 2,289,659 | 2,725,147 |
| Total Government Activities | 87,491,296 | 88,585,743 | 84,066,465 | 95,817,286 | 95,427,073 | 96,187,831 | 96,434,006 | 100,439,725 | 106,782,991 |
| Business-type Activities | | | | | | | | | |
| Food Services | 3,267,315 | 3,076,747 | 2,961,163 | 2,894,787 | 2,916,701 | 3,087,238 | 2,661,244 | 1,536,480 | 3,244,501 |
| Child Development | 1,680,948 | 1,192,575 | 1,098,436 | 1,095,815 | 1,241,271 | 1,204,701 | 1,165,852 | 838,944 | 1,057,128 |
| Total primary government expenses | \$ 92,439,559 | \$ 92,855,065 | \$ 88,126,064 | \$ 99,807,888 | \$ 99,585,045 | \$ 100,479,770 | \$ 100,261,102 | \$ 102,815,149 | \$ 111,084,620 |
| Program revenues | | | | | | | | | |
| Governmental Activities | | | | | | | | | |
| Charges for Services | \$ 3,532,121 | \$ 2,508,393 | \$ 2,216,496 | \$ 1,830,493 | \$ 1,652,638 | \$ 1,846,183 | \$ 1,850,103 | \$ 1,627,071 | \$ 1,899,979 |
| Operating Grants and Contributions | 27,096,979 | 28,563,429 | 31,376,106 | 32,421,461 | 32,992,611 | 33,245,403 | 34,258,188 | 37,862,372 | 41,662,870 |
| Total governmental program revenues | 30,629,100 | 31,071,822 | 33,592,602 | 34,251,954 | 34,645,249 | 35,091,586 | 36,108,291 | 39,489,744 | 43,562,849 |
| Business-type activities | | | | | | | | | |
| Charges for Services | 2,522,813 | 2,200,863 | 1,967,257 | 1,796,674 | 1,913,080 | 2,064,776 | 1,644,054 | 341,615 | 936,935 |
| Operating Grants and Contributions | 2,095,937 | 2,124,810 | 2,173,747 | 2,232,517 | 2,329,785 | 2,437,457 | 2,213,747 | 2,466,454 | 4,801,527 |
| Total business-type program revenues | 4,618,750 | 4,325,673 | 4,141,004 | 4,029,191 | 4,242,865 | 4,502,233 | 3,857,801 | 2,808,069 | 5,738,462 |
| Total primary government program revenues | \$ 35,247,850 | \$ 35,397,495 | \$ 37,733,606 | \$ 38,281,145 | \$ 38,888,114 | \$ 39,593,819 | \$ 39,966,092 | \$ 42,297,813 | \$ 49,301,311 |

**MILLCREEK TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION (CONTINUED)
LAST NINE FISCAL YEARS**

| | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|------------------------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net revenues (expenses) | | | | | | | | | |
| Governmental activities | \$ (56,862,196) | \$ (57,513,921) | \$ (50,473,863) | \$ (61,565,332) | \$ (60,781,824) | \$ (61,096,245) | \$ (60,325,715) | \$ (60,949,981) | \$ (63,220,142) |
| Business-type activities | (329,513) | 56,351 | 81,405 | 38,589 | 84,893 | 210,294 | 30,705 | 432,645 | 1,436,833 |
| Total primary governmental expense | <u>(57,191,709)</u> | <u>(57,457,570)</u> | <u>(50,392,458)</u> | <u>(61,526,744)</u> | <u>(60,696,931)</u> | <u>(60,885,950)</u> | <u>(60,295,010)</u> | <u>(60,517,336)</u> | <u>(61,783,309)</u> |
| General Revenues | | | | | | | | | |
| Governmental activities | | | | | | | | | |
| Taxes: | | | | | | | | | |
| Property Taxes | 46,920,499 | 49,519,755 | 51,501,477 | 52,450,947 | 53,514,504 | 53,787,412 | 55,346,316 | 55,752,100 | 56,955,508 |
| Earned Income Tax | 7,194,519 | 7,138,329 | 7,457,911 | 7,263,586 | 7,489,758 | 7,403,752 | 7,688,775 | 7,461,468 | 8,583,528 |
| Real Estate Transfer Tax | 974,640 | 921,188 | 741,724 | 792,111 | 864,858 | 1,284,997 | 937,429 | 1,305,762 | 1,312,049 |
| Other Taxes | 568,277 | 496,484 | 578,826 | 681,384 | 692,320 | 697,944 | 731,681 | 867,172 | 758,494 |
| Investment earnings | 18,663 | 4,946 | 1,602 | 25,821 | 127,157 | 661,577 | 988,670 | 349,137 | 233,146 |
| Other Income | 437,045 | (56,368) | 10,713 | 98,786 | 314,405 | 1,422,225 | 535,809 | 583,670 | 494,571 |
| State Property Tax Reduction | 933,950 | 934,701 | 933,827 | 933,759 | 934,615 | 935,258 | 936,949 | 935,753 | 937,737 |
| Sale of Fixed Assets/Other Misc. | 650,606 | 725,220 | 1,521,232 | 941,670 | | 1,850 | 50 | 67,113 | 91,310 |
| Total governmental activities | <u>57,698,199</u> | <u>59,684,256</u> | <u>62,747,312</u> | <u>63,188,064</u> | <u>63,937,617</u> | <u>66,195,015</u> | <u>67,165,679</u> | <u>67,322,174</u> | <u>69,366,343</u> |
| Business-type activities | | | | | | | | | |
| Investment earnings | - | - | - | - | - | - | 5,483 | 1,329 | 2,391 |
| Total business-type activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,483</u> | <u>1,329</u> | <u>2,391</u> |
| Total primary government | <u>57,698,199</u> | <u>59,684,256</u> | <u>62,747,312</u> | <u>63,188,064</u> | <u>63,937,617</u> | <u>66,195,015</u> | <u>67,171,162</u> | <u>67,323,503</u> | <u>69,368,734</u> |
| Changes in net position | | | | | | | | | |
| Governmental activities | 836,003 | 2,170,335 | 12,273,449 | 1,622,732 | 3,155,793 | 5,098,770 | 6,839,964 | 6,372,193 | 6,146,201 |
| Business-type activities | (329,513) | 56,351 | 81,405 | 38,589 | 84,893 | 210,294 | 36,188 | 433,974 | 1,439,224 |
| Total primary government | <u>\$ 506,490</u> | <u>\$ 2,226,686</u> | <u>\$ 12,354,854</u> | <u>\$ 1,661,320</u> | <u>\$ 3,240,686</u> | <u>\$ 5,309,064</u> | <u>\$ 6,876,152</u> | <u>\$ 6,806,167</u> | <u>\$ 7,585,425</u> |

Source: District Audited Financial Statements

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST NINE FISCAL YEARS

| Fiscal Year | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-21 | 2021-22 |
|---|----------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Governmental Activities | | | | | | | | | |
| Net Investment in capital assets | \$ 38,639,047 | \$ 31,868,784 | \$ 42,630,547 | \$ 40,134,072 | \$ 39,769,744 | \$ 41,327,782 | \$ 43,620,257 | \$ 50,680,877 | \$ 40,718,342 |
| Restricted | - | - | - | - | - | - | - | 7,570,384 | 7,613,749 |
| Unrestricted | (4,834,379) | (134,913,303) | (125,224,752) | (126,807,387) | (137,333,530) | (133,792,798) | (129,245,309) | (134,624,387) | (118,559,016) |
| Total governmental activities net position | <u>33,804,668</u> | <u>(103,044,519)</u> | <u>(82,594,205)</u> | <u>(86,673,315)</u> | <u>(97,563,786)</u> | <u>(92,465,016)</u> | <u>(85,625,052)</u> | <u>(76,373,126)</u> | <u>(70,226,925)</u> |
| Business-type Activities | | | | | | | | | |
| Net Investment in capital assets | 303,741 | 335,103 | 308,234 | 290,392 | 264,341 | 368,343 | 287,410 | 504,149 | 1,122,467 |
| Unrestricted | 297,756 | 322,745 | 431,019 | 487,450 | 598,394 | 704,686 | 821,807 | (1,840,692) | (1,019,785) |
| Total business-type activities net position | <u>601,497</u> | <u>657,848</u> | <u>739,253</u> | <u>777,842</u> | <u>862,735</u> | <u>1,073,029</u> | <u>1,109,217</u> | <u>(1,336,543)</u> | <u>102,682</u> |
| Primary government | | | | | | | | | |
| Net Investment in capital assets | 38,942,788 | 32,203,887 | 42,938,781 | 40,424,464 | 40,034,085 | 41,696,125 | 43,907,667 | 51,185,026 | 41,840,809 |
| Restricted | - | - | - | - | - | - | - | 7,570,384 | 7,613,749 |
| Unrestricted | (4,536,623) | (134,590,558) | (124,793,733) | (126,319,937) | (136,735,136) | (133,088,112) | (128,423,502) | (136,465,079) | (119,578,801) |
| Total primary government net position | <u>\$ 34,406,165</u> | <u>\$ (102,386,671)</u> | <u>\$ (81,854,952)</u> | <u>\$ (85,895,473)</u> | <u>\$ (96,701,051)</u> | <u>\$ (91,391,987)</u> | <u>\$ (84,515,835)</u> | <u>\$ (77,709,669)</u> | <u>\$ (70,124,243)</u> |

