

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2023

INTRODUCTORY SECTION

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of School Directors
Lower Moreland Township School District
Huntingdon Valley, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lower Moreland Township School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter - Change in Accounting Policy

As disclosed in Note O, for the year ended June 30, 2023, the School adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Lower Moreland Township School 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 Lower Moreland Township School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of School Directors
Lower Moreland Township School District
Huntingdon Valley, Pennsylvania

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6 through 16, schedule of the school district's proportionate share of the PSERS net pension liability on page 63, schedule of the school district's PSERS pension contributions on page 64, schedule of the school district's proportionate share of the PSERS net other postemployment benefit plan liability on page 65, schedule of the school district's PSERS other postemployment benefit plan contributions on page 66, and schedule of changes in the total other postemployment benefit plan liability and related ratios on page 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of School Directors
Lower Moreland Township School District
Huntingdon Valley, Pennsylvania

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lower Moreland Township School District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matters

Report on Summarized Comparative Information

Before the restatement described in Note O, we have previously audited the Lower Moreland Township School District June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 5, 2022. In our opinion, before the restatement described in Note O, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

As part of our audit of the June 30, 2023 financial statements, we also audited the adjustments described in Note O that were applied to restate the 2022 summarized comparative information. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any further procedures to the 2022 financial statements other than with respect to the adjustments since our original audit report dated December 5, 2022.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023 on our consideration of Lower Moreland Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lower Moreland Township School District's internal control over financial reporting and compliance

Maillie LLP

Limerick, Pennsylvania
December 1, 2023

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2023

The discussion and analysis of the financial performance of Lower Moreland Township School District (the "District") provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes thereto to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

The trends of prior years' indicated that during the fiscal year 2022-2023, the District would experience another year of significant increases in the costs for special education instruction and increased cost for regular instruction due to enrollment increases. In the budgeting process, the Board of School Directors (the "Board") was able to balance the budget with a 2.95 percent increase in taxes. In an attempt to lessen the tax burden, the Board elected to utilize \$1,053,567 in fund balance or savings to offset the tax increase. The actual results of operations showed that revenues were significantly more than expected and expenditures came in above the budget figure due to federal ESSER grants being expended and rising special education costs. Conservative revenue budgeting resulted in increases in transfer taxes and interim taxes due to two new developments coming online. Interest earnings also far exceeded budgeted amounts. On the expenditure side, the District spent an amount exceeding the budget. Both on the revenue and expenditure side, the District received and expended federal dollars through multiple ESSER grants related to the pandemic of Covid-19.

USING THE BASIC FINANCIAL STATEMENTS

The MD&A introduces the District's basic financial statements. The basic financial statements consist of a series of financial statements and notes to those statements. These statements are organized so that the reader, by considering the entity-wide financial statements, can understand Lower Moreland Township School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are entity-wide financial statements - the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status. The remaining three statements are fund financial statements that focus on individual parts of the District's operations in more detail than the entity-wide statements. The governmental fund statements tell how general District services were financed in the short term as well as what remains for future spending.

Proprietary fund statements offer short-term and long-term financial information about the activities that the District operates like a business. For Lower Moreland Township School District, this is its Food Service Fund. Fiduciary fund statements provide information about financial relationships wherein the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Figure A-1 shows how the required parts of this financial report are arranged and relate to one another.

Figure A-1
Required Components of
Lower Moreland Township School District's
Financial Report

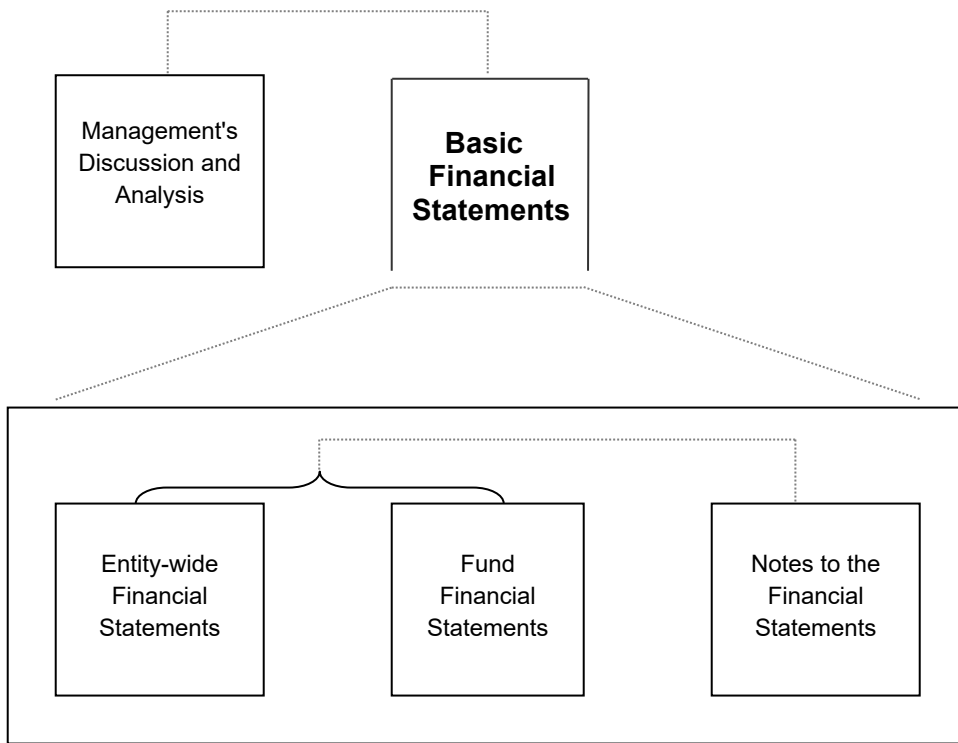


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of the MD&A explains the structure and contents of each of the statements.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

Figure A-2
Major Features of Lower Moreland Township School District's
Entity-Wide and Fund Financial Statements

	Entity-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business - Food services	Instances in which the District is the trustee or agent to someone else's resources - Scholarship funds
Required financial statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures and Changes in Fund Balances; Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows	Statement of Fiduciary Net Position; Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and short-term liabilities and deferred inflows of resources; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received, except for long-term debt obligations	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2023

OVERVIEW OF FINANCIAL STATEMENTS

Entity-Wide Statements

The two entity-wide statements, which are on pages 17 and 18, report the District's net position and how it has changed. Net position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall financial health of the District, the reader needs to consider additional financial factors, such as changes in the District's property tax base.

The entity-wide financial statements of the District are divided into two categories:

- **Governmental Activities** - All of the District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- **Business-Type Activities** - The District operates a food service operation and charges fees to staff, students and visitors to help it cover the costs of the food service operation.

Fund Financial Statements

The District's fund financial statements, which begin on page 19, provide detailed information about the most significant funds - not the District as a whole. Some funds are required by state law and by bond requirements.

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

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

Fiduciary Funds - The District is the trustee, or fiduciary, for some custodial funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position on pages 28 and 29. These activities have been excluded from the District's entity-wide financial statements because the District cannot use these assets to finance its operations.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position was (\$35,241,755) at June 30, 2023.

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

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
ASSETS AND DEFERRED						
OUTFLOWS OF RESOURCES						
Current and other assets	\$ 39,651,668	\$ 56,268,044	\$ 1,130,367	\$ 917,498	\$ 40,782,035	\$ 57,185,542
Capital assets	89,412,928	59,656,588	42,220	47,896	89,455,148	59,704,484
Total Assets	<u>129,064,596</u>	<u>115,924,632</u>	<u>1,172,587</u>	<u>965,394</u>	<u>130,237,183</u>	<u>116,890,026</u>
Deferred charges on bond refunding	326,039	479,049	-	-	326,039	479,049
Deferred charges on pensions	10,493,000	11,506,000	-	-	10,493,000	11,506,000
Deferred charges on OPEB	1,188,474	1,110,256	-	-	1,188,474	1,110,256
Total Deferred Outflows of Resources	<u>12,007,513</u>	<u>13,095,305</u>	<u>-</u>	<u>-</u>	<u>12,007,513</u>	<u>13,095,305</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
	<u>141,072,109</u>	<u>129,019,937</u>	<u>1,172,587</u>	<u>965,394</u>	<u>142,244,696</u>	<u>129,985,331</u>
LIABILITIES						
Current and other liabilities	13,403,655	11,336,610	171,905	131,990	13,575,560	11,468,600
Long-term liabilities	160,072,154	144,140,808	-	-	160,072,154	144,140,808
TOTAL LIABILITIES	<u>173,475,809</u>	<u>155,477,418</u>	<u>171,905</u>	<u>131,990</u>	<u>173,647,714</u>	<u>155,609,408</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred charges on pensions	1,757,000	10,874,000	-	-	1,757,000	10,874,000
Deferred charges on OPEB	2,081,737	704,845	-	-	2,081,737	704,845
Total Deferred Inflows of Resources	<u>3,838,737</u>	<u>11,578,845</u>	<u>-</u>	<u>-</u>	<u>3,838,737</u>	<u>11,578,845</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
	<u>177,314,546</u>	<u>167,056,263</u>	<u>171,905</u>	<u>131,990</u>	<u>177,486,451</u>	<u>167,188,253</u>
NET ASSETS						
Net investment in capital assets	22,402,951	22,472,918	42,220	47,896	22,445,171	22,520,814
Unrestricted	<u>(58,645,388)</u>	<u>(60,509,244)</u>	<u>958,462</u>	<u>785,508</u>	<u>(57,686,926)</u>	<u>(59,723,736)</u>
TOTAL NET POSITION	<u>\$ (36,242,437)</u>	<u>\$ (38,036,326)</u>	<u>\$ 1,000,682</u>	<u>\$ 833,404</u>	<u>\$ (35,241,755)</u>	<u>\$ (37,202,922)</u>

Most of the District's assets are invested in capital assets (buildings, land and equipment). At June 30, 2023, the District has less of a net investment in capital assets balance than in the prior year. The change is a large increase on long-term liabilities due to a large bond issue that occurred during 22/23. Unrestricted net position reflects a negative balance due primarily to the GASB 68 statement to account for future pension costs. The increase in capital assets was a result of current year additions exceeding current year depreciation. Current assets decreased due to increased expenses. The increase in net position is a reflection of larger increase in revenues than increase in expenses. Due to the implementation of GASB-87, capital assets includes \$907,686 of right to use lease assets net of accumulated amortization and liabilities include \$894,379 of lease liabilities. Due to the implementation of GASB-96, capital assets includes \$172,808 of subscription assets net of accumulated amortization.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

The results of this year's operations as a whole are reported in the Statement of Activities on page 18. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories reduce the expense amounts, thus showing the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the local taxes assessed to taxpayers, and grants and entitlements not restricted to specific programs, the majority of which is the basic education subsidy provided by the Commonwealth of Pennsylvania.

Table A-2 takes the information from that statement and rearranges it slightly, so the reader can see the District's total revenues for the year.

