

**Avonworth School District  
Financial Statements  
June 30, 2023**



---

***CERTIFIED PUBLIC ACCOUNTANTS***

**Avonworth School District  
Table of Contents**

	Exhibit	Page No.
<b>FINANCIAL SECTION</b>		
Independent Auditor’s Report		1 – 3
Management’s Discussion and Analysis		4 – 15
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	1	16
Statement of Activities	2	17
Fund Financial Statements		
Balance Sheet – Governmental Funds	3	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4	19 – 20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5	21
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	6	22 – 23
Statement of Net Position – Proprietary Funds	7	24
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	8	25
Statement of Cash Flows – Proprietary Funds	9	26 – 27
Statement of Net Position – Fiduciary Funds	10	28
Statement of Changes in Net Position – Fiduciary Funds	11	29
Notes to Financial Statements		30 – 60
Required Supplementary Information		
Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual		61 – 66
Note to the Required Supplementary Information		67
Schedule of Changes in the Total OPEB Liability and Related Ratios		68
Schedule of School District’s Contributions – PSERS		69
Schedule of School District’s Proportionate Share of the Net Pension Liability – PSERS		70
Schedule of School District’s Contributions – PSERS OPEB Plan		71
Schedule of School District’s Proportionate Share of the Net OPEB Liability – PSERS OPEB Plan		72

**Avonworth School District  
Table of Contents**

SINGLE AUDIT SECTION

Letter of Transmittal		73
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	A	74 – 75
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	B	76 – 78
Schedule of Findings and Questioned Costs	C	79 – 80
Schedule of Expenditures of Federal Awards	D	81 – 83
List of Report Distribution	E	84

**HOSACK, SPECHT, MUETZEL & WOOD LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**2 PENN CENTER WEST, SUITE 326**  
**PITTSBURGH, PENNSYLVANIA 15276**  
**PHONE - 412-343-9200**  
**FAX - 412-343-9209**  
**HSMW@HSMWCPA.COM**  
**WWW.HSMWCPA.COM**

**Independent Auditor's Report**

Members of the Board  
Avonworth School District  
Pittsburgh, Pennsylvania

**Opinions**

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

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

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgement 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 the expressing an opinion on the effectiveness of Avonworth 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Avonworth School District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, post-employment benefit information and pension information, as shown in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2024, on our consideration of Avonworth 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 Avonworth School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Avonworth School District's internal control over financial reporting and compliance.

*Hosack, Specht, Muetzel & Wood LLP*

HOSACK, SPECHT, MUETZEL & WOOD LLP  
Pittsburgh, Pennsylvania  
January 31, 2024

**Avonworth School District**  
**Management's Discussion and Analysis**  
**June 30, 2023**

The discussion and analysis of Avonworth School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

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

**Financial Highlights**

The School District had planned expenditure increases during the 2022/23 school year in two major areas; salaries and benefits. The required contractual increases along with an increase in the employer retirement contribution rate and an 8% medical premium increase had a material impact on the planned increase to the District's general fund budget.

The Board of School Directors approved the 2022/23 budget with a millage rate of 20.19 which was an increase of 0.66 mills from the prior year. Real estate tax revenue for 2022/23 was \$23,885,846 representing an increase of \$1,527,222 from the 2021/22 collections. The increase was due to the millage increase and new residential properties put on the tax rolls during the 2022/23 fiscal year. Real Estate (both current and delinquent) taxes represent 64% of total general fund revenue for the District. The District continued to see an increase in the collection of Earned Income Taxes (EIT) which rose to \$3,332,221 in 2022/23 from \$3,150,615 in the prior year. Real Estate Transfer Taxes collected were \$533,174, which was a decrease from the prior year of \$249,920. State subsidies and reimbursements increased by \$671,961 when compared to the prior year primarily due to the increase in the Basic Education and transportation subsidies. Federal funds received of \$207,286 and included ESSER Relief Funds. Overall, total general fund revenues recorded in 2022/23 were in excess of budgeted revenues by \$1,379,245 or 3.7%.