Source: District Audited Financial Statements

**MILLCREEK TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST NINE FISCAL YEARS**

| Fiscal Year | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|---------------------------------|------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Governmental Activities | | | | | | | | | |
| Net Position: | | | | | | | | | |
| Beginning of Year | 32,968,665 | 33,804,668 | (103,044,519) | (82,594,205) | (86,673,315) | (97,563,786) | (92,465,016) | (85,625,052) | (76,373,126) |
| Restatement | | (139,019,522) | 8,176,866 | (5,701,841) | (14,046,263) | | | 2,879,733 | - |
| End of Year | 33,804,668 | (103,044,519) | (82,594,205) | (86,673,315) | (97,563,786) | (92,465,016) | (85,625,052) | (76,373,125) | (70,226,925) |
| Change in Net Position | 836,003 | 2,170,335 | 12,273,448 | 1,622,731 | 3,155,792 | 5,098,770 | 6,839,964 | 6,372,194 | 6,146,201 |
| Business Type Activities | | | | | | | | | |
| Net Position: | | | | | | | | | |
| Beginning of Year | 931,010 | 601,497 | 657,848 | 739,253 | 777,842 | 862,735 | 1,073,029 | 1,109,217 | (1,336,542) |
| Restatement | | | | | | | | (2,879,733) | - |
| End of Year | 601,497 | 657,848 | 739,253 | 777,842 | 862,735 | 1,073,029 | 1,109,217 | (1,336,543) | 102,682 |
| Change in Net Position | (329,513) | 56,351 | 81,405 | 38,589 | 84,893 | 210,294 | 36,188 | 433,973 | 1,439,224 |
| Total-All Activities | | | | | | | | | |
| Net Position: | | | | | | | | | |
| Beginning of Year | 33,899,675 | (104,613,357) | (94,209,805) | (87,556,793) | (99,941,736) | (96,701,051) | (91,391,987) | (84,515,835) | (77,709,668) |
| End of Year | 34,406,165 | (102,386,671) | (81,854,952) | (85,895,473) | (96,701,051) | (91,391,987) | (84,515,835) | (77,709,668) | (70,124,243) |
| Change in Net Position | 506,490 | 2,226,686 | 12,354,853 | 1,661,320 | 3,240,685 | 5,309,064 | 6,876,152 | 6,806,167 | 7,585,425 |

Source: District Audited Financial Statements

Notes:

Restatement in 2014-2015 relates to the adoption of GASB Statement No. 68

Restatement in 2015-2016 relates to deferral of contributions subsequent to PSERS measurement for the adoption of GASB 71

Restatement in 2016-2017 relates to the capital asset adjustments from inventory

Restatement in 2017-2018 relates to the understatement of OPEB Liability due to GASB 75 adoption

Restatement in 2020-2021 relates to allocating pension and OPEB amounts from the general fund to the proprietary funds

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS REVENUES
LAST NINE FISCAL YEARS

| | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Federal Sources: | | | | | | | | | |
| Title Funding | \$ 1,101,919 | \$ 1,168,076 | \$ 1,345,303 | \$ 1,364,283 | \$ 1,643,550 | \$ 1,651,549 | \$ 1,566,145 | \$ 1,610,341 | \$ 1,589,079 |
| Access Funding | 398,205 | 308,783 | 530,421 | 590,776 | 761,859 | 459,779 | 675,265 | 519,475 | 695,009 |
| IDEA | 1,111,779 | - | - | - | - | - | - | - | - |
| COVID Stimulus Funding | - | - | - | - | - | - | 38,635 | 2,402,764 | 5,681,101 |
| Total Federal Sources | 2,611,903 | 1,476,859 | 1,875,724 | 1,955,059 | 2,405,409 | 2,111,328 | 2,280,045 | 4,532,580 | 7,965,189 |
| State Sources: | | | | | | | | | |
| Basic Education Subsidies | 13,257,624 | 13,304,131 | 13,680,146 | 14,173,819 | 14,393,762 | 14,559,754 | 14,897,027 | 14,897,010 | 15,273,361 |
| Social Security/Retirement Subsidies | 4,782,966 | 5,509,394 | 6,750,756 | 7,301,763 | 8,035,779 | 8,440,656 | 8,790,467 | 9,125,813 | 9,458,084 |
| Special Education Subsidies | 3,361,570 | 3,416,621 | 3,488,451 | 3,611,357 | 3,660,748 | 3,714,873 | 3,746,977 | 3,930,028 | 4,096,747 |
| Construction Subsidies | 423,790 | 646,571 | 630,552 | 657,703 | 84,097 | 83,090 | 80,786 | 449,536 | 548,452 |
| Transportation Subsidies | 2,143,534 | 2,095,974 | 2,815,544 | 1,959,645 | 1,987,449 | 1,802,294 | 1,894,440 | 1,873,316 | 1,786,778 |
| Property Tax Reduction Allocation | 933,950 | 934,701 | 933,827 | 933,759 | 934,615 | 935,258 | 936,949 | 935,753 | 937,737 |
| Nurse Care Subsidies | 174,406 | 175,161 | 171,076 | 166,902 | 150,171 | 154,896 | 152,294 | 146,538 | 143,454 |
| State Grants and Other | 341,185 | 694,466 | 694,483 | 983,232 | 831,212 | 1,059,396 | 931,929 | 1,209,720 | 798,329 |
| Total State Sources | 25,419,025 | 26,777,019 | 29,164,835 | 29,788,180 | 30,077,833 | 30,750,217 | 31,430,869 | 32,567,714 | 33,042,942 |
| Local Sources: | | | | | | | | | |
| Real Estate Taxes | 47,098,322 | 49,491,566 | 51,389,515 | 52,442,282 | 53,495,033 | 53,827,512 | 55,466,204 | 55,986,257 | 57,103,827 |
| Interim Taxes | 222,704 | 145,927 | 208,850 | 302,994 | 144,640 | 84,202 | 79,019 | 232,454 | 128,515 |
| PILOT Taxes | 143,731 | 150,612 | 154,076 | 173,964 | 328,822 | 404,596 | 458,579 | 428,209 | 435,916 |
| Earned Income Taxes | 7,194,519 | 7,138,329 | 7,457,911 | 7,263,586 | 7,489,758 | 7,403,752 | 7,688,775 | 7,461,468 | 8,583,528 |
| Realty Transfer Taxes | 974,640 | 921,188 | 741,724 | 792,111 | 864,858 | 1,284,997 | 937,429 | 1,305,762 | 1,312,049 |
| Public Utility Taxes | 68,434 | 67,325 | 64,152 | 64,440 | 61,277 | 61,847 | 56,804 | 61,084 | 63,735 |
| Local Service Tax | 133,408 | 132,620 | 151,748 | 139,986 | 157,581 | 147,299 | 137,279 | 145,426 | 130,328 |
| Investment Earnings | 18,663 | 4,946 | 1,602 | 25,821 | 127,157 | 661,577 | 988,670 | 349,137 | 233,146 |
| IDEA/Federal Pass Through | - | 1,312,357 | 1,445,416 | 1,542,932 | 1,443,983 | 1,360,771 | 1,412,541 | 1,698,132 | 1,592,477 |
| Tuition from Patrons | 2,526,175 | 1,981,582 | 1,673,085 | 1,175,767 | 1,223,867 | 1,325,287 | 1,258,393 | 1,305,996 | 1,448,158 |
| Other Revenues | 1,087,345 | 458,715 | 602,006 | 839,890 | 616,838 | 1,821,268 | 959,425 | 904,746 | 946,390 |
| Total Local Sources | 59,467,941 | 61,805,167 | 63,890,085 | 64,763,773 | 65,953,814 | 68,383,108 | 69,443,118 | 69,878,671 | 71,978,069 |
| Total Revenues | \$ 87,498,869 | \$ 90,059,045 | \$ 94,930,644 | \$ 96,507,012 | \$ 98,437,056 | \$ 101,244,653 | \$ 103,154,032 | \$ 106,978,965 | \$ 112,986,200 |

Source: District Audited Financial Statements

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
EXPENDITURES BY FUNCTION
LAST NINE FISCAL YEARS

| Function | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| Current Expenditures: | | | | | | | | | |
| Instructional Services | \$ 51,671,373 | \$ 51,235,490 | \$ 53,075,627 | \$ 54,199,322 | \$ 56,197,566 | \$ 56,649,550 | \$ 58,100,011 | \$ 61,760,320 | \$ 70,595,241 |
| Pupil Services | 3,244,580 | 3,559,692 | 4,407,511 | 4,328,748 | 4,755,139 | 4,322,150 | 4,327,378 | 4,427,007 | 4,363,257 |
| Instructional Support Services | 2,076,952 | 3,032,019 | 1,628,278 | 3,629,977 | 2,827,496 | 3,121,761 | 3,447,158 | 2,601,669 | 3,060,913 |
| Administration | 5,709,594 | 4,999,706 | 5,365,990 | 5,352,012 | 6,024,869 | 5,830,584 | 5,925,928 | 6,155,157 | 6,779,529 |
| Pupil Health | 1,256,787 | 1,310,288 | 1,252,880 | 1,336,189 | 1,358,879 | 1,359,220 | 1,380,353 | 1,441,498 | 1,416,293 |
| Financial Services | 1,005,199 | 1,214,471 | 1,134,811 | 1,041,189 | 1,004,661 | 1,055,137 | 1,038,484 | 999,298 | 1,119,700 |
| Operation and Maintenance of Plant | 8,503,759 | 9,139,593 | 8,795,783 | 8,945,518 | 8,695,719 | 8,965,680 | 9,295,231 | 10,146,810 | 9,811,590 |
| Student Transportation Services | 4,911,102 | 4,707,715 | 4,655,083 | 4,792,990 | 4,968,300 | 4,854,064 | 5,225,004 | 4,604,562 | 4,934,645 |
| Other Support Services | 1,664,653 | 1,253,816 | 1,339,758 | 1,723,472 | 1,728,602 | 1,760,195 | 1,957,638 | 1,872,165 | 2,208,784 |
| Student Activities | 1,179,802 | 1,262,305 | 1,433,280 | 1,483,144 | 1,781,641 | 1,741,400 | 1,714,668 | 1,602,748 | 1,792,579 |
| Community Services | 21,511 | 20,319 | 19,196 | 20,456 | 13,446 | 11,270 | 5,514 | 12,920 | 15,843 |
| Other | - | - | - | - | 165,279 | 129,215 | 132,201 | 51,196 | 40,453 |
| Subtotal Noncapital Expenditures | 81,245,312 | 81,735,414 | 83,108,197 | 86,853,017 | 89,521,597 | 89,800,226 | 92,549,568 | 95,675,350 | 106,138,827 |
| Capital Outlay: | | | | | | | | | |
| Building Improvements | 8,914,232 | 10,865,994 | 6,234,816 | 650,179 | 2,979,530 | 1,296,495 | 4,936,864 | 17,209,532 | 24,077,093 |
| Subtotal Capital Outlay | 8,914,232 | 10,865,994 | 6,234,816 | 650,179 | 2,979,530 | 1,296,495 | 4,936,864 | 17,209,532 | 24,077,093 |
| Debt Service: | | | | | | | | | |
| Principal | 3,509,478 | 4,231,212 | 4,343,677 | 4,594,553 | 3,826,187 | 4,082,932 | 4,165,700 | 4,655,598 | 5,345,827 |
| Interest | 2,494,997 | 2,143,997 | 1,970,511 | 1,779,499 | 1,682,165 | 1,511,543 | 1,511,972 | 2,824,875 | 2,600,620 |
| Paying Agent/Issuance Costs | 24,127 | 19,470 | 11,910 | 4,090 | 3,730 | 4,019 | 624,717 | 3,588 | 2,672 |
| Subtotal Debt Services | 6,028,602 | 6,394,679 | 6,326,098 | 6,378,142 | 5,512,082 | 5,598,494 | 6,302,389 | 7,484,061 | 7,949,119 |
| Total Expenditures | \$ 96,188,146 | \$ 98,996,087 | \$ 95,669,111 | \$ 93,881,338 | \$ 98,013,209 | \$ 96,695,215 | \$ 103,788,821 | \$ 120,368,943 | \$ 138,165,039 |
| Debt as a Percentage of Noncapital Expenditures | 7.42% | 7.82% | 7.61% | 7.34% | 6.16% | 6.23% | 6.81% | 7.82% | 7.49% |