Table A-2
Changes in Net Position
Fiscal Year Ended June 30, 2023

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues:						
Charges for services	\$ 272,302	\$ 325,962	\$ 993,215	\$ 322,387	\$ 1,265,517	\$ 648,349
Operating grants and contributions	8,067,519	7,405,514	501,197	1,520,825	8,568,716	8,926,339
General revenues:						
Property taxes	42,202,020	41,015,235	-	-	42,202,020	41,015,235
Other taxes	3,794,448	3,826,632	-	-	3,794,448	3,826,632
Grants, subsidies and contributions, unrestricted	3,165,078	2,632,048	-	-	3,165,078	2,632,048
Other (including transfers)	1,964,167	173,737	-	524	1,964,167	174,261
TOTAL REVENUES	59,465,534	55,379,128	1,494,412	1,843,736	60,959,946	57,222,864
EXPENSES						
Instruction	36,396,374	34,876,260	-	-	36,396,374	34,876,260
Instructional student support	3,819,418	3,575,748	-	-	3,819,418	3,575,748
Administrative and financial support	6,937,158	6,074,661	-	-	6,937,158	6,074,661
Operation and maintenance of plant	4,624,325	4,193,767	-	-	4,624,325	4,193,767
Pupil transportation	3,374,134	3,543,242	-	-	3,374,134	3,543,242
Student activities	794,548	717,317	-	-	794,548	717,317
Community services	143,102	102,580	-	-	143,102	102,580
Interest on long-term debt	1,582,586	983,111	-	-	1,582,586	983,111
Food services	-	-	1,327,134	1,235,180	1,327,134	1,235,180
TOTAL EXPENSES	57,671,645	54,066,686	1,327,134	1,235,180	58,998,779	55,301,866
INCREASE						
IN NET POSITION	\$ 1,793,889	\$ 1,312,442	\$ 167,278	\$ 608,556	\$ 1,961,167	\$ 1,920,998

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

Total governmental activities expenses of \$57,671,645 include \$1,785,586 of depreciation expense and a (\$2,608,000) reduction for pension expense related to GASB 68. Wages (\$23,522,650) and benefits (\$13,936,137) comprise 65.2 percent of the total governmental activity expenses. The variance in total revenues is a reflection of a 2.95 percent tax increase to pay for the additional expenses incurred during the 2022-2023 fiscal year. The District is experiencing growth especially with ESL students, and additional teaching and support positions were needed as well increased special education out-of-district placements. The increase in net position is a result of a large decrease in the pension liability as determined by actuarial valuations.

Total business-type activities (food services) expenses of \$1,327,134 include the costs necessary to operate the cafeterias in all schools. The District's practice is to operate food service activities on a break-even basis. Menu prices are established at the beginning of each fiscal year at a level that normally allows this activity to break even. During the 2006-2007 fiscal year, the District began to allocate energy costs to the Food Service program. In future years, the Board may elect to transfer additional excess funds to the general fund in partial payment for indirect expenses, such as other utilities and cleaning costs.

The tables below present the expenses of both the governmental activities and the business-type activities of the District.

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

Table A-3
Governmental Activities
Fiscal Year Ended June 30, 2023

FUNCTIONS/PROGRAMS	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction	\$ 36,396,374	\$ 34,876,260	\$ 30,307,625	\$ 29,298,312
Instructional student support	3,819,418	3,575,748	3,329,560	3,101,846
Administrative	6,937,158	6,074,661	6,333,305	5,485,353
Operation and maintenance of plant	4,624,325	4,193,767	4,560,599	4,129,107
Pupil transportation	3,374,134	3,543,242	2,869,515	3,143,666
Student activities	794,548	717,317	666,817	562,897
Community services	143,102	102,580	(72,263)	(84,052)
Interest on long-term debt	1,582,586	983,111	1,336,666	698,081
Total Governmental Activities	\$ 57,671,645	\$ 54,066,686	49,331,824	46,335,210
Less: Unrestricted grants and subsidies			<u>3,165,078</u>	<u>2,632,048</u>
TOTAL NEEDS FROM LOCAL TAXES AND OTHER REVENUES			\$ <u>46,166,746</u>	\$ <u>43,703,162</u>

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

Unrestricted grants and subsidies of \$3,165,078 were available to reduce the cost of services of governmental activities to a net cost of \$46,166,746. Significant unrestricted grants and subsidies include the basic education subsidy (\$3,165,078).

Table A-4 reflects the activities of the Food Service program, the only business-type activity of the District.

Table A-4
Business-Type Activities
Fiscal Year Ended June 30, 2023

FUNCTIONS/PROGRAMS	Total Cost of Services		Change in Net Position	
	2023	2022	2023	2022
Food services	\$ 1,327,134	\$ 1,235,180	\$ 167,278	\$ 608,556

The Statement of Revenues, Expenses and Changes in Net Position for this proprietary fund further details the actual results of operations.

THE DISTRICT FUNDS

At June 30, 2023, the District’s governmental funds reported a combined fund balance of \$30,055,541 which is a large decrease from the prior year total of \$48,911,382. The primary reasons for this change are specific to two funds:

General Fund

The District budgeted for significant increases in staffing, health benefit costs and special education services, and actual results reflected expenditure increases more than was anticipated. These three cost areas are a challenge for the District in budgeting. Recent enrollment increases have exceeded annual estimates and have required more facilities and staff. The District has a younger teaching staff in the elementary school. More substitutes were used as a result of increasing professional staff development and a higher incidence of child-rearing leaves. As additional years of service are earned, additional absence leave is earned also, which increases the use of substitutes. The District health benefit premium costs have trended at least 15 percent annually. This cost area also can fluctuate annually based upon the health of the individual employees as well as the medical coverage elections they choose. Revenues during the year met with projections in general with large increases in interest earnings versus less than expected revenue in delinquent taxes. The District received slightly more revenue than expenditures thereby increasing the General Fund balance by \$3,676. This included a \$80,000 transfer to the Capital Projects fund to fund future, small capital improvements.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

Capital Projects Fund

The District does not fund unexpected capital projects, but does plan its capital projects several years in advance. In order to fund planned projects, the District borrows funds and also makes transfers from its available fund balance of the General Fund to this fund. The balance of this fund decreased (\$18,859,517) due mainly to a new bond issue that closed during the fiscal year as well as large amounts of funds that are being spent down as the new high school project continues.

General Fund Budget

During the fiscal year, the Board authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year and is not prohibited by state law. A schedule showing the District's original and final budget amounts compared with actual amounts is provided on page 23.

Table A-5
General Fund
Original Budget

	<u>2022-2023</u>	<u>2021-2022</u>
REVENUES		
Local revenue	\$ 44,249,238	\$ 42,847,313
State revenue	11,071,823	10,221,510
Federal revenue	296,830	273,233
	<u>55,617,891</u>	<u>53,342,056</u>
Total Budgeted Revenue	\$ <u>55,617,891</u>	\$ <u>53,342,056</u>
EXPENDITURES		
Total instructional program expenditures	\$ 35,080,216	\$ 33,187,131
Total support services expenditures	15,908,700	15,209,424
Total noninstructional/community services	948,689	902,065
Total debt service/fund transfers	4,623,853	4,614,185
Budgetary reserve	110,000	110,000
	<u>56,671,458</u>	<u>54,022,805</u>
Total Budgeted Expenditures	\$ <u>56,671,458</u>	\$ <u>54,022,805</u>

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

A comparison of the 2021-2022 and 2022-2023 revenue and expenditures budget is shown in Table A-5. On the revenue side of the budget, there was a 2.95 percent real estate tax increase. Starting July 1, 2004, the Board adopted a 0.5 percent earned income tax and collections totaled \$2,449,099. Other revenue accounts have been adjusted based on recent history. On the expenditure side of the budget, there was a total expense increase of 4.90 percent. The District added \$485,590 to the budget for out of district student tuition and transportation. The Board allocated \$1,053,567 of fund balance to help offset this increase.

CAPITAL ASSETS

At June 30, 2023, the District had \$89,240,120 invested in a broad range of governmental capital assets, including land, buildings, furniture and equipment, construction-in-progress, and right of use leased assets. This amount represents a net increase (including additions, deletions and depreciation) of \$29,821,120 or 50.19 percent from last year. This was a result of increases mainly in the Construction in Progress category that exceeded current year depreciation.

Business-type activities assets were depreciated and \$5,676 of depreciation expense was recognized during the fiscal year. Total business-type capital assets were \$42,220 at June 30, 2023.

Table A-6
Capital Assets - Net of Depreciation

	<u>2023</u>	<u>2022</u>
Land	\$ 661,530	\$ 661,530
Buildings (includes construction-in-progress)	86,746,523	56,971,474
Furniture and equipment	924,381	809,663
Right to use lease assets	907,686	976,333

DEBT ADMINISTRATION

As of July 1, 2022, the District had total outstanding bonded debt of \$72,050,714. During the year, the District made payments against principal, which resulted in debt being decreased by \$3,277,143. The District issued new bonds that increased the outstanding debt by \$15,180,000 resulting in ending outstanding debt as of June 30, 2023 of \$83,953,571. In addition, the District had \$894,379 outstanding in leases at year end.

The District's borrowing base is the average of its past three years of revenues. Its non-electoral debt limit is calculated by multiplying the borrowing base by 225 percent. As of June 30, 2023, the District's non-electoral debt limit was \$125,039,632. The District's net general obligation debt (general obligation debt reduced by future state subsidy reimbursements) was \$83,953,571. Its excess borrowing capacity as of June 30, 2023 was \$41,086,061.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

The Board approved the District's budget for fiscal year 2023-2024 on June 20, 2023. The District is allowed to update its borrowing base calculation to include the budgeted revenues for 2022-2023. Based upon the inclusion of the 2023-2024 revenue as part of the borrowing base calculation, the District's current excess borrowing capacity is \$44,278,044, which is further increased by any general obligation debt principal payments that are made during the 2023-2024 fiscal year.

Table A-7
Outstanding Debt

	<u>2023</u>	<u>2022</u>
General Obligation Notes/Bonds:		
Bonds	\$ 83,953,571	\$ 72,050,714
Lease	894,379	1,002,647

Other obligations include accrued vacation pay and sick leave for District employees and other post-employment benefits. More detailed information about the District's long-term liabilities is included in Notes F and G to the financial statements.

ECONOMIC FACTORS

The District's general obligation bond rating is a Standard & Poor’s AA/Stable rating. The AA/Stable rating is based upon the additional security for bonds provided by the Commonwealth of Pennsylvania Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to bond holders in the event of default. The AA/Stable rating reflects the District’s very strong wealth and income indications as well as the expectation that the District will continue to maintain strong fund balance levels.