Total general fund expenditures for 2022/23 were \$37,959,148, an increase of \$2,693,424 over the prior year. Wages increased \$133,800 and benefits increased \$292,003 over 2021/22. The employer retirement contribution rate increased from 34.94% to 35.26%. The increase in medical premiums along with this increase, represent the primary reason for the increase in benefit expense. District Debt Service increased by \$158,256. The high school/middle school renovation project started in June of 2023. Overall, total general fund expenses for the year were \$298,012 less than budgeted, or .8%.

Actual results in operations showed revenues exceeding expenditures by \$197,263 resulting in the School District having a year-end fund balance of \$8,182,593 of which \$2,000,000 has been reserved to assist in paying future retirement expense increases.

The School District's food service (proprietary) fund operated at a net profit of \$548,722 for the 2022/23 school year. Revenues, consisting of lunch /breakfast sales and government subsidiaries, totaled \$951,285, a \$140,219 decrease over the prior year. It is important to note that the total revenue was the direct result of the district's participation in the National School Lunch Program providing free breakfast for which the District received federal reimbursement. Operating expenses, consisting of mostly labor costs, food and other supplies, totaled \$724,122 a \$94963 increase over the prior year. The June 30, 2023 year ending net position for this fund is \$55,067.

**Avonworth School District  
Management’s Discussion and Analysis  
June 30, 2023**

**Using the Annual Financial Report**

The Annual Financial Report consists of a financial section and a single audit section which is issued to comply with federal guidelines as required in the Government Auditing Standards and the Uniform Grant Guidance. Within the financial section are the management’s discussion and analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand Avonworth 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 government-wide financial statements - the statement of net position and the statement of activities. These provide both long-term and short-term information about the School District’s overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School District’s operations in more detail than the government-wide statements. The governmental funds statements tell how general School District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that the School District operates like a business. For this School District, this is our food service fund. Fiduciary fund statements provide information about financial relationships where the School District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. The financial statements also include notes to explain some of the information in the financial statements and provide more detailed data.

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

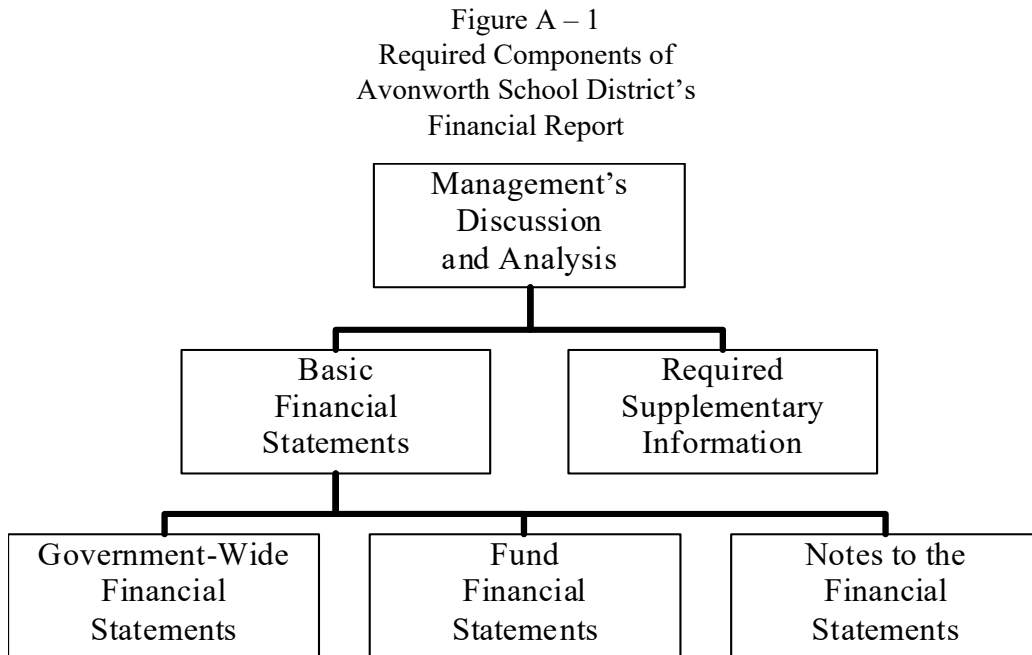


Figure A-2 summarizes the major features of the School District’s financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents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