Source: District Audited Financial Statements

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS

| | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|--|-----------------------|-----------------------|-------------------|---------------------|-------------------|---------------------|----------------------|-------------------------|----------------------|
| Excess of Revenues Over/ Under Expenditures | \$ (8,689,277) | \$ (8,937,042) | \$ (738,467) | \$ 2,625,673 | \$ 423,847 | \$ 4,549,438 | \$ (634,789) | \$ (120,368,943) | \$ (25,178,839) |
| Other Financing Sources(Uses) | | | | | | | | | |
| General Long-Term Debt Issued | 26,695,000 | | | - | - | - | 43,350,000 | | 58,475,000 |
| Sale of Fixed Assets/Other | | 17,351 | 1,514,030 | 941,670 | - | 1,850 | 50 | 67,113 | 91,310 |
| Refund from Prior Period Revenues | 650,606 | 707,869 | 1,002 | - | - | | | | |
| Change in Inventory | | - | 6,200 | | | | | | |
| Payments to Refund Bond Escrow Agent | (24,939,925) | - | - | - | - | - | - | | |
| Premium on Issuance of Bonds | 874,135 | - | - | - | - | - | 7,294,002 | | 4,322,156 |
| Transfers In - Capital Projects | | - | 1,560,000 | 2,800,000 | 2,143,302 | 3,850,000 | 2,300,000 | 900,000 | 500,000 |
| Transfers Out - General Fund | | - | (1,560,000) | (2,800,000) | (2,143,302) | (3,850,000) | (2,300,000) | (900,000) | (500,000) |
| Total Other Financing Sources (Uses) | <u>3,279,816</u> | <u>725,220</u> | <u>1,521,232</u> | <u>941,670</u> | <u>-</u> | <u>1,850</u> | <u>50,644,052</u> | <u>67,113</u> | <u>62,888,466</u> |
| Net Change in Fund Balances | <u>\$ (5,409,461)</u> | <u>\$ (8,211,822)</u> | <u>\$ 782,765</u> | <u>\$ 3,567,343</u> | <u>\$ 423,847</u> | <u>\$ 4,551,288</u> | <u>\$ 50,009,263</u> | <u>\$ (120,301,830)</u> | <u>\$ 37,709,627</u> |

Source: District Audited Financial Statements

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES BY OBJECT
LAST NINE FISCAL YEARS

| | 2013-2014* | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021** | 2021-2022 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| Salaries* | \$ 42,852,069 | \$ 39,983,822 | \$ 40,830,585 | \$ 40,226,198 | \$ 40,840,764 | \$ 41,737,527 | \$ 42,681,775 | \$ 43,949,711 | \$ 45,201,299 |
| Fringe Benefits | 20,536,870 | 23,973,517 | 24,614,364 | 26,740,379 | 28,663,345 | 27,834,777 | 28,517,636 | 30,186,053 | 31,226,671 |
| Contracted Services | 4,224,222 | 3,290,743 | 3,168,754 | 3,170,913 | 3,378,776 | 2,854,008 | 2,622,968 | 3,206,309 | 5,069,626 |
| Property Services | 807,098 | 782,437 | 808,085 | 1,001,846 | 973,309 | 922,625 | 704,671 | 842,397 | 785,365 |
| Other Services | 858,744 | 884,589 | 954,828 | 1,046,580 | 1,018,715 | 868,892 | 852,731 | 875,143 | 944,059 |
| Transportation/Field Trips/Travel** | 4,954,814 | 4,620,020 | 4,756,161 | 4,832,105 | 4,955,132 | 4,981,596 | 5,300,511 | 4,487,947 | 5,045,033 |
| Tuition Paid | 2,638,990 | 2,787,990 | 3,215,196 | 3,522,866 | 4,602,497 | 4,904,427 | 5,106,613 | 5,562,350 | 12,337,139 |
| Supplies/Books/Software | 2,004,795 | 3,179,860 | 2,601,699 | 2,599,562 | 2,149,339 | 2,187,395 | 2,311,829 | 2,887,210 | 2,885,314 |
| Utilities | 1,686,081 | 1,763,019 | 1,775,531 | 1,762,539 | 1,734,435 | 1,689,183 | 1,530,088 | 1,433,202 | 1,703,577 |
| Equipment | 151,022 | 296,305 | 298,661 | 1,694,225 | 787,132 | 1,412,682 | 2,540,781 | 2,030,613 | 668,022 |
| Dues and Fees | 530,607 | 173,112 | 84,332 | 255,805 | 252,876 | 277,899 | 247,765 | 163,218 | 234,941 |
| Debt Services | 6,028,602 | 6,394,679 | 6,326,098 | 6,378,142 | 5,512,082 | 5,598,494 | 6,302,389 | 7,484,061 | 7,946,447 |
| Other | | | | | 165,279 | 129,215 | 132,201 | 51,196 | 40,453 |
| Building Improvements | 8,914,232 | 10,865,994 | 6,234,816 | 650,179 | 2,979,530 | 1,296,495 | 4,936,864 | 17,209,532 | 24,077,093 |
| Total Expenditures | \$ 96,188,146 | \$ 98,996,087 | \$ 95,669,110 | \$ 93,881,339 | \$ 98,013,210 | \$ 96,695,215 | \$ 103,788,822 | \$ 120,368,942 | \$ 138,165,039 |
| Percentage Change in Expenditures | | 2.9% | -3.4% | -1.9% | 4.4% | -1.3% | 7.3% | 16.0% | 14.8% |
| Percentage Change in Expenditures W/O Building Improvements | | 1.0% | 1.5% | 4.2% | 1.9% | 0.4% | 3.6% | 4.4% | 10.6% |

Source: District Audited Financial Statements

Notes:

* Salaries in 2013-14 included early retirement incentive to save positions through attrition in 2014-15.

**Savings a result of negotiating variable transportation rates because school was virtual only for a portion of the year.

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS – FUND BALANCES
LAST NINE FISCAL YEARS

| Fiscal Year | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | |
| Nonspendable | \$ 159,508 | \$ 341,524 | \$ 4,927,491 | \$ 339,795 | \$ 223,768 | \$ 268,554 | \$ 465,557 | \$ 779,611 | \$ 857,452 |
| Committed/Restricted | - | - | - | 388,531 | 663,381 | 1,044,106 | 1,452,626 | 1,586,597 | 1,863,595 |
| Designated/Assigned | - | 38,180 | 175,352 | 3,801,560 | 4,690,812 | 6,164,987 | 7,663,176 | 9,628,226 | 6,387,868 |
| Undesignated/Unassigned | 2,295,667 | 4,725,790 | 5,458,639 | 7,448,600 | 7,615,293 | 7,707,366 | 7,859,699 | 8,252,753 | 8,619,791 |
| Total general fund | <u>2,455,175</u> | <u>5,105,494</u> | <u>10,561,482</u> | <u>11,978,486</u> | <u>13,193,254</u> | <u>15,185,013</u> | <u>17,441,058</u> | <u>20,247,187</u> | <u>17,728,706</u> |
| All other governmental funds | | | | | | | | | |
| Committed | | | | | | | | | |
| Capital Purposes | 17,601,126 | 6,738,986 | 2,065,763 | 4,216,103 | 3,425,182 | 5,984,710 | 53,737,929 | 37,608,931 | 77,837,040 |
| Total all other governmental funds | <u>17,601,126</u> | <u>6,738,986</u> | <u>2,065,763</u> | <u>4,216,103</u> | <u>3,425,182</u> | <u>5,984,710</u> | <u>53,737,929</u> | <u>37,608,931</u> | <u>77,837,040</u> |
| Total Fund Balance | <u>\$ 20,056,301</u> | <u>\$ 11,844,480</u> | <u>\$ 12,627,245</u> | <u>\$ 16,194,589</u> | <u>\$ 16,618,436</u> | <u>\$ 21,169,723</u> | <u>\$ 71,178,987</u> | <u>\$ 57,856,118</u> | <u>\$ 95,565,746</u> |