The District appoints a Board member liaison who meets with officials from its Township municipality to review the actions of the various planning boards and to share information about pending and approved building and occupancy permits. The municipality provides the District with estimates of future residential and commercial construction in the District, particularly when large-scale land development groups are being considered. The build-out forecast of the remaining vacant ground within the District is also reviewed in order to better project future assessment base growth.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Mark McGuinn, Business Manager, at Lower Moreland Township School District, 2551 Murray Avenue, Huntingdon Valley, Pennsylvania 19006, (215) 938-0270.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental	Business-Type	Totals	
	Activities	Activities	2023	2022
ASSETS				
Cash and cash equivalents	\$ 28,009,573	\$ 378,268	\$ 28,387,841	\$ 45,257,190
Restricted cash	1,625,005	-	1,625,005	1,928,861
Investments	8,527,431	679,667	9,207,098	8,574,250
Taxes receivable, net	1,048,055	-	1,048,055	751,573
Due from other governments	441,604	70,445	512,049	559,126
Other receivables, net	-	-	-	107,919
Inventories	-	1,987	1,987	6,623
Capital assets				
Land	661,530	-	661,530	661,530
Construction in progress	45,783,015	-	45,783,015	14,235,992
Buildings and building improvements	70,811,321	-	70,811,321	70,811,321
Machinery and equipment	4,300,300	443,366	4,743,666	4,615,336
Accumulated depreciation	(33,223,732)	(401,146)	(33,624,878)	(31,833,616)
Right to use lease assets	1,720,890	-	1,720,890	1,333,974
Accumulated amortization	(813,204)	-	(813,204)	(357,641)
Subscription assets	237,588	-	237,588	237,588
Accumulated amortization	(64,780)	-	(64,780)	-
TOTAL ASSETS	<u>129,064,596</u>	<u>1,172,587</u>	<u>130,237,183</u>	<u>116,890,026</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	326,039	-	326,039	479,049
Deferred outflows of resources, pension activity	10,493,000	-	10,493,000	11,506,000
Deferred outflows of resources, OPEB activity	1,188,474	-	1,188,474	1,110,256
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>12,007,513</u>	<u>-</u>	<u>12,007,513</u>	<u>13,095,305</u>
LIABILITIES				
Accounts payable	3,444,124	121,329	3,565,453	1,718,511
Accrued salaries and benefits	5,201,728	-	5,201,728	5,031,561
Unearned revenue	8,542	50,576	59,118	65,465
Other current liabilities	117,257	-	117,257	108,604
Accrued interest	317,307	-	317,307	226,227
Long-term liabilities				
Portion due or payable within one year				
Bonds and note payable	3,849,750	-	3,849,750	3,909,183
Lease liabilities	445,620	-	445,620	389,150
Compensated absences payable	19,327	-	19,327	19,899
Portion due or payable after one year				
Bonds and note payable	85,512,533	-	85,512,533	73,600,140
Lease liabilities	448,759	-	448,759	646,523
Compensated absences	671,163	-	671,163	695,912
Net pension liability	68,600,000	-	68,600,000	63,104,000
Net OPEB liability	4,839,699	-	4,839,699	6,094,233
TOTAL LIABILITIES	<u>173,475,809</u>	<u>171,905</u>	<u>173,647,714</u>	<u>155,609,408</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources, pension activity	1,757,000	-	1,757,000	10,874,000
Deferred inflows of resources, OPEB activity	2,081,737	-	2,081,737	704,845
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,838,737</u>	<u>-</u>	<u>3,838,737</u>	<u>11,578,845</u>
NET POSITION				
Net investment in capital assets	22,402,953	42,220	22,445,173	22,520,814
Unrestricted	(58,645,390)	958,462	(57,686,928)	(59,723,736)
TOTAL NET POSITION	<u>\$ (36,242,437)</u>	<u>\$ 1,000,682</u>	<u>\$ (35,241,755)</u>	<u>\$ (37,202,922)</u>

See accompanying notes to the basic financial statements.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 36,396,374	\$ 24,174	\$ 6,064,575	\$ -
Instructional student support	3,819,418	-	489,858	-
Administrative and financial support services	6,937,158	-	603,853	-
Operation and maintenance of plant services	4,624,325	-	63,726	-
Pupil transportation	3,374,134	-	504,619	-
Student activities	794,548	53,820	73,911	-
Community services	143,102	194,308	21,057	-
Interest on long-term debt	1,582,586	-	245,920	-
TOTAL GOVERNMENTAL ACTIVITIES	57,671,645	272,302	8,067,519	-
BUSINESS-TYPE ACTIVITIES				
Food service	1,327,134	993,214	501,198	-
TOTAL SCHOOL DISTRICT ACTIVITIES	\$ 58,998,779	\$ 1,265,516	\$ 8,568,717	\$ -

GENERAL REVENUES

Taxes

Property taxes, levied for general purposes

Taxes levied for specific purposes

Grants and contributions not restricted to specific programs

Investment earnings

Contributions

Miscellaneous

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR, restated

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Governmental	Business-Type	Totals	
Activities	Activities	2023	2022
\$ (30,307,625)	\$ -	\$ (30,307,625)	\$ (29,298,312)
(3,329,560)	-	(3,329,560)	(3,101,846)
(6,333,305)	-	(6,333,305)	(5,485,353)
(4,560,599)	-	(4,560,599)	(4,129,107)
(2,869,515)	-	(2,869,515)	(3,143,666)
(666,817)	-	(666,817)	(562,897)
72,263	-	72,263	84,052
(1,336,666)	-	(1,336,666)	(698,081)
(49,331,824)	-	(49,331,824)	(46,335,210)
-	167,278	167,278	608,032
(49,331,824)	167,278	(49,164,546)	(45,727,178)
42,202,020	-	42,202,020	41,015,235
3,794,448	-	3,794,448	3,826,632
3,165,078	-	3,165,078	2,632,048
895,457	-	895,457	26,321
60,117	-	60,117	79,092
1,008,593	-	1,008,593	68,848
51,125,713	-	51,125,713	47,648,176
1,793,889	167,278	1,961,167	1,920,998
(38,036,326)	833,404	(37,202,922)	(39,123,920)
\$ (36,242,437)	\$ 1,000,682	\$ (35,241,755)	\$ (37,202,922)

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Capital Projects Fund	Total	
			2023	2022
ASSETS				
Cash and cash equivalents	\$ 3,806,914	\$ 24,202,659	\$ 28,009,573	\$ 45,011,658
Restricted cash	-	1,625,005	1,625,005	1,928,861
Investments	8,527,431	-	8,527,431	8,078,648
Taxes receivable, net	1,048,055	-	1,048,055	751,573
Due from other governments	441,603	-	441,603	497,304
TOTAL ASSETS	\$ 13,824,003	\$ 25,827,664	\$ 39,651,667	\$ 56,268,044
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 537,110	\$ 2,907,016	\$ 3,444,126	\$ 1,639,817
Other current liabilities	117,256	-	117,256	108,605
Accrued salaries and benefits	5,201,726	-	5,201,726	5,031,561
Unearned revenue	8,539	-	8,539	12,164
TOTAL LIABILITIES	5,864,631	2,907,016	8,771,647	6,792,147
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues, property taxes	824,479	-	824,479	564,515
FUND BALANCES				
Restricted to capital projects	-	22,920,648	22,920,648	41,780,165
Committed				
Self funded insurance	1,200,000	-	1,200,000	1,300,000
Compensatory education	250,000	-	250,000	250,000
Assigned				
PSERS rate increases	700,000	-	700,000	800,000
Debt service	2,100,000	-	2,100,000	2,225,000
Unassigned	2,884,893	-	2,884,893	2,556,217
TOTAL FUND BALANCES	7,134,893	22,920,648	30,055,541	48,911,382
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,824,003	\$ 25,827,664	\$ 39,651,667	\$ 56,268,044

See accompanying notes to the basic financial statements.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 30,055,541
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Land	661,530
Construction in progress	45,783,015
Buildings	70,811,321
Furniture and equipment	4,300,300
Accumulated depreciation and amortization	(34,036,936)
Right to use lease assets	1,720,890
<p>Subscription assets used in governmental activities are not current financial resources and therefore are not reported in the funds.</p>	
	172,808
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:</p>	
Unamortized bond premiums and discounts	(5,408,712)
Other post employment benefits	(4,839,699)
Lease liabilities	(894,379)
Bonds payable in future years	(83,953,571)
Pension liability	(68,600,000)
Accumulated compensated absences	(690,490)
Accrued interest	(317,306)
<p>Refunded debt resulted in deferred charges which will be amortized over the life of new debt but do not represent current rights.</p>	
	326,039
<p>Deferred inflows and outflows related to pension and OPEB activities are not financial resources and therefore not reported on the governmental funds.</p>	
	7,842,733
<p>Some of the School District's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.</p>	
	<u>824,479</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (36,242,437)</u>

See accompanying notes to the basic financial statements.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	Capital Projects Fund	Total	
			2023	2022
REVENUES				
Local sources	\$ 45,147,970	\$ 1,008,225	\$ 46,156,195	\$ 43,711,472
State sources	12,045,455	-	12,045,455	10,458,905
Federal sources	1,003,920	-	1,003,920	1,104,542
TOTAL REVENUES	58,197,345	1,008,225	59,205,570	55,274,919
EXPENDITURES				
Instruction	36,628,771	-	36,628,771	34,204,742
Support services	15,751,407	1,389,061	17,140,468	16,887,581
Operation of non-instructional services	965,295	-	965,295	835,725
Facilities acquisition, construction and improvement services	-	34,220,391	34,220,391	15,712,792
Debt service	5,155,112	-	5,155,112	5,143,450
TOTAL EXPENDITURES	58,500,585	35,609,452	94,110,037	72,784,290
DEFICIENCY OF REVENUES OVER EXPENDITURES	(303,240)	(34,601,227)	(34,904,467)	(17,509,371)
OTHER FINANCING SOURCES (USES)				
Proceeds from bonds issued	-	15,180,000	15,180,000	24,145,000
Proceeds from leases	386,916	-	386,916	1,037,113
Premium on bonds issued	-	481,710	481,710	678,508
Transfers	(80,000)	80,000	-	(524)
TOTAL OTHER FINANCING SOURCES	306,916	15,741,710	16,048,626	25,860,097
NET CHANGE IN FUND BALANCES	3,676	(18,859,517)	(18,855,841)	8,350,726
FUND BALANCES AT BEGINNING OF YEAR	7,131,217	41,780,165	48,911,382	40,560,656
FUND BALANCES AT END OF YEAR	\$ 7,134,893	\$ 22,920,648	\$ 30,055,541	\$ 48,911,382

See accompanying notes to the basic financial statements.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (18,855,841)

Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$31,675,353) exceeds depreciation (\$1,785,586) in the current period. 29,889,767

Right to use lease asset capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the value of those assets is allocated over the life of the related lease as amortization expense. This is the amount by which amortization expense (\$455,563) exceeds capital outlays for right to use assets (\$386,916) in the current period. (68,647)

Outlays for subscription assets are reported in the Governmental Funds as expenditures. However, in the Statement of Activities the value of those assets is allocated over the life of the related subscription as amortization expense. (64,780)

Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Unavailable tax revenues decreased by this amount this year. 259,965

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in Governmental Funds:

Compensated absences not reflected in Governmental Funds	25,321
Changes in net pension plan liability and related deferrals	2,608,000
Accrued interest not reflected in Governmental Funds	(91,078)
Changes in net OPEB liability and related deferrals	(44,142)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (11,864,676)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,793,889