**Avonworth School District  
Management's Discussion and Analysis  
June 30, 2023**

Figure A – 2  
Major Features of Avonworth School District's  
Government-Wide and Fund Financial Statements

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

**Avonworth School District**  
**Management's Discussion and Analysis**  
**June 30, 2023**

**Overview of Financial Statements**

Government-Wide Statements

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

The two government-wide statements report the School District's net position and how they have changed. Net position, the difference between the School District's assets and liabilities, is only one way to measure the School District's financial health or position.

Over time, increases or decreases in the School District's net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the School District, you need to consider additional non-financial factors, such as changes in the School District's property tax base and the performance of the students.

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

- Governmental activities - All of the School 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 School 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 School District's fund financial statements, which begin with Exhibit 3, provide detailed information about the most significant funds - not the School District as a whole. Some funds are required by state law and bond requirements.

*Governmental funds* - Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School 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 School District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

**Avonworth School District  
Management's Discussion and Analysis  
June 30, 2023**

*Proprietary funds* - These funds are used to account for the School 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 School District charges customers for services it provides - whether to outside customers or to other units in the School District - these services are generally reported in proprietary funds. The food service fund one of the School District's proprietary funds and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

*Fiduciary funds* - The School District is the trustee, or fiduciary, for student activity funds and some scholarship funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position on Exhibit 10 and statement of change in net position on Exhibit 11. We exclude these activities from the School District's other financial statement because the School District cannot use these assets to finance its operations.

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

The School District's total net position was a deficit \$(22,973,324) at June 30, 2023 and a deficit \$(27,103,095) at June 30, 2022.

Table A - 1  
Years Ended June 30, 2023 and 2022  
Net Position

	2023			2022		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Current and Other Assets	\$ 28,755,107	\$ 1,710,989	\$ 30,466,096	\$ 28,086,347	\$ 1,235,779	\$ 29,322,126
Capital Assets	38,452,678	9,351	38,462,029	36,866,173	525	36,866,698
<b>Total Assets</b>	<b>67,207,785</b>	<b>1,720,340</b>	<b>68,928,125</b>	<b>64,952,520</b>	<b>1,236,304</b>	<b>66,188,824</b>
Deferred Outflows of Resources	9,808,209	114,276	9,922,485	11,868,881	126,965	11,995,846
Current and Other Liabilities	5,172,417	1,194,679	6,367,096	3,829,679	939,605	4,769,284
Noncurrent Liabilities						
Due Within One Year	2,110,029	-	2,110,029	1,974,091	-	1,974,091
Due in More Than One Year	89,904,948	559,359	90,464,307	90,032,652	511,981	90,544,633
<b>Total Liabilities</b>	<b>97,187,394</b>	<b>1,754,038</b>	<b>98,941,432</b>	<b>95,836,422</b>	<b>1,451,586</b>	<b>97,288,008</b>

**Avonworth School District  
Management's Discussion and Analysis  
June 30, 2023**

Table A - 1  
Years Ended June 30, 2023 and 2022  
Net Position

	2023			2022		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Deferred Inflows of Resources	<u>2,856,991</u>	<u>25,511</u>	<u>2,882,502</u>	<u>7,915,978</u>	<u>83,779</u>	<u>7,999,757</u>
Net Position						
Net Investment in Capital Assets	6,699,422	9,351	6,708,773	6,242,138	525	6,242,663
Unrestricted	<u>(29,727,813)</u>	<u>45,716</u>	<u>(29,682,097)</u>	<u>(33,173,137)</u>	<u>(172,621)</u>	<u>(33,345,758)</u>
Total Net Position	<u>\$ (23,028,391)</u>	<u>\$ 55,067</u>	<u>\$ (22,973,324)</u>	<u>\$ (26,930,999)</u>	<u>\$ (172,096)</u>	<u>\$ (27,103,095)</u>