Source: District Audited Financial Statements

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST NINE FISCAL YEARS

| Fiscal Year | Real Estate Tax | Real Estate Transfer Tax | Earned Income Tax | Public Utility Realty Tax | Local Service Tax | Total |
|------------------------|--------------------------------|---|----------------------------------|--|----------------------------------|---------------|
| 2013-2014 | \$ 47,464,756 | \$ 974,640 | \$ 7,194,519 | \$ 68,434 | \$ 133,408 | \$ 55,835,757 |
| 2014-2015 | 49,788,105 | 921,188 | 7,138,329 | 67,325 | 132,620 | 58,047,567 |
| 2015-2016 | 51,752,440 | 741,724 | 7,457,911 | 64,152 | 151,748 | 60,167,975 |
| 2016-2017 | 52,919,239 | 792,111 | 7,263,586 | 64,440 | 139,986 | 61,179,362 |
| 2017-2018 | 53,968,495 | 864,858 | 7,489,758 | 61,277 | 157,581 | 62,541,969 |
| 2018-2019 | 54,316,310 | 1,284,997 | 7,403,752 | 61,847 | 147,299 | 63,214,205 |
| 2019-2020 | 56,003,802 | 937,429 | 7,688,775 | 56,804 | 137,279 | 64,824,089 |
| 2020-2021 | 56,646,919 | 1,305,762 | 7,461,468 | 61,084 | 145,426 | 65,620,659 |
| 2021-2022 | \$ 57,103,827 | \$ 1,312,049 | \$ 8,583,528 | \$ 63,735 | \$ 130,329 | \$ 67,193,468 |

Source: District Audited Financial Statements

Notes: real estate taxes include penalty & interest on real estate taxes, delinquent real estate taxes, discount on real

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
 ASSESSED VALUE AND PROPERTY TAX RATES
 DIRECT AND OVERLAPPING GOVERNMENTS
 LAST NINE FISCAL YEARS

Tax Rates (per \$1,000 of Assessed Value)

| <u>Fiscal Year</u> | <u>Municipal</u> | <u>School</u> | <u>County</u> | <u>Total</u> | <u>Assessed Valuation</u> |
|-------------------------------|-------------------------|----------------------|----------------------|---------------------|--------------------------------------|
| 2013-2014 | 2.5537 | 12.6700 | 4.9300 | 20.1537000 | \$ 3,831,873,087 |
| 2014-2015 | 3.5537 | 13.2766 | 4.9300 | 21.7603000 | 3,848,821,808 |
| 2015-2016 | 3.5537 | 13.5819 | 4.9300 | 22.0656000 | 3,875,691,367 |
| 2016-2017 | 3.5537 | 13.7788 | 5.1600 | 22.4925000 | 3,924,248,138 |
| 2017-2018 | 3.5537 | 13.8288 | 5.4100 | 22.7925000 | 3,921,625,770 |
| 2018-2019 | 1.0700 | 14.1054 | 5.4100 | 20.5854000 | 3,932,511,749 |
| 2019-2020 | 3.5537 | 14.5003 | 5.7100 | 23.7640000 | 3,947,051,777 |
| 2020-2021 | 3.5537 | 14.5003 | 5.7100 | 23.7640000 | 3,959,090,672 |
| 2021-2022 | 3.5537 | 14.7613 | 5.9600 | 24.2750000 | \$ 3,974,178,214 |

Source: Erie County Annual Financial Report & District Financial Office

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES BY GOVERNMENTAL UNIT
LAST NINE FISCAL YEARS

| | | | | | | | | | | | | <u>Delinquent</u> | | Collections to Date | Percentage Collected to Date | Payment In Lieu of Taxes (2) |
|-------------|----------------------------------|--------------------|--------------------------------|------------------|--------------------|--|-------------------|-----------------|---------------|--------------------|-----------------------------------|----------------------------------|---------------------------------------|------------------------|------------------------------------|------------------------------------|
| <u>Year</u> | <u>Levy</u> <u>(Original)</u> | <u>Adjustments</u> | <u>Total</u> | <u>Homestead</u> | <u>Collections</u> | <u>Face Value of</u> | <u>Percentage</u> | <u>Discount</u> | <u>Net</u> | <u>Outstanding</u> | <u>Taxes as</u> | | | | | |
| | | | <u>Adjusted</u> <u>Levy</u> | | | <u>Current Tax</u> <u>Collections (1)</u> | | | | <u>Collected</u> | <u>Delinquent</u> <u>Taxes</u> | <u>Percent</u> <u>of Levy</u> | <u>Delinquent</u> <u>Collected</u> | | | |
| 2013-2014 | \$ 48,549,832 | \$ (9,055) | \$ 48,540,777 | \$ 933,950 | \$ 45,707,712 | \$ 46,641,662 | 96.07% | \$ (833,610) | \$ 45,808,052 | \$ 2,741,780 | 5.65% | \$ 1,733,182 | \$ 48,374,844 | 99.66% | \$ 143,731 | |
| 2014-2015 | 51,099,268 | (19,666) | 51,079,602 | 932,332 | 48,133,145 | 49,065,477 | 96.02% | (877,874) | 48,187,603 | 2,911,665 | 5.70% | 1,780,002 | 50,845,479 | 99.54% | 150,612 | |
| 2015-2016 | 52,639,253 | (10,563) | 52,628,690 | 931,619 | 49,928,975 | 50,860,594 | 96.62% | (890,236) | 49,970,358 | 2,668,895 | 5.07% | 1,898,094 | 52,758,688 | 100.25% | 154,076 | |
| 2016-2017 | 54,071,430 | 302,150 | 54,373,580 | 931,767 | 51,300,805 | 52,232,572 | 96.60% | (906,849) | 51,325,723 | 2,745,707 | 5.05% | 1,606,071 | 53,838,643 | 99.02% | 173,964 | |
| 2017-2018 | 54,231,378 | (304,381) | 53,926,997 | 932,678 | 52,412,119 | 53,344,797 | 98.37% | (934,732) | 52,410,065 | 1,821,313 | 3.38% | 1,621,122 | 54,965,919 | 101.93% | 328,822 | |
| 2018-2019 | 55,469,651 | (35,018) | 55,434,633 | 933,630 | 52,907,688 | 53,841,318 | 97.06% | (955,856) | 52,885,462 | 2,584,189 | 4.66% | 1,490,031 | 55,331,349 | 99.81% | 404,596 | |
| 2019-2020 | 57,233,435 | (103,261) | 57,130,174 | 935,201 | 54,536,370 | 55,471,571 | 96.92% | (953,402) | 54,518,169 | 2,715,266 | 4.75% | 1,449,418 | 56,920,989 | 99.63% | 458,579 | |
| 2020-2021 | 57,408,002 | (13,296) | 57,394,706 | 933,985 | 54,776,488 | 55,710,473 | 97.04% | (975,656) | 54,734,817 | 2,673,185 | 4.66% | 1,845,403 | 57,555,876 | 100.28% | 428,209 | |
| 2021-2022 | \$ 58,665,238 | \$ (12,728) | \$ 58,652,510 | \$ 937,737 | \$ 56,233,281 | \$ 57,171,018 | 97.45% | \$ (1,044,311) | \$ 56,126,707 | \$ 2,538,531 | 4.33% | \$ 1,612,873 | \$ 58,783,891 | 100.22% | \$ 435,916 | |

(1) Includes tax reduction of Homestead/Farmstead Credits and refunds

(2) Payment in Lieu of Taxes reflects funds paid by St. Mary's, Springhill and Millcreek Manor Nursing Homes, a hospital (Millcreek Community Hospital) and a medical college (LECOM)

Source: Millcreek Tax Office

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXIBLE PROPERTY
 LAST NINE FISCAL YEARS

| Fiscal Year | Taxable Assessed Value | Exempt Real Property | Total | Estimate Actual Value (1) | Mileage Rate |
|------------------------|-----------------------------------|---------------------------------|------------------|--------------------------------------|-------------------------|
| 2013-2014 | \$ 3,831,873,087 | \$ 411,589,951 | \$ 4,243,463,038 | \$ 3,376,394,288 | 12.6700 |
| 2014-2015 | 3,848,821,808 | 411,355,430 | 4,260,177,238 | 3,466,671,909 | 13.2766 |
| 2015-2016 | 3,875,691,367 | 410,221,631 | 4,285,912,998 | 3,500,672,667 | 13.5819 |
| 2016-2017 | 3,924,248,138 | 414,461,261 | 4,338,709,399 | 3,588,081,599 | 13.7788 |
| 2017-2018 | 3,921,625,770 | 440,455,555 | 4,362,081,325 | 3,656,701,658 | 13.8288 |
| 2018-2019 | 3,932,511,749 | 440,668,244 | 4,373,179,993 | 3,722,068,430 | 14.1054 |
| 2019-2020 | 3,947,051,777 | 434,911,588 | 4,381,963,365 | 3,712,482,805 | 14.5003 |
| 2020-2021 | 3,959,090,672 | 437,220,714 | 4,396,311,386 | 3,787,813,863 | 14.5003 |
| 2021-2022 | 3,974,178,214 | 441,449,198 | 4,415,627,412 | 3,846,491,143 | 14.7613 |