See accompanying notes to the basic financial statements.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 44,249,238	\$ 44,249,238	\$ 45,147,970	\$ 898,732
State sources	11,071,823	11,071,823	12,045,455	973,632
Federal sources	296,830	296,830	1,003,920	707,090
TOTAL REVENUES	<u>55,617,891</u>	<u>55,617,891</u>	<u>58,197,345</u>	<u>2,579,454</u>
EXPENDITURES				
Instruction	35,080,216	35,109,466	36,628,771	(1,519,305)
Support services	15,908,700	15,378,146	15,751,407	(373,261)
Operation of non-instructional services	948,689	948,689	965,295	(16,606)
Debt Service	4,623,853	5,235,157	5,155,112	80,045
Budgetary reserve	110,000	-	-	-
TOTAL EXPENDITURES	<u>56,671,458</u>	<u>56,671,458</u>	<u>58,500,585</u>	<u>(1,829,127)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(1,053,567)</u>	<u>(1,053,567)</u>	<u>(303,240)</u>	<u>750,327</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(80,000)	(80,000)
Proceeds from leases	-	-	386,916	386,916
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>306,916</u>	<u>306,916</u>
NET CHANGE IN FUND BALANCE	(1,053,567)	(1,053,567)	3,676	\$ <u>1,057,243</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>7,131,217</u>	<u>7,131,217</u>	<u>7,131,217</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 6,077,650</u>	<u>\$ 6,077,650</u>	<u>\$ 7,134,893</u>	

See accompanying notes to the basic financial statements

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Enterprise Fund	
	Food Service Fund	
	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 378,268	\$ 245,532
Investments	679,667	495,602
Due from other governments	70,445	61,822
Other receivables	-	107,919
Inventories	1,987	6,623
TOTAL CURRENT ASSETS	<u>1,130,367</u>	<u>917,498</u>
CAPITAL ASSETS		
Machinery and equipment	443,366	443,366
Accumulated depreciation	(401,146)	(395,470)
TOTAL CAPITAL ASSETS	<u>42,220</u>	<u>47,896</u>
TOTAL ASSETS	<u>1,172,587</u>	<u>965,394</u>
CURRENT LIABILITIES		
Accounts payable	121,329	78,693
Unearned revenue, student balances	48,589	46,674
Unearned revenue, inventory	1,987	6,623
TOTAL CURRENT LIABILITIES	<u>171,905</u>	<u>131,990</u>
NET POSITION		
Net investment in capital assets	42,220	47,896
Unrestricted	958,462	785,508
TOTAL NET POSITION	<u>\$ 1,000,682</u>	<u>\$ 833,404</u>

See accompanying notes to the basic financial statements.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2023

	Enterprise Fund	
	Food Service Fund	
	2023	2022
OPERATING REVENUES		
Charges for services	\$ 993,214	\$ 322,387
OPERATING EXPENSES		
Purchased property services	33,191	26,703
Other purchased services	1,212,722	1,135,595
Supplies	75,545	71,734
Depreciation	5,676	1,148
TOTAL OPERATING EXPENSES	<u>1,327,134</u>	<u>1,235,180</u>
OPERATING LOSS	<u>(333,920)</u>	<u>(912,793)</u>
NONOPERATING REVENUES		
Interfund transfers	-	524
State sources	85,669	38,121
Federal sources	415,529	1,482,704
TOTAL NONOPERATING REVENUES	<u>501,198</u>	<u>1,521,349</u>
CHANGE IN NET POSITION	167,278	608,556
NET POSITION AT BEGINNING OF YEAR	<u>833,404</u>	<u>224,848</u>
NET POSITION AT END OF YEAR	<u>\$ 1,000,682</u>	<u>\$ 833,404</u>

See accompanying notes to the basic financial statements.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Enterprise Fund	
	Food Service Fund	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,107,685	\$ 206,857
Payments to suppliers	(1,207,913)	(1,136,265)
NET CASH USED BY OPERATING ACTIVITIES	<u>(100,228)</u>	<u>(929,408)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State sources	69,475	41,678
Federal sources	347,555	1,486,375
Interfund transfers	-	524
Purchase of investments	(2,703,049)	(1,147,121)
Sales of investments	2,518,983	782,579
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>232,964</u>	<u>1,164,035</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition, construction and improvements of capital assets	-	(45,289)
NET INCREASE IN CASH AND CASH EQUIVALENTS	132,736	189,338
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>245,532</u>	<u>56,194</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 378,268</u></u>	<u><u>\$ 245,532</u></u>

See accompanying notes to the basic financial statements.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Enterprise Fund	
	Food Service Fund	
	2023	2022
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (333,920)	\$ (912,793)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	5,676	1,148
Donated commodities	75,545	71,734
(Increase) decrease in		
Inventories	4,636	944
Other receivables	107,919	(107,919)
Increase (decrease) in		
Accounts payable	42,636	26,032
Unearned revenue	<u>(2,720)</u>	<u>(8,554)</u>
 NET CASH USED BY OPERATING ACTIVITIES	 <u>\$ (100,228)</u>	 <u>\$ (929,408)</u>
 SUPPLEMENTAL DISCLOSURES		
Noncash activity		
Donated foods	\$ 75,545	\$ 71,734

See accompanying notes to the basic financial statements.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Custodial Funds	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 41,438	\$ 34,277
Investments	<u>100,327</u>	<u>71,541</u>
TOTAL ASSETS	<u>\$ 141,765</u>	<u>\$ 105,818</u>
NET POSITION		
Restricted for custodial purposes	<u>\$ 141,765</u>	<u>\$ 105,818</u>

See accompanying notes to the basic financial statements.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023

	Custodial Funds	
	<u>2023</u>	<u>2022</u>
ADDITIONS		
Student activity income	\$ 58,519	\$ 46,534
DEDUCTIONS		
School sponsored activities	<u>22,572</u>	<u>24,037</u>
CHANGE IN NET POSITION	35,947	22,497
NET POSITION AT BEGINNING OF YEAR	<u>105,818</u>	<u>83,321</u>
NET POSITION AT END OF YEAR	<u>\$ 141,765</u>	<u>\$ 105,818</u>

See accompanying notes to the basic financial statements.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lower Moreland Township School District (the "District") complies with generally accepted accounting principles ("GAAP"). GAAP includes all relevant Governmental Accounting Standards Board ("GASB") pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Reporting Entity

Lower Moreland Township School District is organized under regulations contained in the School Code of the Commonwealth of Pennsylvania. The District operates under a locally elected Board form of government consisting of nine members elected to four-year terms. The District provides educational services in accordance with state and federal laws and regulations.

The District serves an area of approximately nine square miles in southeastern Montgomery County and includes Lower Moreland Township and a very small portion of Bryn Athyn Borough. The District has one elementary school, one middle school, and one high school, serving 2,616 students.

In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. This report presents the activities of Lower Moreland Township School District. The District is not a component unit of another reporting entity, nor does it have any component units.

Jointly-Governed Organization

The District is a participant in the Eastern Center for Arts and Technology. This organization provides vocational technical education to secondary students electing to participate in this curriculum. There are nine school districts participating in and funding the operations of this organization. Each district appoints one board member to represent its school district on the Eastern Center for Arts and Technology's operating board.

Basis of Presentation and Accounting

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements exclude fiduciary activities.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds below. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the entity-wide statements and the statements of governmental funds.

The government-wide statement of activities presents a comparison between expenses and program revenues for each different identifiable activity of the business-type activities of the District and for each governmental program. Expenses are those that are specifically associated with a service or program and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District.

Internal activity is limited to interfund transfers which are eliminated to avoid "doubling up" revenues and expenses.

The entity-wide financial statements report net position in one of three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, right to use assets net of accumulated amortization, and reduced by the outstanding balances of borrowings attributable to acquiring, constructing, or improving those assets. Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), granters, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Those restrictions affect net position arising from the capital projects fund. Unrestricted net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary fund financial statements are represented by fund type.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary and fiduciary.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The District reports the following major governmental funds:

General Fund - The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for the acquisition, construction, and renovation of major capital facilities.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available (i.e., collectible within the current year or within 60 days from year end and available to pay obligations of the current period). This includes property taxes, interest earnings, real estate transfer taxes, earned income taxes, and certain fees for services. Revenues for state and federally funded projects are recognized at the time the expenditures are made or when received in advance.

Other revenues including certain other charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they generally are not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured, as well as expenditures related to compensated absences, are recognized when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are financed primarily by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District does not attempt to allocate all "building-wide costs" to the enterprise fund. Thus, general fund expenditures which partially benefit the enterprise fund (utilities, janitorial services, insurance, etc.) are not proportionately recognized with the enterprise fund. Similarly, the enterprise fund does not recognize a cost for the building space it occupies.

Food Service Fund - The District's only proprietary fund is the Food Service fund, which is a major enterprise fund. This fund accounts for the revenues and costs of feeding students; it distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of this fund are food service charges. Operating expenses for this fund include food production costs, supplies, and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Fiduciary funds are restricted to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds.

Custodial Funds - The District has one custodial fund, which accounts for funds held on behalf of students of the District.

Cash and Cash Equivalents

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition and no restrictions on withdrawal.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Statutes authorize the School District to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) savings or demand deposits. The specific conditions under which the District may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016.

Pennsylvania Local Government Investment Trust Funds are invested in accordance with Section 440.1 of the School Code. Each school district owns a pro rata share of each investment or deposit which is held in the name of the fund.

Under Act No. 72, enacted by the General Assembly of the Commonwealth of Pennsylvania, the funds deposited with the various banks are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit. These may be bonds of the United States, any state of the United States, or bonds of any political subdivision of Pennsylvania or the general state authority or their authorities created by the General Assembly of the Commonwealth of Pennsylvania, or insured with the Federal Deposit Insurance Corporation. The market value of such bonds pledged must equal 120% of the funds deposited. The security pledged by the various depositories utilized during the year and at June 30, 2023, was in excess of the minimum requirements just described.

The School District has adopted GASB Statements No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, No. 72, Fair Value Measurement and Application and No. 79 Certain External Investment Pools and Pool Participants. In accordance with these Statements, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. Investments in qualifying external investment pools are reported at amortized cost basis.

Property Taxes

Property taxes are assessed against individual properties based on property ownership as of July 1. Taxes are levied on July 1 and are payable in the following periods:

July 1 to August 31	Discount period, 2% of gross levy
September 1 to October 31	Face period
November 1 to collection	Penalty period, 10% of gross levy
January 15	Lien date

The District's taxes are billed and collected by the District-elected tax collector. The tax on real estate for public school purposes for fiscal 2022-2023 was 38.4943 mills (\$38.49 for \$1,000 of assessed valuation) for the entire District.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

All inventories are valued at the lower of cost (first-in, first-out method) or market. The costs for inventories of governmental activities are recorded as expenditures at the time individual inventory items are purchased.