The results of this year's operations as a whole are reported in the statement of activities on Exhibit 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School District's activities that are supported by other general revenues. The two largest general revenues are local taxes (property and earned income) assessed to property owners and wage earners within the District, and the Basic Education Subsidy provided by the state of Pennsylvania.

Table A-2 summarizes the information in the statement of activities and provides a comparison between fiscal year 2023 and 2022.

Total revenues for governmental activities increased \$2,540,204 from the prior year due primarily to increases in real estate and investment earnings.

Total expenses for governmental activities increased \$352,884.

**Avonworth School District**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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

	<b>2023</b>			<b>2022</b>		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ -	\$ 391,489	\$ 391,489	\$ -	\$ 45,158	\$ 45,158
Operating Grants and Contribs.	5,411,825	509,089	5,920,914	5,383,997	964,437	6,348,434
Capital Grants and Contribs.	212,620	-	212,620	276,474	-	276,474
<b>General Revenues</b>						
Property Taxes	24,434,091	-	24,434,091	23,220,461	-	23,220,461
Other Taxes	4,024,162	-	4,024,162	4,070,345	-	4,070,345
<b>Grants, Subsidies and Contribs.</b>						
Unrestricted	3,487,431	-	3,487,431	3,183,285	-	3,183,285
Investment Earnings	1,081,230	50,707	1,131,937	23,856	1,144	25,000
Miscellaneous	103,195	-	103,195	55,932	-	55,932
<b>Total Revenues</b>	<b><u>38,754,554</u></b>	<b><u>951,285</u></b>	<b><u>39,705,839</u></b>	<b><u>36,214,350</u></b>	<b><u>1,010,739</u></b>	<b><u>37,225,089</u></b>
<b>Expenses</b>						
Instruction	22,092,383	-	22,092,383	22,017,967	-	22,017,967
Instructional Student Support	2,314,001	-	2,314,001	2,392,760	-	2,392,760
Admin. and Fin. Support Svcs.	3,421,263	-	3,421,263	3,524,052	-	3,524,052
<b>Operation and Maintenance</b>						
of Plant Services	2,722,966	-	2,722,966	2,202,055	-	2,202,055
Pupil Transportation	1,883,055	-	1,883,055	1,991,091	-	1,991,091
Student Activities	1,349,736	-	1,349,736	1,339,864	-	1,339,864
Community Services	4,910	-	4,910	3,200	-	3,200
Interest on Long-Term Debt	1,063,632	-	1,063,632	1,028,073	-	1,028,073
Food Service	-	724,122	724,122	-	548,394	548,394
<b>Total Expenses</b>	<b><u>34,851,946</u></b>	<b><u>724,122</u></b>	<b><u>35,576,068</u></b>	<b><u>34,499,062</u></b>	<b><u>548,394</u></b>	<b><u>35,047,456</u></b>
<b>Increase (Decrease) in Net Position</b>	<b>3,902,608</b>	<b>227,163</b>	<b>4,129,771</b>	<b>1,715,288</b>	<b>462,345</b>	<b>2,177,633</b>
<b>Beginning Net Position</b>	<b><u>(26,930,999)</u></b>	<b><u>(172,096)</u></b>	<b><u>(27,103,095)</u></b>	<b><u>(28,646,287)</u></b>	<b><u>(634,441)</u></b>	<b><u>(29,280,728)</u></b>
<b>Ending Net Position</b>	<b><u>\$ (23,028,391)</u></b>	<b><u>\$ 55,067</u></b>	<b><u>\$ (22,973,324)</u></b>	<b><u>\$ (26,930,999)</u></b>	<b><u>\$ (172,096)</u></b>	<b><u>\$ (27,103,095)</u></b>