(1) Data provided by State Tax Equalization Board

Source: Erie County Assessment Department

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
TEN LARGEST TAXPAYERS
LAST TEN FISCAL YEARS

| Taxpayer | 7/1/2021 | | | 7/1/2011 | | |
|---|-------------------------|------|--|-------------------------|------|--|
| | Assessed Value | Rank | Percentage of Total Assessed Valuation | Assessed Value | Rank | Percentage of Total Assessed Valuation |
| Millcreek Mall Corp | \$ 106,236,700 | 1 | 2.67% | \$ 104,953,800 | 1 | 3.25% |
| Riedman Properties EP I LLC | 51,770,720 | 2 | 1.30% | - | - | - |
| PA Eastway INC | 35,443,400 | 3 | 0.89% | - | - | - |
| Millcreek Community Hospital | 27,552,800 | 4 | 0.69% | 27,193,098 | 3 | 0.84% |
| Wegamans Food Markets Inc. | 19,605,676 | 5 | 0.49% | 12,533,200 | 7 | 0.39% |
| Yorktown Station LLC | 19,297,500 | 6 | 0.49% | - | - | - |
| Millcreek Marketplace LLC | 15,434,170 | 7 | 0.39% | - | - | - |
| Shadow Pines Apartments LLC | 14,751,100 | 8 | 0.37% | - | - | - |
| Granada Apartment Holdings LLC | 13,000,000 | 9 | 0.33% | 18,117,100 | 5 | 0.56% |
| Walmart Real Estate Business Trust | 11,883,300 | 10 | 0.30% | - | - | - |
| Pastore LLC | - | - | - | 36,321,600 | 2 | 1.13% |
| Maleno LLC | - | - | - | 23,489,020 | 4 | 0.73% |
| Plastek | - | - | - | 13,994,180 | 6 | 0.43% |
| 79 Realty Corp | - | - | - | 12,525,300 | 8 | 0.39% |
| Beverly Erie Acquisition LLC | - | - | - | 9,974,700 | 9 | 0.31% |
| Lowes Home Centers Inc | - | - | - | 9,380,709 | 10 | 0.29% |
| Total | \$ 314,975,366 | | 7.93% | \$ 268,482,707 | | 8.32% |
| Total Taxable Assessed Valuation | \$ 3,974,178,214 | | | \$ 3,225,409,180 | | |

Source: Millcreek Tax Office

MILLCREEK TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
LAST TEN FISCAL YEARS
7/1/2022

| Employer | 7/1/2022 | | | 7/1/2012 | | |
|------------------------------------|---------------|------|---|---------------|------|---|
| | Employees | Rank | Percentage of Total Municipal Employment | Employees | Rank | Percentage of Total Municipal Employment |
| Career Concepts Staffing Services | 2,414 | 1 | 9.48% | 243 | 8 | 1.22% |
| Erie Indemnity Company | 1,019 | 2 | 4.00% | - | - | - |
| Plastek Industries Inc | 966 | 3 | 3.79% | 483 | 2 | 2.42% |
| Millcreek Township School District | 955 | 4 | 3.75% | 744 | 1 | 3.72% |
| Wegmans Food Markets | 903 | 5 | 3.55% | 391 | 3 | 1.96% |
| Millcreek Community Hospital | 757 | 6 | 2.97% | 279 | 5 | 1.40% |
| VFI Community Services | 684 | 7 | 2.69% | - | - | - |
| Walmart | 612 | 8 | 2.40% | - | - | 0.00% |
| Waldameer Park | 605 | 9 | 2.38% | - | - | - |
| Amazon Com. Services LLC | 570 | 10 | 2.24% | - | - | - |
| Voices for Independence Erie | - | - | - | 343 | 4 | 1.72% |
| Blair Corporation Inc. | - | - | - | 264 | 6 | 1.32% |
| Eriez Manufacturing Co | - | - | - | 264 | 7 | 1.32% |
| United Parcel Service Inc | - | - | - | 207 | 9 | 1.04% |
| Millcreek Township | - | - | - | 183 | 10 | 0.92% |
| Total | 9,485 | | 37.24% | 3,401 | | 17.02% |
| Total Employees | 25,468 | | | 19,985 | | |

Source: Berhiemer Associates Inc.

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF DIRECT AND OVERLAPPING DEBT AND DEBT RATIOS
YEAR ENDED JUNE 30, 2022

| | <u>Gross</u> | <u>MVAR</u> | <u>Project Reimburs.</u> | <u>Percentage of Applicable Debt</u> | <u>Local Share</u> |
|--|-----------------------|-------------|--------------------------|--------------------------------------|-----------------------|
| General Obligation Debt | | | | | |
| General Obligation Bonds of 2012 | \$ 1,305,000 | 0.466 | 0.2783 | 100.00% | \$ 1,135,757 |
| General Obligation Bonds Series B of 2013 | 1,915,000 | 0.466 | 0.2196 | 100.00% | 1,719,031 |
| General Obligation Bonds Series C of 2013 | 17,155,000 | NA | 0 | 100.00% | 17,155,000 |
| General Obligation Bonds of 2020 | 43,345,000 | NA | 0 | 100.00% | 43,345,000 |
| General Obligation Bonds of 2022 | 58,475,000 | NA | 0 | 100.00% | 58,475,000 |
| TOTAL DIRECT DEBT | \$ 122,195,000 | | | | \$ 121,829,788 |
| Overlapping Debt | | | | | |
| Erie County * | 33,836,003 | | | 27.29% | 9,235,236 |
| Millcreek Township | 1,136,195 | | | 100.00% | 1,136,195 |
| TOTAL OVERLAPPING DEBT | \$ 34,972,198 | | | | \$ 10,371,431 |
| TOTAL NET DIRECT & OVERLAPPING DEBT | \$ 157,167,198 | | | | \$ 132,201,219 |

*Source: Erie County CAFR for the year ended 12/31/2021. As of December 31, 2021, Erie County had outstanding debt of \$33,836,003. The School District's share is calculated by dividing the assessed value of the School District by the assessed value of the County, and multiplying the ratio by the outstanding debt of the County.

Debt Ratio Calculations (including the issuance of the Bonds)

| | <u>Direct Debt To:</u> | <u>Direct and Overlapping Debt To:</u> |
|----------------|------------------------|--|
| Assessed Value | 3.07% | 3.33% |
| Market Value | 3.17% | 3.44% |
| Per Capita | \$2,253.06 | \$2,444.87 |
| Assessed Value | \$3,974,178,214 | |
| Market Value | \$3,846,491,143 | |
| Population | 54,073 | |

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
COMPUTATION OF NONELECTORAL DEBT MARGIN
AS OF JUNE 30, 2022

Formula for Debt Limit

| | Fiscal Year Ended June 30 | | |
|---|----------------------------------|---------------|---------------|
| | 2020 | 2021 | 2022 |
| Total General Fund Revenues | \$102,868,435 | \$106,865,542 | \$112,069,464 |
| Less: Required Deductions Included in Total Revenues | | | |
| a. Construction Subsidies | 80,786 | 449,536 | 548,452 |
| b. Receipts Pledged to self-Liquidating Debt or Payments under Leases or Guaranties | - | - | - |
| c. Interest Earned on Sinking Fund | - | - | - |
| d. Grant Payments for Special Projects | 38,635 | 2,402,764 | 4,832,306 |
| e. Nonrecurring Receipts | 50 | 67,113 | 91,310 |
| Net Revenues | \$102,748,964 | \$103,946,129 | \$106,597,396 |
| Total Net Revenues for Three Years | \$313,292,489 | | |
| Borrowing Base - | \$104,430,830 | | |
| Average Net Revenues for Three-Year Period | | | |
| Multiplier | 225% | | |
| Total Nonelectoral Debt Limit | \$234,969,367 | | |
| Less: Amount of Debt Applicable to Debt Limit | \$121,829,788 | | |
| | <u>\$113,139,579</u> | | |

Note: Act 50 of 1998 amended Section 8022 of the Local Government Unit Debt Act to set the Nonelectoral Debt Limit at 225% of the district's borrowing base as calculated above.

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST SIX FISCAL YEARS

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Debt Limit | \$203,092,316 | \$209,686,533 | \$216,374,909 | \$221,517,689 | \$226,692,819 | \$230,887,973 | \$234,969,367 |
| Total Net Debt Applicable to Limit | 43,950,370 | 39,591,227 | 36,016,781 | 32,203,334 | 71,676,584 | 67,796,535 | 121,829,788 |
| Legal Debt Margin | \$159,141,946 | \$170,095,306 | \$180,358,128 | \$189,314,355 | \$155,016,235 | \$163,091,438 | \$113,139,579 |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 21.64% | 18.88% | 16.65% | 14.54% | 31.62% | 29.36% | 51.85% |

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
 TOTAL GENERALGOVERNMENTAL EXPENDITURES
 LAST EIGHT FISCAL YEARS

| Fiscal Year | <u>Principal (2)</u> | <u>Interest</u> | <u>Total Debt Service</u> | <u>Total General Governmental Expenditures</u> | <u>Ratio of Debt Service to General Governmental Expenditures</u> |
|------------------------|-----------------------------|------------------------|--|---|--|
| 2013-2014 | \$ 3,509,478 | \$ 2,494,997 | \$ 6,004,475 | \$ 96,188,146 | 6.24% |
| 2014-2015 | 4,231,212 | 2,143,997 | 6,375,209 | 98,996,087 | 6.44% |
| 2015-2016 | 4,343,677 | 1,970,511 | 6,314,188 | 95,669,111 | 6.60% |
| 2016-2017 | 4,594,553 | 1,779,499 | 6,374,052 | 93,881,338 | 6.79% |
| 2017-2018 | 3,826,187 | 1,682,165 | 5,508,352 | 98,013,209 | 5.62% |
| 2018-2019 | 4,082,932 | 1,511,543 | 5,594,475 | 96,695,215 | 5.79% |
| 2019-2020 | 4,165,700 | 1,511,972 | 5,677,672 | 103,788,821 | 5.47% |
| 2020-2021 | 4,655,598 | 2,824,875 | 7,480,473 | 120,368,943 | 6.21% |
| 2021-2022 | 5,345,827 | 2,600,620 | 7,946,447 | 138,165,039 | 5.75% |