Capital Assets

Capital assets, which include property, plant, and equipment and right to use leased assets are reported in the applicable governmental and business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Such assets are recorded at historical cost if purchased or constructed except for intangible right to use leased assets which are initially measured at an amount equal to the initial measurement of the related lease liability plus any payments made prior to the lease term, less incentives, and plus ancillary charges necessary to place the leased asset into service. The right of use assets are amortized on a straight-line basis over the life of the related lease. Donated capital assets are recorded at estimated fair 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, inclusive of ancillary costs.

Property, plant, and equipment (net of salvage value) of the District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Site improvements	15-20
School buildings	40-60
Furniture and equipment	5-10

Subscription Assets

The School has recorded right of use subscription assets as a result of implementing 96. The right of use assets are initially measured at an amount equal to the initial measurement of the related liability plus any payments made prior to the term, less incentives, and plus ancillary charges necessary to place the asset into service. The right of use assets are amortized on a straight-line basis over the life of the subscription.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities, net of premiums and discounts, in the entity-wide financial statements and the proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Deferred amounts on refunding are amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the straight-line method.

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

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Lease Liabilities

In the entity-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Long-term lease liabilities are shown net of the interest portion and are based on the net present value of future minimum lease payments. The interest portion is determined using either an implicit or estimated discount rate, depending on the lease.

In the fund financial statements, an amount equal to the lease liability is reported as other financing sources with an equal amount reported as a capital outlay in the year of lease inception.

Compensated Absences

The District's policies regarding vacation, personal, and sick time permit employees to accumulate earned but unused time. The liability for these compensated absences is recorded as long-term debt in the entity-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has three items that qualify for reporting in this category. The first item, the deferred outflow related to pension activity is reported in the government-wide statement of net position. The deferred outflow related to pension activity is the result of changes in the School District's proportionate share of the total plan from year to year, the difference between actual employer contributions and proportionate share of total contributions, difference between expected and actual experience, the actual contributions subsequent to the measurement date, and changes of assumptions. The second item, the deferred charges on refunding results from the difference in the carrying value of refunded debt and its reacquisition prices. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The third item is the deferred outflow related to OPEB activity, which is reported in the government wide statement of net position. The deferred outflow related to OPEB activity is the result of changes of actuarial assumptions, actual contributions subsequent to the measurement date, the difference between expected and actual experience, the net difference between projected and actual investment earnings, differences between employer contributions and proportionate share of contributions and the changes in the School District's proportions.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three items that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The second item, deferred inflows related to pension activity, are reported in the government-wide statement of net position. The deferred inflow related to pension activity is the result of differences between projected and actual experience and the difference between expected and actual investment earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The third item, deferred inflows related to OPEB activity, are reported in the government-wide statement of net position. The deferred inflow related to OPEB activity is the result of changes in actuarial assumptions and differences between expected and actual experience. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the School District will fund outlays for a particular purpose for both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and Proprietary Fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Use of Estimates

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

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

The School District has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the School District's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

The Board of School Directors establishes (and modifies or rescinds) fund balance commitments by passage of a motion. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Assigned fund balance is intended to be used by the School District for specific purposes but does not meet the criteria to be classified as restricted or committed.

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

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE B - CASH AND INVESTMENTS

Cash

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. The District does not have a policy for custodial credit risk. At June 30, 2023, the carrying amount of the District’s deposits was \$30,054,284, and the bank balance was \$29,126,050. Of the bank balance, \$250,000 was covered by federal depository insurance; \$110,390 was exposed to custodial credit risk because, in accordance with Act 72 of the Commonwealth of Pennsylvania, it was uninsured and the collateral held by the depository’s agent was not in the District’s name and the remaining District deposits totaling \$28,765,660 are in the Pennsylvania Local Government Investment Trust (“PLGIT”) which is uncollateralized and uninsured.

Restricted Cash

Included in the cash balance at June 30, 2023 is \$1,625,005 of cash restricted for future interest payments on the current year bond issuance.

Investments

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

<u>Investment Type</u>	<u>Maturities</u>	<u>Amortized Cost</u>
State investment pools	Less than one year	\$ <u>9,307,425</u>

The School District’s investments is in the PLGIT programs, of which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer’s investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at June 30, 2023, is \$9,307,425. These assets maintain a stable net asset value of \$1 per share.

Investments held with qualifying external state investment pools bank balances are valued at amortized cost in accordance with GASB Statement No. 79. The School District had \$9,307,425 invested in a PLGIT/Reserve-Class account which requires a minimum investment of \$50,000, a one day minimum investment period, and limits redemptions or exchanges to two per calendar month.

Fair Value Measurement

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. The School District did not have any recurring fair value measurements as of June 30, 2023.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE C - INTERFUND TRANSFERS

The composition of interfund transfers for the year ended June 30, 2023 is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ <u>80,000</u>

The amount between the General Fund and Food Service Fund is for reimbursement for amounts paid by the Food Service Fund.

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 661,530	\$ -	\$ -	\$ 661,530
Construction in progress	14,235,992	31,547,023	-	45,783,015
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>14,897,522</u>	<u>31,547,023</u>	<u>-</u>	<u>46,444,545</u>
Capital assets being depreciated				
Buildings and building improvements	70,811,321	-	-	70,811,321
Machinery and equipment	4,171,970	128,330	-	4,300,300
Right to use leased assets	1,333,974	386,916	-	1,720,890
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>76,317,265</u>	<u>515,246</u>	<u>-</u>	<u>76,832,511</u>
Accumulated depreciation				
Buildings and building improvements	(28,075,839)	(1,771,974)	-	(29,847,813)
Machinery and equipment	(3,362,307)	(13,612)	-	(3,375,919)
Right to use leased assets	(357,641)	(455,563)	-	(813,204)
TOTAL ACCUMULATED DEPRECIATION	<u>(31,795,787)</u>	<u>(2,241,149)</u>	<u>-</u>	<u>(34,036,936)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>44,521,478</u>	<u>(1,725,903)</u>	<u>-</u>	<u>42,795,575</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	<u>59,419,000</u>	<u>29,821,120</u>	<u>-</u>	<u>89,240,120</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Furniture and equipment	443,366	-	-	443,366
Accumulated depreciation	(395,470)	(5,676)	-	(401,146)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	<u>47,896</u>	<u>(5,676)</u>	<u>-</u>	<u>42,220</u>

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE D - CAPITAL ASSETS (Continued)

Depreciation/amortization expense was charged to governmental and business-type functions as follows:

GOVERNMENTAL ACTIVITIES		
Instruction		\$ 2,227,623
Instructional student support		13,325
Administrative and financial support services		27
Operation and maintenance of plant services		169
Pupil transportation		5
		<u>5</u>
		<u>\$ 2,241,149</u>
BUSINESS-TYPE ACTIVITIES		
Food service		<u>\$ 5,676</u>

NOTE E - SUBSCRIPTION ASSETS

The School has recorded a right of use subscription-based information technology arrangement (SBITA) assets for various learning curriculums, technology support, and system-based software. The right of use SBITA assets are amortized on a straight-line basis over the life of the related SBITAs. Right of use asset SBITA activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
RIGHT OF USE SBITA ASSETS BEING AMORTIZED				
SBTIA assets	\$ 237,588	\$ -	\$ -	\$ 237,588
Accumulated amortization	-	(64,780)	-	(64,780)
	<u>237,588</u>	<u>(64,780)</u>	<u>-</u>	<u>172,808</u>
RIGHT OF USE SBITA ASSETS, net	<u>\$ 237,588</u>	<u>\$ (64,780)</u>	<u>\$ -</u>	<u>\$ 172,808</u>

Total amortization expense related to the SBITA assets for the year ended June 30, 2023 was \$64,780.

NOTE F - GENERAL LONG-TERM DEBT

The following summarizes the changes in long-term debt for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Amount Due in One Year
Bonds payable	\$ 72,050,714	\$ 15,180,000	\$ (3,277,143)	\$ 83,953,571	\$ 3,367,143
Premiums on bonds	5,459,324	481,710	(532,115)	5,408,919	482,607
Discounts on bonds	(715)	-	508	(207)	-
Lease liabilities	1,035,673	386,916	(528,210)	894,379	445,620
Accumulated compensated absences	715,811	-	(25,321)	690,490	19,327
Net pension liability	63,104,000	5,496,000	-	68,600,000	-
Net OPEB liability	6,094,233	-	(1,254,534)	4,839,699	-
	<u>148,459,040</u>	<u>21,544,626</u>	<u>(5,616,815)</u>	<u>164,386,851</u>	<u>4,314,697</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 148,459,040</u>	<u>\$ 21,544,626</u>	<u>\$ (5,616,815)</u>	<u>\$ 164,386,851</u>	<u>\$ 4,314,697</u>

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE F - GENERAL LONG-TERM DEBT (Continued)

Bonds payable at June 30, 2023 consisted of:

In 2011, the District issued \$1,000,000 in general obligation notes to finance the renovations of six science labs. The interest rate is 5.426%. The notes mature through September 2026.	\$ 548,571
In 2016, the District issued \$8,355,000 in general obligation bonds to currently refund \$8,625,000 of general obligation bonds, Series of 2009 and to finance capital projects in the District. The interest rate varies from .55% to 5.00%. The bonds mature through August 2023.	215,000
In 2020, the District issued \$9,135,000 in general obligation bonds to finance capital projects in the District. The interest rate varies from 3.00% to 5.00%. The bonds mature through November 2050.	9,125,000
In 2021, the District issued \$22,010,000 in general obligation bonds to finance capital projects in the District. The interest rate varies from 3.00% to 5.00%. The bonds mature through November 2050.	22,010,000
In 2021, the District issued \$15,580,000 in general obligation bonds to currently refund the outstanding principal of General Obligations Series 2014, 2014A, and 2016. The interest rate varies from 3.00% to 5.00%. The bonds mature through August 2023. The refunding resulted in an economic gain of \$1,005,944 and a cash flow savings of \$1,041,536.	12,730,000
In 2022, the District issued \$24,145,000 in general obligation bonds to finance capital projects in the District. The interest rate varies from 3.00% to 5.00%. The bonds mature through May 2052.	24,145,000
In 2023, the District issued \$15,180,000 in general obligation bonds to finance capital projects in the District. The interest rate varies from 3.00% to 5.00%. The bonds mature through November 2051.	<u>15,180,000</u>
	<u>\$ 83,953,571</u>

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE F - GENERAL LONG-TERM DEBT (Continued)

Bonds payable is comprised of the following:

Bonds payable, at face	\$ 83,953,571
Unamortized discount	(207)
Unamortized premium	<u>5,408,919</u>
BONDS PAYABLE, NET	<u>\$ 89,362,283</u>

Amounts due in one year	\$ 3,849,750
Amounts due after one year	<u>85,512,533</u>
BONDS PAYABLE, NET	<u>\$ 89,362,283</u>

Payments of long-term debt for bonds and leases payable are to be funded by the general fund, while long-term debt for compensated absences is paid out of the fund from which the liability was incurred.