**Avonworth School District  
Management's Discussion and Analysis  
June 30, 2023**

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

Table A-3 shows the School District's largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, interest on debt, 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  
Years Ended June 30, 2023 and 2022  
Governmental Activities

	<b>2023</b>		<b>2022</b>	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
<b>Functions/Programs</b>				
Instruction	\$ 22,092,383	\$ 18,116,065	\$ 22,017,967	\$ 18,009,101
Instructional Student Support	2,314,001	1,948,871	2,392,760	1,999,597
Admin. and Fin. Support Svcs.	3,421,263	3,121,222	3,524,052	3,245,697
Operation and Maintenance of Plant Services	2,722,966	2,575,789	2,202,055	2,009,217
Pupil Transportation	1,883,055	1,387,181	1,991,091	1,595,437
Student Activities	1,349,736	1,222,451	1,339,864	1,224,743
Community Services	4,910	4,910	3,200	3,200
Interest on Long-Term Debt	<u>1,063,632</u>	<u>851,012</u>	<u>1,028,073</u>	<u>751,599</u>
<b>Total Governmental Activities</b>	<u><b>\$ 34,851,946</b></u>	<b>29,227,501</b>	<u><b>\$ 34,499,062</b></u>	<b>28,838,591</b>
<b>Less:</b>				
Unrestricted Grants, Subsidies		<u>(3,487,431)</u>		<u>(3,183,285)</u>
<b>Total Needs from Local Taxes and Other Revenues</b>		<u><b>\$25,740,070</b></u>		<u><b>\$25,655,306</b></u>

**Avonworth School District  
Management's Discussion and Analysis  
June 30, 2023**

Table A-4 reflects the activities of the food service program, the only business-type activity of the School District. For the 2022/2023 school year, the food service department operated at a net profit of \$227,163.

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

	<b>2023</b>		<b>2022</b>	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Food Service	<u>\$ 724,122</u>	\$ (176,456)	<u>\$ 548,394</u>	\$ (461,201)
Add/Less:				
Investment Earnings		<u>(50,707)</u>		<u>(1,144)</u>
Total Business-Type Activities		<u>\$ (227,163)</u>		<u>\$ (462,345)</u>

The statement of revenues, expenses and changes in fund net position for this proprietary fund shown on Exhibit 8 will further detail the actual results of operations.

**School District Funds**

On June 30, 2023, the School District's general fund reported a fund balance of \$8,182,593, which is an increase of \$1,677,257 from the amount projected based on the adopted 2022/23 budget. The primary reasons for this increase is specific to the following:

- Total expenditures for the year were \$197,263 less than projected, which was within .5% of the budget.
- Total revenues received were higher than budgeted by \$1,379,245, or 3.7%. Local revenues exceeded budget by \$1,297,894 primarily due to earnings on investments, earned income and current real estate taxes. State revenues were \$94,065 more than budgeted primarily due to basic education and transportation subsidies. Federal revenues were \$12,714 less than budgeted.

In addition to the general fund, the School District has both a capital reserve fund and a capital projects fund which are part of its governmental activities. Because the School District is actively preparing for and approving capital projects each year, these funds were established to fund and track these projects. Expenses for the construction of a parking lot at the high school campus are accounted for in the capital projects fund.

**Avonworth School District  
Management's Discussion and Analysis  
June 30, 2023**

**General Fund Budget**

During the fiscal year, the Board of School Directors authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School District. All adjustments are confirmed at the time the annual audit is accepted. This is after the end of the fiscal year and permitted by state law. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary section. Transfers between specific categories of expenditures/other financing uses occur during the year.

**Capital Assets and Debt Administration**

Capital Assets

At June 30, 2023, the School District had \$38,306,898 invested in a broad range of capital assets, including land, buildings, furniture and equipment and construction in progress.