Source: District Audited Financial Statements

(2) Includes lease payments related to buildings energy efficient upgrades

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
 RATIO OF NET BONDED TO ASSESSED VALUE
 AND NET BONDED DEBT PER CAPITA
 LAST NINE FISCAL YEARS

| Fiscal Year | Population (1) | Assessed Value | Estimated Actual Value | Gross Bonded Debt | Less Debt Service Debt | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt Per Capita | Ratio of Net Bonded Debt to Estimated Actual Value |
|------------------------|-----------------------|-----------------------|-----------------------------------|------------------------------|-----------------------------------|----------------------------|---|---------------------------------------|---|
| 2013-2014 | 53,515 | \$ 3,831,873,087 | \$ 3,376,394,288 | \$ 52,850,000 | - | \$ 52,850,000 | 1.4% | \$ 988 | 1.6% |
| 2014-2015 | 53,515 | 3,848,821,808 | 3,466,671,909 | 49,075,000 | - | 49,075,000 | 1.3% | 917 | 1.4% |
| 2015-2016 | 53,515 | 3,875,691,367 | 3,500,672,667 | 45,075,000 | - | 45,075,000 | 1.2% | 842 | 1.3% |
| 2016-2017 | 53,515 | 3,924,248,138 | 3,588,081,599 | 40,840,000 | - | 40,840,000 | 1.0% | 763 | 1.1% |
| 2017-2018 | 53,515 | 3,921,625,770 | 3,656,701,658 | 37,385,000 | - | 37,385,000 | 1.0% | 699 | 1.0% |
| 2018-2019 | 53,515 | 3,932,511,749 | 3,722,068,430 | 33,615,000 | - | 33,615,000 | 0.9% | 628 | 0.9% |
| 2019-2020 | 53,515 | 3,947,051,777 | 3,712,482,805 | 73,055,000 | - | 73,055,000 | 1.9% | 1,365 | 2.0% |
| 2020-2021 | 54,073 | 3,959,090,672 | 3,787,813,863 | 68,675,000 | - | 68,675,000 | 1.7% | 1,270 | 1.8% |
| 2021-2022 | 54,073 | 3,974,178,214 | 3,846,491,143 | 122,195,000 | - | 122,195,000 | 3.1% | 2,260 | 3.2% |

(1) U.S. Census Quick facts

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**MILLCREEK TOWNSHIP SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST NINE FISCAL YEARS**

| | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| 2005 General Obligation Bonds | \$ 11,185,000 | \$ 7,660,000 | \$ 4,005,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2010 General Obligation Bonds | 11,890,000 | 11,795,000 | 11,675,000 | 11,675,000 | 8,455,000 | 4,920,000 | 1,250,000 | - | - |
| 2012 General Obligation Bonds | 3,080,000 | 2,930,000 | 2,710,000 | 2,485,000 | 2,255,000 | 2,025,000 | 1,790,000 | 1,550,000 | 1,305,000 |
| 2013 Series A General Obligation Bonds | 2,365,000 | 2,365,000 | 2,365,000 | 2,365,000 | 2,365,000 | 2,365,000 | 2,365,000 | - | - |
| 2013 Series B General Obligation Bonds | 7,175,000 | 7,170,000 | 7,165,000 | 7,160,000 | 7,155,000 | 7,150,000 | 7,145,000 | 6,620,000 | 1,915,000 |
| 2013 Series C General Obligation Bonds | 17,155,000 | 17,155,000 | 17,155,000 | 17,155,000 | 17,155,000 | 17,155,000 | 17,155,000 | 17,155,000 | 17,155,000 |
| 2020 General Obligation Bonds | - | - | - | - | - | - | 43,350,000 | 43,350,000 | 43,345,000 |
| 2022 General Obligation Bonds | - | - | - | - | - | - | - | - | 58,475,000 |
| 2004 General Obligation Notes | 696,000 | 540,000 | 384,000 | 228,000 | 76,000 | - | - | - | - |
| 2005 General Obligation Notes | 75,330 | - | - | - | - | - | - | - | - |
| Total Debt | \$ 53,621,330 | \$ 49,615,000 | \$ 45,459,000 | \$ 41,068,000 | \$ 37,461,000 | \$ 33,615,000 | \$ 73,055,000 | \$ 68,675,000 | \$ 122,195,000 |
| Ratio of Debt to Personal Income* | 2.9% | 2.7% | 2.5% | 2.2% | 2.0% | 1.8% | 4.0% | 3.8% | 6.0% |
| Debt Per Capita | 1,002 | 927 | 849 | 767 | 700 | 628 | 1,365 | 1,283 | 2,283 |

* computation of per capita personal income from 2010 U.S. Census multiplied by population

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF TOTAL EXPENDITURES PER PUPIL
LAST NINE FISCAL YEARS

| Fiscal Year | Governmental Expenditures | Enrollment | Cost Per Pupil | General Fund Expenditures | Cost Per Pupil General Fund | Percent Increase/(Decrease) General Fund |
|------------------------|--------------------------------------|-------------------|-----------------------|--------------------------------------|--|---|
| 2013-2014 | \$ 96,188,146 | 7,210 | 13,341 | \$ 87,273,913 | 12,105 | |
| 2014-2015 | 98,996,087 | 7,205 | 13,740 | 88,130,093 | 12,232 | 1.1% |
| 2015-2016 | 95,669,111 | 6,962 | 13,742 | 89,434,293 | 12,846 | 5.0% |
| 2016-2017 | 93,881,338 | 6,820 | 13,766 | 93,231,160 | 13,670 | 6.4% |
| 2017-2018 | 98,013,209 | 6,626 | 14,792 | 95,171,919 | 14,363 | 5.1% |
| 2018-2019 | 96,695,215 | 6,525 | 14,819 | 95,269,504 | 14,601 | 1.7% |
| 2019-2020 | 103,788,821 | 6,614 | 15,692 | 98,312,394 | 14,864 | 1.8% |
| 2020-2021 | 120,368,943 | 6,353 | 18,947 | 103,159,410 | 16,238 | 9.2% |
| 2021-2022 | 138,165,039 | 6,338 | 21,799 | 114,087,946 | 18,001 | 10.9% |

Source: District Financial Audits

K-12 Enrollment as of October 1 of each year

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
PUPIL TEACHER RATIOS
LAST NINE FISCAL YEARS

| Fiscal Year | K-12 Enrollment | Teaching Staff | Pupil Teacher Ratio | Student Attendance Percentage | Number of Free & Reduced | Percentage of Free & Reduced |
|------------------------|----------------------------|---------------------------|------------------------------------|--|---|---|
| 2013-2014 | 7,210 | 457.0 | 15.776805 | 95.6% | 2,574 | 35.7% |
| 2014-2015 | 7,205 | 457.0 | 15.765864 | 95.1% | 2,706 | 37.6% |
| 2015-2016 | 6,962 | 456.0 | 15.267544 | 95.7% | 2,738 | 39.3% |
| 2016-2017 | 6,820 | 449.0 | 15.18931 | 95.6% | 2,769 | 40.6% |
| 2017-2018 | 6,626 | 448.0 | 14.790179 | 95.5% | 2,759 | 41.6% |
| 2018-2019 | 6,525 | 446.0 | 14.630045 | 95.5% | 2,826 | 43.3% |
| 2019-2020 | 6,614 | 445.0 | 14.862921 | 95.3% | 2,807 | 42.4% |
| 2020-2021 | 6,353 | 465.0 | 13.662366 | 96.5% | 2,627 | 41.4% |
| 2021-2022 | 6,338 | 461.0 | 13.748373 | 94.1% | 2,557 | 40.3% |

Source: Human Resources Department

Note: Free & Reduced as of Oct 1.

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
TOTAL NUMBER OF EMPLOYEES
LAST NINE FISCAL YEARS
Unaudited

| | <u>13/14</u> | <u>14/15</u> | <u>15/16</u> | <u>16/17</u> | <u>17/18</u> | <u>18/19</u> | <u>19/20</u> | <u>20/21</u> | <u>21/22</u> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <u>Administration</u> | | | | | | | | | |
| Central Administration | 7.0 | 7.0 | 7.0 | 7.0 | 8.0 | 8.0 | 8.0 | 8.0 | 9.0 |
| Supervisors of Instruction/Pupil Svcs | 3.0 | 3.0 | 3.0 | 3.0 | 4.0 | 4.0 | 4.0 | 4.0 | 6.0 |
| Principals | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Assistant Principals/Athletic Supervisor | 8.0 | 8.0 | 8.0 | 8.0 | 11.0 | 11.0 | 11.0 | 11.0 | 12.0 |
| Administrative Officer | | | | | | | | | 3.0 |
| Child Development Supervisor | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Total | 28.0 | 28.0 | 28.0 | 28.0 | 34.0 | 34.0 | 34.0 | 34.0 | 41.0 |
| <u>Instruction</u> | | | | | | | | | |
| Teachers | 370.0 | 370.0 | 369.0 | 364.0 | 360.0 | 358.0 | 356.0 | 377.0 | 372.0 |
| Special Ed. Teachers | 87.0 | 87.0 | 87.0 | 85.0 | 88.0 | 88.0 | 89.0 | 88.0 | 89.0 |
| Nurses/OT/PT | 8.0 | 8.0 | 8.0 | 9.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Guidance Counselors | 14.0 | 14.0 | 14.0 | 14.0 | 14.0 | 14.0 | 14.0 | 14.0 | 15.0 |
| Psychologists | 5.0 | 5.0 | 5.0 | 5.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| **Special Ed. Assistant | 62.0 | 62.0 | 63.0 | 75.0 | 76.0 | 80.0 | 82.0 | 82.0 | 83.0 |
| Instructional Assistants | 84.0 | 84.0 | 83.0 | 65.0 | 59.0 | 58.0 | 58.0 | 49.0 | 55.0 |
| Total | 630.0 | 630.0 | 629.0 | 617.0 | 613.0 | 614.0 | 615.0 | 626.0 | 630.0 |
| <u>Support and Administration</u> | | | | | | | | | |
| Technical Support (IT) | 11.0 | 11.0 | 11.0 | 9.0 | 10.0 | 10.0 | 9.0 | 9.0 | 10.0 |
| Maintenance | 19.0 | 19.0 | 19.0 | 18.0 | 18.0 | 16.0 | 16.0 | 15.0 | 15.0 |
| Custodians | 52.5 | 52.5 | 52.5 | 52.5 | 52.5 | 52.5 | 52.5 | 52.5 | 52.5 |
| Print Shop | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Executive Assistants | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 1.0 | 2.0 |
| Other Support - Classified | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 18.0 | 18.0 | 19.0 | 19.0 |
| Security | | | | | | | | 2.0 | 4.0 |
| Building Secretaries | 35.0 | 35.0 | 34.0 | 34.0 | 34.0 | 34.0 | 34.0 | 35.0 | 35.0 |
| Total | 137.5 | 137.5 | 136.5 | 133.5 | 134.5 | 134.5 | 133.5 | 135.5 | 139.5 |
| <u>Propreitary Funds</u> | | | | | | | | | |
| *Food Service | 72.0 | 72.0 | 18.0 | 13.0 | 12.0 | 11.0 | 11.0 | 8.0 | 5.0 |
| Child Development | 42.0 | 42.0 | 33.0 | 34.0 | 33.0 | 32.0 | 31.0 | 29.0 | 29.0 |
| Total | 114.0 | 114.0 | 51.0 | 47.0 | 45.0 | 43.0 | 42.0 | 37.0 | 34.0 |
| Total Number of Employees* (excludes Substitute Employees) | 909.5 | 909.5 | 844.5 | 825.5 | 826.5 | 825.5 | 824.5 | 832.5 | 844.5 |
| * Outsourced staff below 20 years of service in 2015-2016 | | | | | | | | | |
| **Includes staff nurses | | | | | | | | | |