Presented below is a summary of debt service requirements to maturity by years:

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2024	\$ 3,367,143	\$ 3,277,909	\$ 6,645,052
2025	3,472,143	3,080,329	6,552,472
2026	1,632,143	2,862,679	4,494,822
2027	1,712,142	2,724,949	4,437,091
2028	1,860,000	2,579,494	4,439,494
2029 to 2033	10,455,000	11,294,522	21,749,522
2034 to 2038	12,590,000	9,097,125	21,687,125
2039 to 2043	14,990,000	6,694,525	21,684,525
2044 to 2048	17,600,000	4,077,875	21,677,875
2049 to 2052	<u>16,275,000</u>	<u>1,069,025</u>	<u>17,344,025</u>
	<u>\$ 83,953,571</u>	<u>\$ 46,758,432</u>	<u>\$ 130,712,003</u>

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE G - LEASE LIABILITY

The District has entered into lease agreements as lessee for financing the acquisition of computer equipment for the Lower Moreland High School and Murray Avenue Middle School. These lease agreements qualify as an other than short-term lease under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of implementation.

The lease liabilities are measured at discount rates ranging from 1.19% to 4.56%, which are explicitly presented in the lease agreements. As a result of the leases, the school has recorded right to use assets with a net book value of \$907,686 on June 30, 2023.

The future minimum lease obligations under the lease at June 30, 2023 were as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2024	\$ 445,620	\$ 35,260	\$ 480,880
2025	361,668	18,192	379,860
2026	87,091	5,087	92,178
	<u>\$ 894,379</u>	<u>\$ 58,539</u>	<u>\$ 952,918</u>

Total interest expense under these leases amounted to \$34,921 during the fiscal year ended June 30, 2023.

NOTE H - FUND BALANCES

As of June 30, 2023, fund balances are composed of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Restricted			
Capital projects	\$ -	\$ 22,920,648	\$ 22,920,648
Committed			
Self funded insurance	1,200,000	-	1,200,000
Compensatory education	250,000	-	250,000
Assigned			
PSERS rate increases	700,000	-	700,000
Debt service	2,100,000	-	2,100,000
Unassigned	2,884,893	-	2,884,893
TOTAL FUND BALANCES	\$ <u>7,134,893</u>	\$ <u>22,920,648</u>	\$ <u>30,055,541</u>

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE I - DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUE

General Fund

Real estate taxes collected within 60 days of the close of the fiscal year are recorded as current revenues. The noncurrent portion of real estate taxes receivable is recorded as deferred inflows of resources until such time as it becomes available.

At June 30, 2023, deferred inflows of resources for unavailable revenues related to property taxes consisted of delinquent taxes receivable of \$824,479.

Food Service Fund

Unearned revenue in the Food Service Fund represents the carryover of unused donated foods of \$1,987 and prepaid balances on student meal accounts of \$48,589.

NOTE J - PENSION PLAN

Summary of Significant Accounting Policies

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

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 in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided - 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 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 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.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J - PENSION PLAN (Continued)

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between to 1% or 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J - PENSION PLAN (Continued)

Contributions

Members Contributions

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit DB Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.0%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.0%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

Shared Risk Program Summary

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

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2023, was 34.31% of covered payroll, actuarially determined as an amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the School District were \$7,645,000 for the year ended June 30, 2023.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J - PENSION PLAN (Continued)

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

At June 30, 2023, the School District reported a liability of \$68,600,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System’s total pension liability as of June 30, 2021 to June 30, 2022. The School District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023, the School District’s proportion was .01543% which was an increase of 0.0006% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of \$5,037,000. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 31,000	\$ 593,000
Changes in assumptions	2,048,000	-
Net difference between projected and actual investment earnings	-	1,164,000
Changes in proportions	769,000	-
Contributions subsequent to the measurement date	<u>7,645,000</u>	<u>-</u>
	<u>\$ 10,493,000</u>	<u>\$ 1,757,000</u>

\$7,645,000 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the new pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2024	\$ 433,250
2025	436,250
2026	(1,594,750)
2027	<u>1,816,250</u>
	<u>\$ 1,091,000</u>

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J - PENSION PLAN (Continued)

Actuarial Assumptions

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

- Valuation Date - June 30, 2021
- Actuarial cost method - entry age normal - level percent of pay
- Investment return - 7.00%, includes inflation at 2.50%
- Salary growth - effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.0% as of June 30, 2021 and as of June 30, 2022.
- Demographic and economic assumptions approved by the Board for use effective with the June 30 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

The long-term expected rate of return on 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 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.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J - PENSION PLAN (Continued)

The 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.

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

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

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 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE J - PENSION PLAN (Continued)

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School District's proportionate share of the net pension liability	\$ <u>88,729,000</u>	\$ <u>68,600,000</u>	\$ <u>51,628,000</u>

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

NOTE K - CONTINGENCIES

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

NOTE L - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverage for the 2022-2023 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE M - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS—SINGLE EMPLOYER PLAN

Plan Description

The District's healthcare plan is a single-employer defined benefit healthcare plan. The plan provides medical insurance benefits to eligible retirees and their spouses. The Board of School Directors has the authority to establish and amend benefit provisions through the collective bargaining process with members of the professional and support staff, an agreement with administrative employees, and individual employment contracts with certain employees. The plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

Funding Policy

The contribution requirements of plan members are established and may be amended by the Board of School Directors. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board.

Plan Membership - At June 30, 2023, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>234</u>
	<u><u>240</u></u>

Funding Policy and Funding Status

The plan is an unfunded plan with no assets accumulated in a trust. Contributions to the plan are equal to benefit payments. For the year ending June 30, 2023 benefit payments paid as they came due were \$69,405.

Benefits Provided

The School District currently provides medical, prescription drug and dental coverage to the former Superintendent at 100% of premium until age 65. The School District also provides medical, prescription drug, and dental coverage for all administrators and teachers at the completion of 20 years of service with the School District and 30 years of service with PSERS. The District pays the premiums up to a lifetime maximum of \$20,000. After the lifetime maximum is reached, the member must pay the full premium. Spouses are automatically included in the plan. This coverage is available until the member is eligible for Medicare. If a member passes away, the spouse can continue benefits until the member would have been eligible for Medicare.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

**NOTE M - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS—SINGLE EMPLOYER PLAN
(Continued)**

Under Act 110/43, any support staff, administrators, and teachers who are eligible (age 60 with 30 years of service, age 62 with one year of service, or 35 years of service regardless of age) are allowed to continue coverage for themselves and their dependents until the member reaches Medicare age. The retiree is responsible for payment equal to the premium determined for the purposes of COBRA.

Assumptions

The following assumptions and actuarial methods and calculation were used:

Discount Rate 4.06%, based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2022.

Salary - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies from 2.75% to 0%.

Health Care Cost Trend Rate - 6.5% in 2022, 6.0% in 2023, 5.5% in 2024 through 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

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

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>	<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	4.55%	3.90%	45	1.41%	1.60%
30	4.55%	3.90%	50	1.89%	2.08%
35	1.68%	2.83%	55	3.63%	2.66%
40	1.42%	1.67%	60	5.49%	5.94%

Mortality - PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees.

Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Disability - No disability was assumed.

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

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

**NOTE M - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS—SINGLE EMPLOYER PLAN
(Continued)**

Percent of Eligible Retirees Electing Coverage in Plan - 50% of Teachers and Administrators and 10% of the Support Staff are assumed to elect coverage. Spouses who are not receiving subsidized benefits are assumed to cease coverage upon attainment of age 65.

Percent Married at Retirement - 40% of employees are assumed to be married and have a spouse covered by the plan at retirement.

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

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

Actuarial Value of Assets - Equal to the Market Value of Assets.

Actuarial Cost Method - Entry Age Normal - Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

Participant Data - Based on census information as of July 2022.

Changes in Assumptions - In the 2022 actuarial valuation, the discount rate changed from 2.28% to 4.06%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal, and retirement were updated based on new PSERS experience study. The Administrators and teachers election assumption was decreased from 55% to 50%.

Changes in the Total OPEB Liability

	<u>Total Pension Liability</u>
Balance at June 30, 2022	\$ <u>2,459,233</u>
Changes for the year	
Service cost	183,469
Interest cost	59,396
Changes for experience	228,250
Changes in assumptions	(859,244)
Benefit payments	<u>(69,405)</u>
Net changes	<u>(457,534)</u>
Balance at June 30, 2023	\$ <u><u>2,001,699</u></u>

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE M - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS—SINGLE EMPLOYER PLAN
(Continued)

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

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

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Total OPEB liability	\$ <u>2,163,503</u>	\$ <u>2,001,699</u>	\$ <u>1,847,775</u>

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

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

	1% Decrease	Current Rates	1% Increase
Total OPEB liability	\$ <u>1,801,637</u>	\$ <u>2,001,699</u>	\$ <u>2,237,825</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2023, the School recognized OPEB expense of \$165,163. At June 30, 2023, the School 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
Changes in assumptions	\$ 228,991	\$ 1,108,914
Difference between expected and actual experience	281,460	287,823
Contributions subsequent to the measurement date	<u>57,423</u>	<u>-</u>
	<u>\$ 567,874</u>	<u>\$ 1,396,737</u>

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE M - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS—SINGLE EMPLOYER PLAN
(Continued)

\$57,423 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the new pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>		
2024	\$	(77,702)
2025		(77,702)
2026		(77,702)
2027		(77,702)
2028		(77,702)
Thereafter		<u>(497,776)</u>
	\$	<u>(886,286)</u>

NOTE N - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS—PSERS

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

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

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

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE N - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS–PSERS (Continued)

Premium Assistance Eligibility Criteria

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

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

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

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

Pension Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022 there were no assumed future benefit increases to participating eligible retirees.

Contributions

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$164,000 for the year ended June 30, 2023.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE N - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS–PSERS (Continued)

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

At June 30, 2023, the District reported a liability of \$2,838,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System’s total OPEB liability as of June 30, 2021 to June 30, 2022. The District’s proportion of the net OPEB liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District’s proportion was 0.1542% percent, which was an increase of .0009% from the proportion as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(66,000). At June 30, 2023, 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
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 26,000	\$ 15,000
Changes in assumptions	315,000	670,000
Net difference between projected and actual investment earnings	8,000	-
Changes in proportions	91,000	-
Difference between employer contributions and proportionate share of total contributions	16,600	-
Contributions subsequent to the measurement date	<u>164,000</u>	<u>-</u>
	<u>\$ 620,600</u>	<u>\$ 685,000</u>

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE N - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS–PSERS (Continued)

\$164,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2024	\$ (36,550)
2025	(36,550)
2026	(37,950)
2027	(41,750)
2028	(78,650)
Thereafter	<u>3,050</u>
	<u>\$ (228,400)</u>

Actuarial Assumptions

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

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

In the 2022 actuarial valuation, the discount rate changed from 2.18% to 4.09%.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE N - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS–PSERS (Continued)

The following assumptions were used to determine the contribution rate:

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	0.50%

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

Discount Rate

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

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE N - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS–PSERS (Continued)

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2022, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2022, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2022, 611 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

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

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB liability	\$ <u>2,838,000</u>	\$ <u>2,838,000</u>	\$ <u>2,839,000</u>

Sensitivity of the School District’s Proportionate Share Net OPEB Liability to Change in Healthcare Cost Trend Rates

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

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
District's proportionate share of the net OPEB liability	\$ <u>3,210,000</u>	\$ <u>2,838,000</u>	\$ <u>2,528,000</u>

OPEB Plan Fiduciary Net Position

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

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE O - PRIOR PERIOD RESTATEMENT

The District implemented GASB Statement No. 96, *Subscription Based Information Technology Arrangements* (SBITA) effective July 1, 2021. The statement defines a SBITA and addresses how the costs and investments for SBITAs are accounted for and disclosed by governmental entities. The purpose of the statement is to increase transparency in the accounting and disclosure for SBITA contracts.