Source: Millcreek Township School District Personnel Office

Note: movement in teachers from 20/21 relates to virtual teachers temporarily hired

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MILLCREEK TOWNSHIP SCHOOL DISTRICT
HISTORICAL SCHEDULE OF TAX RATES AND STATISTICS
LAST ELEVEN FISCAL YEARS

| <u>Fiscal Year</u> | <u>Assessed Valuation</u> | <u>Mileage Rate</u> | <u>Earned Income Tax Rate</u> | <u>Realty Transfer Tax Rate</u> | <u>School Buildings In Use</u> | <u>Enrollment</u> |
|---------------------------|----------------------------------|----------------------------|--------------------------------------|--|---------------------------------------|--------------------------|
| 2009 | \$ 3,123,702,837 | 14.1400 | 0.5% | 0.5% | 13 | |
| 2010 | \$ 3,136,254,552 | 14.1400 | 0.5% | 0.5% | 13 | 7,237 |
| 2011 | \$ 3,149,083,718 | 14.6300 | 0.5% | 0.5% | 13 | 7,257 |
| 2012 | \$ 3,168,705,609 | 14.8800 | 0.5% | 0.5% | 13 | 7,314 |
| 2013 | \$ 3,793,842,518 | 14.8800 | 0.5% | 0.5% | 13 | 7,346 |
| 2014 | \$ 3,831,873,087 | 12.6700 | 0.5% | 0.5% | 11 | 7,210 |
| 2015 | \$ 3,848,821,808 | 13.2766 | 0.5% | 0.5% | 11 | 7,205 |
| 2016 | \$ 3,875,691,367 | 13.2766 | 0.5% | 0.5% | 10 | 6,962 |
| 2017 | \$ 3,924,248,138 | 13.7788 | 0.5% | 0.5% | 10 | 6,820 |
| 2018 | \$ 3,921,625,770 | 13.8288 | 0.5% | 0.5% | 10 | 6,626 |
| 2019 | \$ 3,932,511,749 | 14.1054 | 0.5% | 0.5% | 10 | 6,525 |
| 2020 | \$ 3,947,051,777 | 14.5003 | 0.5% | 0.5% | 10 | 6,614 |
| 2021 | \$ 3,959,090,672 | 14.5003 | 0.5% | 0.5% | 10 | 6,353 |
| 2022 | \$ 3,974,178,214 | 14.7613 | 0.5% | 0.5% | 10 | 6,338 |

MILLCREEK TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

| <u>Fiscal Year</u> | <u>Population</u> | <u>Total Personal Income</u> | <u>Per Capita Personal Income</u> | <u>Median Household Income</u> | <u>Persons in Poverty, Percent</u> |
|--------------------|-------------------|------------------------------|-----------------------------------|--------------------------------|------------------------------------|
| 2010-2011 | 53,515 | \$ 1,830,587,605 | \$ 34,207 | \$ 58,479 | 9.7% |
| 2011-2012 | 53,515 | \$ 1,830,587,605 | \$ 34,207 | \$ 58,479 | 9.7% |
| 2012-2013 | 53,515 | \$ 1,830,587,605 | \$ 34,207 | \$ 58,479 | 9.7% |
| 2013-2014 | 53,515 | \$ 1,830,587,605 | \$ 34,207 | \$ 58,479 | 9.7% |
| 2014-2015 | 53,515 | \$ 1,830,587,605 | \$ 34,207 | \$ 58,479 | 9.7% |
| 2015-2016 | 53,515 | \$ 1,830,587,605 | \$ 34,207 | \$ 58,479 | 9.7% |
| 2016-2017 | 53,515 | \$ 1,830,587,605 | \$ 34,207 | \$ 58,479 | 9.7% |
| 2017-2018 | 53,515 | \$ 1,830,587,605 | \$ 34,207 | \$ 58,479 | 9.7% |
| 2018-2019 | 53,515 | \$ 1,830,587,605 | \$ 34,207 | \$ 58,479 | 9.7% |
| 2019-2020 | 53,515 | \$ 1,830,587,605 | \$ 34,207 | \$ 58,479 | 9.7% |
| 2020-2021* | 54,073 | \$ 1,972,312,675 | \$ 36,475 | \$ 64,003 | 7.4% |
| 2020-2021* | 54,073 | \$ 1,972,312,675 | \$ 36,475 | \$ 64,003 | 7.4% |
| *Erie County | | | \$ 21,599 | \$ 37,894 | 26.2% |
| *Pennsylvania | | | \$ 34,352 | \$ 61,744 | 12.0% |

Source: U.S. Censes Bureau

*Source: U.S. Census Quick Facts estimates July 1, 2019

AGE COMPOSITION

| | <u>0-17 Years</u> | <u>18-64 Years</u> | <u>65+ Years</u> |
|--------------------|-------------------|--------------------|------------------|
| Millcreek Township | 20.50% | 59.60% | 19.90% |
| Erie County | 23.00% | 62.70% | 14.30% |
| Pennsylvania | 20.60% | 60.70% | 18.70% |

Source: U.S. Census Quick Facts estimates July 1, 2019

HOUSING UNITS

| | <u>Owner Occupied Median Value</u> | <u>Homeownership Rate</u> | <u>Persons Per Household</u> |
|--------------------|------------------------------------|---------------------------|------------------------------|
| Millcreek Township | \$ 170,800 | 69.3% | 2.28 |
| Erie County | 89,100 | 50.9% | 2.3 |
| Pennsylvania | 180,200 | 68.9% | 2.45 |

Source: U.S. Census Quick Facts estimates July 1, 2019

Recent Trends in Unemployment Rates

| <u>Year</u> | <u>Erie County</u> | <u>Pennsylvania</u> |
|-------------|--------------------|---------------------|
| 2014 | 5.5% | 5.4% |
| 2015 | 5.6% | 5.2% |
| 2016 | 6.4% | 5.3% |
| 2017 | 5.5% | 4.7% |
| 2018 | 4.7% | 4.2% |
| 2019 | 4.1% | 3.9% |
| 2020 | 8.2% | 7.1% |
| 2021 | 6.3% | 6.0% |

Source: Pennsylvania Department of Labor & Industry for December of each year

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**MILLCREEK TOWNSHIP SCHOOL DISTRICT
BUILDING INFORMATION
YEAR ENDED JUNE 30, 2022**

| | Original <u>Construction Date</u> | Additional <u>Renovation Date</u> | <u>Grades</u> | <u>Classrooms</u> | <u>Acres</u> | <u>Building Square Footage</u> | <u>Rated Pupil Capacity</u> | <u>Functional Capacity</u> | <u>2021-2022 Enrollment</u> |
|--------------------------------|--|--|-------------------|-------------------|--------------|--|-------------------------------------|--------------------------------|---------------------------------|
| <u>Elementary:</u> | | | | | | | | | |
| Asbury | 2004 | | K-5 | 29 | | 73750 | 600 | 620 | 510 |
| Belle Valley | 1990 | 2021 | K-5 | 40 | 23 | 93500 | 1,100 | 875 | 552 |
| Chestnut Hill | 1965 | 2021 | K-5 | 21 | 21 | 46355 | 625 | 600 | 363 |
| Grandview | 1971 | 2020 | K-5 | 42 | 22 | 85378 | 1,050 | 800 | 601 |
| Tracy | 1998 | | K-5 | 30 | 10 | 65800 | 650 | 550 | 486 |
| <u>Middle</u> | | | | | | | | | |
| JS Wilson | 1971 | 2008 | 6-8 | 39 | 28.4 | 136385 | 883 | 688 | 547 |
| Walnut Creek | 1993 | 2022 | 6-8 | 36 | 55 | 123300 | 810 | 750 | 455 |
| Westlake | 1958 | 2021 | 6-8 | 387 | 19 | 124912 | 931 | 826 | 460 |
| <u>High School</u> | | | | | | | | | |
| MIHS | 1972 | 2022 | 9&10 | 74 | 14 | 345521 | 1,566 | 1,402 | 1,228 |
| McDowell | 1953 | 2014 | 11&12 | 64 | 22 | 203734 | 1,539 | 1,315 | 1,136 |
| <u>Other</u> | | | | | | | | | |
| District Administrative Center | 1969 | 2020 | | | 6.7 | 87906 | | | |
| Ridgfield | 1952 | 2021 | Alternative Ed | 14 | 8.3 | 33171 | 375 | 350 | |
| Millcreek Learning Center | 1956 | | Leased | 20 | 13.4 | 34030 | 500 | 475 | |
| Caughey House | | | | | | | | | |
| Bundy House | 1900 | | | | 1.5 | 1823 | | | |

Source: School District Officials

Historical Enrollment Trends (Actual and Projected)

| Actual Enrollment | | | | | | |
|---|------------|-------------|--------------|---------------|---------------------------|------------------------------|
| <u>School Year Ending June 30,</u> | <u>K-6</u> | <u>7-12</u> | <u>Total</u> | <u>*Total</u> | <u>Charter School</u> | <u>Special Education</u> |
| 2014-2015 | 3,734 | 3,471 | 7,205 | | 180 | 1,197 |
| 2015-2016 | 3,534 | 3,428 | 6,962 | | 223 | 1,206 |
| 2016-2017 | 3,468 | 3,352 | 6,820 | 6,822 | 240 | 1,220 |
| 2017-2018 | 3,368 | 3,258 | 6,626 | 6,695 | 296 | 1,322 |
| 2018-2019 | 3,299 | 3,226 | 6,525 | 6,681 | 276 | 1,316 |
| 2019-2020 | 3,314 | 3,300 | 6,614 | 6,742 | 296 | 1,319 |
| 2020-2021 | 3,041 | 3,312 | 6,353 | 6,570 | 334 | 1,290 |
| 2021-2022 | 3,070 | 3,268 | 6,338 | 6,568 | 364 | 1,345 |
| Projected Enrollment⁽³⁾ | | | | | | |
| <u>School Year Ending June 30,</u> | <u>K-6</u> | <u>7-12</u> | <u>Total</u> | | | |
| 2022-2023 | 3,018 | 3,237 | 6,255 | | | |
| 2023-2024 | 2,949 | 3,166 | 6,115 | | | |
| 2024-2025 | 2,927 | 3,077 | 6,004 | | | |
| 2025-2026 | 2,908 | 2,970 | 5,878 | | | |
| 2026-2027 | 2,828 | 2,921 | 5,749 | | | |

Source: Pennsylvania Department of Education (projected) plus 100.

*Source: District Business Office on June 30, which includes charter and outside placement enrollment

This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

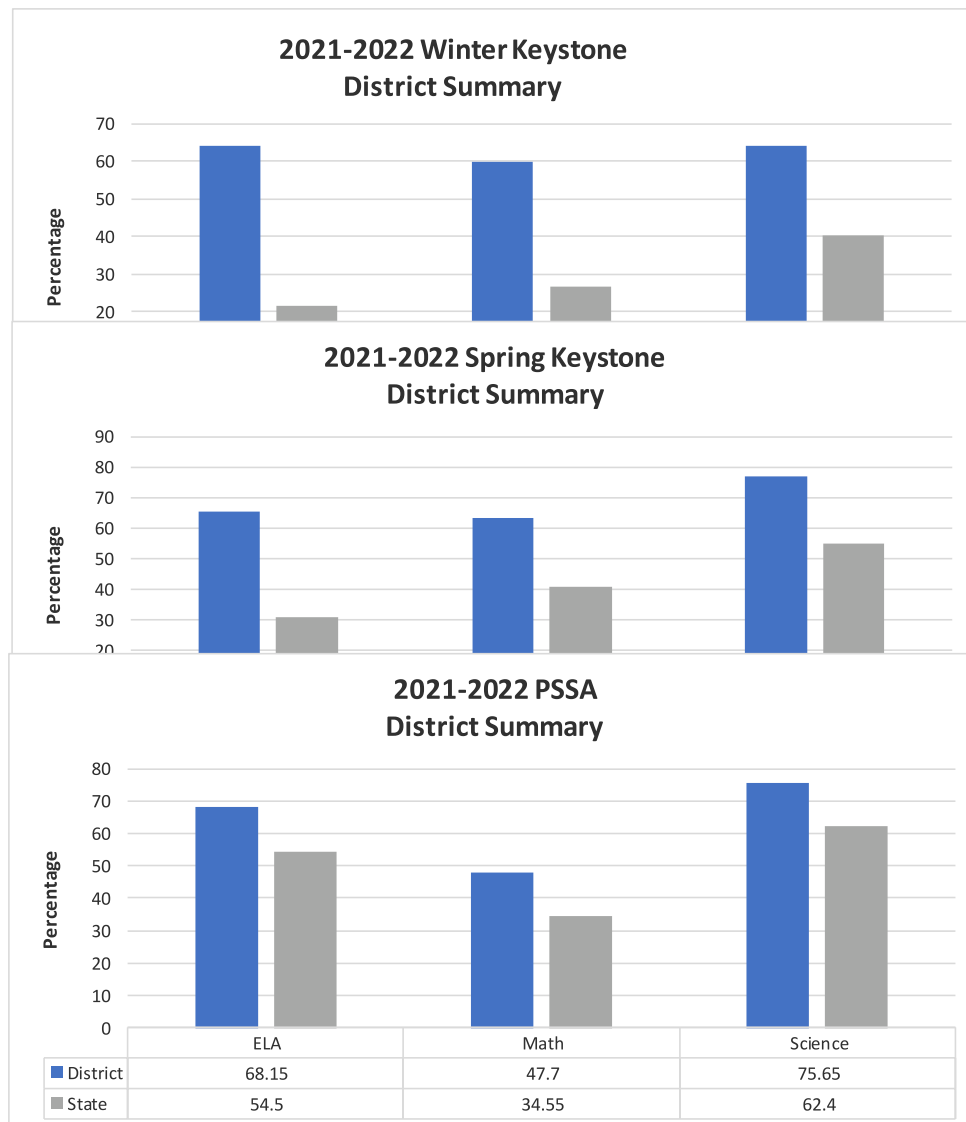
MILLCREEK TOWNSHIP SCHOOL DISTRICT

A DATA-DRIVEN SCHOOL CULTURE

Background: The Millcreek Township School District (MTSD) has long embraced the challenges of meeting the needs of our students in an ever-changing, increasingly complex 21st century. In order to best prepare our student for a global society that is rapidly evolving, our district has built and continues to sustain a data-driven culture that uses facts and information to benefit our students and stakeholders. Relying on evidence-based practices allow us to better meet the needs of our diverse learners and recognizes the importance of each individual student. Our reliance on data eliminates opinions, assumptions, and biases that may exist. Such a culture of data allows us to systemically improve outcomes for the educators, our community, and most importantly, our students. We recognize and are committing to addressing any possible scenarios whereby the COVID-19 Pandemic may have compromised student learning.

Results: Student achievement and growth are two of the best indicators of our successes. MTSD utilizes formalized summative data to benchmark how we are performing compared to other districts in the Commonwealth and across the United States. Our student achievement results, measured below using PSSA and Keystone state testing, indicate that we significantly outperformed state averages. Our growth models, the Pennsylvania Value Added Assessment System, shows that we are meeting or exceeding our learning targets in most areas. Finally, the MTSD average scores for our College Board AP exams show higher performance of percentage of students who achieve a score of 3 or higher on the College Board exams. Our participation has expanded as has the number of course offerings.

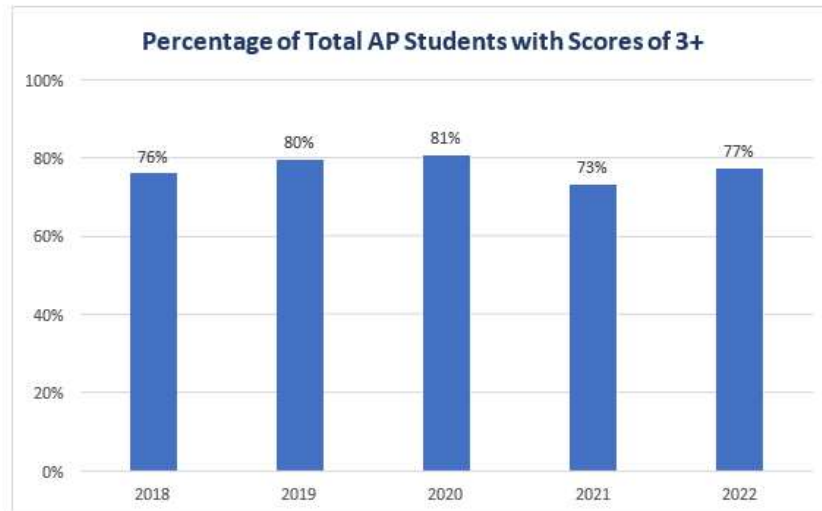
Millcreek Township School District Student Test Scores



Data compiled from: e-Metrics

Five-Year AP Score Summary 2022

McDowell High School



| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|-------|-------|-------|-------|-------|
| Total AP Students | 306 | 278 | 293 | 304 | 309 |
| Number of Exams | 514 | 466 | 550 | 549 | 515 |
| AP Students with Scores of 3+ | 232 | 221 | 236 | 223 | 238 |
| Percent of AP Students with Scores of 3+ | 75.82 | 79.50 | 80.55 | 73.36 | 77.02 |

Millcreek Township School District Pennsylvania

| Subject | ← Year | ← Grade | Growth Color Indicator |
|----------------------------------|------------------------|-------------------------|------------------------|
| PSSA Math - 4-8 | 2022 | 4 | ⤴ Well Above |
| | | 5 | ⤴ Above |
| | | 6 | ✓ Meets |
| | | 7 | ⤴ Well Above |
| | | 8 | ✓ Meets |
| | | Across Grades | ⤴ Well Above |
| PSSA English Language Arts - 4-8 | 2022 | 4 | ✓ Meets |
| | | 5 | ✓ Meets |
| | | 6 | ⬇ Below |
| | | 7 | ✓ Meets |
| | | 8 | ⤴ Above |
| | | Across Grades | ✓ Meets |
| PSSA Science - 4,8 | 2022 | 4 | ⬇ Below |
| | | 8 | ⤴ Above |
| Keystone Algebra I | 2022 | N/A | ⤴ Well Above |
| Keystone Biology | 2022 | N/A | ⤴ Well Above |
| Keystone Literature | 2022 | N/A | ⤴ Well Above |