As part of the implementation, the District has adjusted the beginning balance of Right of Use Subscription Assets from \$0 to \$237,588 as of June 30, 2022. As a result, total assets as of June 30, 2022 have been restated from \$116,652,438 to \$116,890,026. At July 1, 2021, the District has adjusted beginning net position for their governmental activities from \$(39,361,508) to \$(39,123,920).

REQUIRED SUPPLEMENTARY INFORMATION

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LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE
SHARE OF THE PSERS NET PENSION LIABILITY
LAST NINE FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
School District's proportion of the net pension liability (asset)	<u>0.1543%</u>	<u>0.1537%</u>	<u>0.1534%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 68,600,000</u>	<u>\$ 63,104,000</u>	<u>\$ 75,533,000</u>
School District's covered payroll	<u>\$ 20,900,265</u>	<u>\$ 22,279,916</u>	<u>\$ 21,978,417</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>328.23%</u>	<u>283.23%</u>	<u>343.67%</u>
The plan's fiduciary net position as a percentage of the total pension liability	<u>61.34%</u>	<u>63.67%</u>	<u>54.32%</u>

NOTES TO SCHEDULE

The District's covered employee payroll noted above is as of the measurement date of the net pension liability (June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014).

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>0.1493%</u>	<u>0.1486%</u>	<u>0.1461%</u>	<u>0.1441%</u>	<u>0.1444%</u>	<u>0.1441%</u>
\$ <u>69,846,000</u>	\$ <u>71,335,000</u>	\$ <u>72,156,000</u>	\$ <u>71,411,000</u>	\$ <u>62,548,000</u>	\$ <u>57,036,000</u>
\$ <u>20,593,921</u>	\$ <u>20,007,014</u>	\$ <u>19,456,077</u>	\$ <u>18,656,759</u>	\$ <u>18,573,290</u>	\$ <u>18,394,366</u>
<u>339.16%</u>	<u>356.55%</u>	<u>370.87%</u>	<u>382.76%</u>	<u>336.76%</u>	<u>310.07%</u>
<u>54.00%</u>	<u>54.00%</u>	<u>51.84%</u>	<u>50.14%</u>	<u>45.64%</u>	<u>57.24%</u>

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT'S PSERS PENSION CONTRIBUTIONS
LAST NINE FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 7,645,000	\$ 7,104,000	\$ 7,466,000
Contributions in relation to the contractually required contribution	<u>7,645,000</u>	<u>7,104,000</u>	<u>7,466,000</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 22,282,133</u>	<u>\$ 20,900,265</u>	<u>\$ 22,279,916</u>
Contributions as a percentage of covered payroll	<u>34.31%</u>	<u>33.99%</u>	<u>33.51%</u>

NOTE TO SCHEDULE

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 7,332,000	\$ 6,698,000	\$ 6,304,000	\$ 5,618,000	\$ 4,603,000	\$ 3,738,000
<u>7,332,000</u>	<u>6,698,000</u>	<u>6,304,000</u>	<u>5,618,000</u>	<u>4,603,000</u>	<u>3,738,000</u>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
\$ <u><u>21,978,417</u></u>	\$ <u><u>20,593,921</u></u>	\$ <u><u>20,007,014</u></u>	\$ <u><u>19,456,077</u></u>	\$ <u><u>18,656,759</u></u>	\$ <u><u>18,573,290</u></u>
<u><u>33.36%</u></u>	<u><u>32.60%</u></u>	<u><u>31.74%</u></u>	<u><u>28.88%</u></u>	<u><u>24.67%</u></u>	<u><u>20.13%</u></u>

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE
SHARE OF THE PSERS NET OTHER POSTEMPLOYMENT BENEFIT
PLAN LIABILITY
LAST SIX FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
School District's proportion of the net OPEB liability	<u>0.1542%</u>	<u>0.1534%</u>	<u>0.1533%</u>
School District's proportionate share of the net OPEB liability	\$ <u>2,838,000</u>	\$ <u>3,635,000</u>	\$ <u>3,312,000</u>
School District's covered payroll	\$ <u>20,900,265</u>	\$ <u>22,279,916</u>	\$ <u>21,978,417</u>
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>13.58%</u>	<u>16.32%</u>	<u>15.07%</u>
The plan's fiduciary net position as a percentage of the net OPEB liability	<u>6.86%</u>	<u>5.30%</u>	<u>5.69%</u>

NOTES TO SCHEDULE

The District's covered employee payroll noted above is as of the measurement date of the net pension liability (June 30, 2022, 2021, 2020, 2019, 2018, and 2017).

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>0.1493%</u>	<u>0.1486%</u>	<u>0.1461%</u>
\$ <u>3,175,000</u>	\$ <u>3,098,000</u>	\$ <u>2,977,000</u>
\$ <u>20,593,921</u>	\$ <u>20,007,014</u>	\$ <u>19,456,077</u>
<u>15.42%</u>	<u>15.48%</u>	<u>15.30%</u>
<u>5.56%</u>	<u>5.56%</u>	<u>5.73%</u>

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PSERS OTHER POSTEMPLOYMENT
BENEFIT PLAN CONTRIBUTIONS
LAST SIX FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 164,000	\$ 175,000	\$ 188,000
Contributions in relation to the contractually required contribution	<u>164,000</u>	<u>175,000</u>	<u>188,000</u>
Contributions deficiency (excess)	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
School District's covered payroll	\$ <u><u>22,282,133</u></u>	\$ <u><u>20,900,265</u></u>	\$ <u><u>22,279,916</u></u>
Contributions as a percentage of covered payroll	<u><u>0.75%</u></u>	<u><u>0.80%</u></u>	<u><u>0.82%</u></u>

NOTE TO SCHEDULE

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 185,000	\$ 171,000	\$ 165,000
<u>185,000</u>	<u>171,000</u>	<u>165,000</u>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
\$ <u><u>21,978,417</u></u>	\$ <u><u>20,593,921</u></u>	\$ <u><u>20,007,014</u></u>
<u><u>0.84%</u></u>	<u><u>0.83%</u></u>	<u><u>0.82%</u></u>

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT
BENEFIT PLAN LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
TOTAL OPEB LIABILITY			
Service cost	\$ 183,469	\$ 185,004	\$ 136,441
Interest	59,396	47,038	64,694
Changes of benefit terms	-	-	70,421
Difference between expected and actual experience	228,250	-	86,893
Changes of assumptions	(859,244)	(76,545)	265,048
Benefit payments	<u>(69,405)</u>	<u>(87,724)</u>	<u>(45,840)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(457,534)	67,773	577,657
TOTAL OPEB LIABILITY, BEGINNING	<u>2,459,233</u>	<u>2,391,460</u>	<u>1,813,803</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 2,001,699</u>	<u>\$ 2,459,233</u>	<u>\$ 2,391,460</u>
COVERED PAYROLL	<u>\$ 22,422,887</u>	<u>\$ 20,897,255</u>	<u>\$ 20,897,255</u>
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>8.93%</u>	<u>11.77%</u>	<u>11.44%</u>

NOTES TO SCHEDULE

No assets are accumulated in a trust to pay benefits related to this plan.

Changes in assumptions: In the 2022 actuarial valuation, the discount rate changed from 2.28% to 4.06%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions. The Administrators and teachers election assumption was decreased from 55% to 50%

Changes in assumptions: In the 2021 actuarial valuation, the discount rate changed from 1.86% to 2.28%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

Changes in assumptions: In the 2020 actuarial valuation, the discount rate changed from 3.36% to 1.86%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

Changes in assumptions: In the 2019 actuarial valuation, the discount rate changed from 2.98% to 3.36%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

Changes in assumptions: In the 2018 actuarial valuation, the discount rate changed from 3.13% to 2.98%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

Changes in assumptions: In the 2017 actuarial valuation, the discount rate changed from 2.49% to 3.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$	136,931	\$ 151,107	\$ 148,790
	54,493	62,810	45,738
	-	399,840	-
	-	(431,733)	-
	(56,730)	(304,654)	28,251
	<u>(27,446)</u>	<u>(57,671)</u>	<u>(52,374)</u>
	107,248	(180,301)	170,405
	<u>1,706,555</u>	<u>1,886,856</u>	<u>1,716,451</u>
\$	<u><u>1,813,803</u></u>	\$ <u><u>1,706,555</u></u>	\$ <u><u>1,886,856</u></u>
\$	<u><u>19,653,168</u></u>	\$ <u><u>19,653,168</u></u>	\$ <u><u>18,194,738</u></u>
	<u><u>9.23%</u></u>	<u><u>8.68%</u></u>	<u><u>10.37%</u></u>

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of School Directors
Lower Moreland Township School District
Huntingdon Valley, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lower Moreland Township School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Lower Moreland Township School District's basic financial statements, and have issued our report thereon dated December 1, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

To the Board of School Directors
Lower Moreland Township School District
Huntingdon Valley, Pennsylvania

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mailie LLP

Limerick, Pennsylvania
December 1, 2023

***Independent Auditors' Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance in Accordance With the Uniform Guidance***

To the Board of School Directors
Lower Moreland Township School District
Huntingdon Valley, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

To the Board of School Directors
Lower Moreland Township School District
Huntingdon Valley, Pennsylvania

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

To the Board of School Directors
Lower Moreland Township School District
Huntingdon Valley, Pennsylvania

Report on Internal Control Over Compliance

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

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

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

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

Maillie LLP

Limerick, Pennsylvania
December 1, 2023

**SUPPLEMENTARY INFORMATION - MAJOR FEDERAL
AWARD PROGRAMS AUDIT**

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates
U.S. DEPARTMENT OF EDUCATION				
Passed through the Pennsylvania Department of Education				
Title I Grants for Improving Basic Programs	I	84.010	013-220233	July 1, 2021 to September 30, 2022
Title I Grants for Improving Basic Programs	I	84.010	013-230233	July 1, 2022 to September 30, 2023
TOTAL ALN 84.010 TITLE I GRANTS FOR IMPROVING BASIC PROGRAMS				
Improving Teacher Quality State Grants (Title II)	I	84.367	020-220233	July 1, 2021 to September 30, 2022
Improving Teacher Quality State Grants (Title II)	I	84.367	020-230233	July 1, 2022 to September 30, 2023
TOTAL ALN 84.367 IMPROVING TEACHER QUALITY STATE GRANTS (TITLE II)				
Language Instruction for LEP Students (Title III)	I	84.365	010-220233	July 1, 2021 to September 30, 2022
Language Instruction for LEP Students (Title III)	I	84.365	010-230233	July 1, 2022 to September 30, 2023
TOTAL ALN 84.365 LANGUAGE INSTRUCTION FOR LEP STUDENTS (TITLE III)				
Student Support and Academic Enrichment Program (Title IV)	I	84.424	144-220233	July 1, 2021 to September 30, 2022
Student Support and Academic Enrichment Program (Title IV)	I	84.424	144-230233	July 1, 2022 to September 30, 2023
TOTAL ALN 84.424 STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM (TITLE IV)				
American Rescue Plan (ESSER III)	I	84.425U	TDB-21-0233	March 13, 2020 September 30, 2024
CARES Act - (ESSER II) Fund Local	I	84.425D	200-210233	March 13, 2020 to September 30, 2023
ARP - 7% ESSER Set-Aside Grant	I	84.425U	225-210233	March 13, 2020 September 30, 2024
TOTAL ALN 84.425 - EDUCATION STABILIZATION FUND				
TOTAL PASSED THROUGH PENNSYLVANIA DEPARTMENT OF EDUCATION				
Passed through the Montgomery County Intermediate Unit				
Special Education - Grants to States (IDEA, Part B)	I	84.027	062-22-0023	July 1, 2021 to June 30, 2022
Special Education - Grant to States (IDEA, Part B)		84.027	062-23-0023	July 1, 2022 to June 30, 2023
COVID-19 Grant (IDEA)	I	84.027	062-22-0023	July 1, 2021 to September 30, 2023
TOTAL ALN 84.027 SPECIAL EDUCATION - GRANTS TO STATES (IDEA, PART B)				
Special Education - Preschool Grants (IDEA Preschool)	I	84.173	062-22-0023	July 1, 2021 to June 30, 2022
Special Education - Preschool Grants (IDEA Preschool)		84.173	062-23-0023	July 1, 2022 to June 30, 2023
TOTAL ALN 84.173 SPECIAL EDUCATION - GRANTS TO STATES (IDEA PRESCHOOL)				
TOTAL PASSED THROUGH MONTGOMERY COUNTY INTERMEDIATE UNIT AND SPECIAL EDUCATION CLUSTER (IDEA)				
TOTAL U.S. DEPARTMENT OF EDUCATION				
TOTAL FEDERAL AWARDS FORWARD				

Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2022	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2023	Passed Through to Sub-Recipients
\$ 98,258	\$ (1,661)	\$ (9,371)	\$ 7,710	\$ 7,710	\$ -	\$ -
90,760	<u>90,760</u>	<u>-</u>	<u>90,760</u>	<u>90,760</u>	<u>-</u>	<u>-</u>
	<u>89,099</u>	<u>(9,371)</u>	<u>98,470</u>	<u>98,470</u>	<u>-</u>	<u>-</u>
39,835	<u>5,062</u>	<u>1,986</u>	<u>3,076</u>	<u>3,076</u>	<u>-</u>	<u>-</u>
33,172	<u>30,897</u>	<u>-</u>	<u>30,672</u>	<u>30,672</u>	<u>(225)</u>	<u>-</u>
	<u>35,959</u>	<u>1,986</u>	<u>33,748</u>	<u>33,748</u>	<u>(225)</u>	<u>-</u>
40,288	<u>500</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
52,637	<u>48,579</u>	<u>-</u>	<u>47,914</u>	<u>47,914</u>	<u>(665)</u>	<u>-</u>
	<u>49,079</u>	<u>500</u>	<u>47,914</u>	<u>47,914</u>	<u>(665)</u>	<u>-</u>
10,000	<u>7,333</u>	<u>(2,299)</u>	<u>9,632</u>	<u>9,632</u>	<u>-</u>	<u>-</u>
10,000	<u>3,333</u>	<u>-</u>	<u>1,211</u>	<u>1,211</u>	<u>(2,122)</u>	<u>-</u>
	<u>10,667</u>	<u>(2,299)</u>	<u>10,843</u>	<u>10,843</u>	<u>(2,122)</u>	<u>-</u>
653,182	<u>296,901</u>	<u>65,268</u>	<u>231,633</u>	<u>231,633</u>	<u>-</u>	<u>-</u>
322,924	<u>180,237</u>	<u>21,667</u>	<u>170,940</u>	<u>170,940</u>	<u>12,370</u>	<u>-</u>
50,766	<u>15,691</u>	<u>(494)</u>	<u>10,659</u>	<u>10,659</u>	<u>(5,526)</u>	<u>-</u>
	<u>492,829</u>	<u>86,441</u>	<u>413,232</u>	<u>413,232</u>	<u>6,844</u>	<u>-</u>
	<u>677,632</u>	<u>77,257</u>	<u>604,207</u>	<u>604,207</u>	<u>3,832</u>	<u>-</u>
346,537	<u>185,440</u>	<u>185,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
348,208	<u>184,466</u>	<u>-</u>	<u>348,209</u>	<u>348,209</u>	<u>163,743</u>	<u>-</u>
81,286	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>369,906</u>	<u>185,440</u>	<u>348,209</u>	<u>348,209</u>	<u>163,743</u>	<u>-</u>
980	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,442	<u>1,442</u>	<u>-</u>	<u>1,442</u>	<u>1,442</u>	<u>-</u>	<u>-</u>
	<u>1,442</u>	<u>-</u>	<u>1,442</u>	<u>1,442</u>	<u>-</u>	<u>-</u>
	<u>371,348</u>	<u>185,440</u>	<u>349,651</u>	<u>349,651</u>	<u>163,743</u>	<u>-</u>
	<u>1,048,980</u>	<u>262,697</u>	<u>953,859</u>	<u>953,859</u>	<u>167,575</u>	<u>-</u>
\$	<u>1,048,980</u>	<u>262,697</u>	<u>953,859</u>	<u>953,859</u>	<u>167,575</u>	<u>-</u>

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates
TOTAL FEDERAL AWARDS FORWARDED				
U.S. DEPARTMENT OF AGRICULTURE				
Passed through the Pennsylvania Department of Education				
School Breakfast Program (SBP)	I	10.553	N/A	July 1, 2021 to June 30, 2022
School Breakfast Program (SBP)	I	10.553	N/A	July 1, 2022 to June 30, 2023
TOTAL ALN 10.553 SCHOOL BREAKFAST PROGRAM				
National School Lunch Program (NSLP)	I	10.555	N/A	July 1, 2021 to June 30, 2022
National School Lunch Program (NSLP)	I	10.555	N/A	July 1, 2022 to June 30, 2023
Supply Chain Assistance	I	10.555	N/A	July 1, 2021 to June 30, 2023
Passed through the Pennsylvania Department of Agriculture				
National School Lunch Program (NSLP) - Donated foods	I	10.555	N/A	N/A
TOTAL ALN 10.555 NATIONAL SCHOOL LUNCH PROGRAM				
TOTAL CHILD NUTRITION CLUSTER				
Passed through the Pennsylvania Department of Education				
P-EBT Local Admin Funds	I	10.555	N/A	July 1, 2021 to June 30, 2022
TOTAL U.S. DEPARTMENT OF AGRICULTURE				
TOTAL FEDERAL AWARDS				
Current State Grants				
Passed through the Pennsylvania Department of Education				
School Breakfast Program (SBP)	S	N/A	N/A	July 1, 2021 to June 30, 2022
School Breakfast Program (SBP)	S	N/A	N/A	July 1, 2022 to June 30, 2023
State Breakfast Initiative	S	N/A	N/A	July 1, 2022 to June 30, 2023
National School Lunch Program (NSLP)	S	N/A	N/A	July 1, 2021 to June 30, 2022
National School Lunch Program (NSLP)	S	N/A	N/A	July 1, 2022 to June 30, 2023
TOTAL PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF EDUCATION				
GRAND TOTAL FEDERAL AWARDS AND CURRENT STATE GRANTS				

I - Indirect Funding
S - State Funding

See accompanying notes to the schedule of expenditures of federal awards.

Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2022	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2023	Passed Through to Sub-Recipients
	\$ 1,048,980	\$ 262,697	\$ 953,859	\$ 953,859	\$ 167,575	\$ -
N/A	7,602	7,602	-	-	-	-
N/A	27,695	-	34,905	34,905	7,210	-
	<u>35,297</u>	<u>7,602</u>	<u>34,905</u>	<u>34,905</u>	<u>7,210</u>	<u>-</u>
N/A	52,547	52,547	-	-	-	-
N/A	187,927	-	233,293	233,293	45,366	-
N/A	71,157	-	71,157	71,157	-	-
N/A	75,545	-	75,545	75,545	-	-
	<u>387,177</u>	<u>52,547</u>	<u>379,996</u>	<u>379,996</u>	<u>45,366</u>	<u>-</u>
	<u>422,473</u>	<u>60,149</u>	<u>414,901</u>	<u>414,901</u>	<u>52,576</u>	<u>-</u>
N/A	628	-	628	628	-	-
	<u>423,101</u>	<u>60,149</u>	<u>415,529</u>	<u>415,529</u>	<u>52,576</u>	<u>-</u>
	<u>1,472,081</u>	<u>322,846</u>	<u>1,369,387</u>	<u>1,369,387</u>	<u>220,152</u>	<u>-</u>
N/A	292	292	-	-	-	-
N/A	3,513	-	4,427	4,427	914	-
N/A	50,127	-	63,581	63,581	13,453	-
N/A	1,382	1,382	-	-	-	-
N/A	14,159	-	17,661	17,661	3,502	-
	<u>69,473</u>	<u>1,674</u>	<u>85,669</u>	<u>85,669</u>	<u>17,869</u>	<u>-</u>
	<u>\$ 1,541,554</u>	<u>\$ 324,520</u>	<u>\$ 1,455,056</u>	<u>\$ 1,455,056</u>	<u>\$ 238,021</u>	<u>\$ -</u>

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

NOTE A - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note A to the School District's basic financial statements.

NOTE B - FEDERAL EXPENDITURES

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

NOTE C - DONATED FOODS

Donated foods were valued according to cost estimates provided by the U.S.D.A.

NOTE D - INDIRECT COST RATES

The School District has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: **Unmodified**

Internal control over financial reporting:

Significant deficiencies identified: **No**

Significant deficiencies identified that are considered to be material weaknesses: **No**

Noncompliance material to financial statements noted: **No**

Federal Awards

Internal control over major programs:

Significant deficiencies identified: **No**

Significant deficiencies identified that are considered to be material weaknesses: **No**

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Grant Guidance: **No**

Identification of major programs:

Program	ALN
Education Stabilization Fund	84.425

The threshold used for distinguishing Types A and B programs was \$750,000.

Auditee qualified as a low-risk auditee: **Yes**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

LOWER MORELAND TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023

None.