Table A - 5  
Governmental Activities  
Capital Assets - Net of Depreciation

	<b>2023</b>	<b>2022</b>
Land and Land Improvements	\$2,595,747	\$2,427,749
Buildings and Building Improvements	31,902,422	32,949,268
Furniture and Equipment	597,019	542,858
Construction in Progress	3,211,710	751,925

Debt Administration

As of July 1, 2022, the School District included in its long-term liabilities \$44,598,262 for general obligation bonds and notes payable. During the year, the School District made principal payments of \$1,871,681. The net result of the above transactions resulted in an ending balance of \$42,726,581 of which \$2,013,719 is due within one year.

Table A - 6  
Outstanding Debt

General Obligation Bonds/Notes	As of 06/30/23	As of 06/30/22
Bonds - Series of 2018	9,260,000	9,295,000
Bonds - Series of 2019	4,720,000	4,845,000
Bonds - Series of 2020 A & B1	3,920,000	5,515,000
Bonds - Series of 2020 B2	9,430,000	9,495,000
Bonds - Series of 2020 C	5,160,000	5,165,000
Bonds - Series of 2021	9,950,000	9,955,000
Notes - Series of 2016	286,581	328,262



**Avonworth School District  
Management’s Discussion and Analysis  
June 30, 2023**

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

**Economic Factors and Next Year’s Budget and Rates**

All of the School District’s direct bonded debt is rated “AA-“Stable Outlook by Standard & Poor’s (S&P) Some School District backed issues also carry insured ratings for Assured Guaranty rated “AA” by S&P. Additional security for bonds is provided by the Commonwealth of Pennsylvania’s Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to bond holders in the event of default of an issue.

The School District continues to see increases in enrollment. The projections from a demographic study completed in February of 2019 show the enrollment growing by approximately 250 students over the next five (5) years. The School District believes that it has positioned itself to accommodate any future enrollment increases. The District has started a high school/middle school renovation project in June of 2023. The renovation includes existing classroom renovations and a two-story middle school addition and will be completed by December 2024.

The revenue budget for the 2023/24 fiscal year is \$38,921,516 which is \$765,105 more than the revenue recorded in 2022/23. The budgeted increase is the result of projected real estate tax revenue as a result of an increase in the millage rate from 20.19 to 21.01. Beginning with the 2007/2008 budget year, the School District, as well as all public school districts in Pennsylvania, was limited as to how much its property tax rate can be increased year after year. The limit (index) for 2023/24 was 4.1% and is projected to be 5.3% for the 2024/25 budget year.

The expenditure budget for the 2023/24 year is \$40,287,394 which is \$2,328,246 more than the actual expenditures recorded for 2022/23, an increase of 6.1%. The budget includes higher expenses for benefit costs (medical, and retirement) of approximately \$720,000. The increase includes a 14% increase for medical benefits. This budget adds \$366,000 for technology equipment and network upgrades. Debt service increased by \$920,000 in anticipation of additional borrowing needed for the high school / middle school renovation project. The budget also includes a \$1,000,000 transfer to capital projects to cover future capital needs including a high school roof replacement. Also, included in the budget is \$200,000 placed in general contingency. These funds will only be expended if unanticipated expenditures cause the School District to over-expend the budgeted amount in any specific function.

The comparison of revenue and expenditure categories is as follows:

Table A - 7

	Budgeted Revenue 2023/2024	Actual Revenue 2022/2023
Local	76.7%	77.2%
State	23.0%	22.3%
Federal/Other	0.3%	0.5%

**Avonworth School District  
Management's Discussion and Analysis  
June 30, 2023**

	Budgeted Expenditures 2023/2024	Actual Expenditures 2022/2023
Instruction	56.7%	57.6%
Support Services	28.4%	26.8%
Noninstructional Services	3.2%	3.4%
Fund Transfers/Debt/Other	11.7%	12.2%

**Contacting the School District Financial Management**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School 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 information, please contact Jennifer Sheridan, Director of Fiscal Management and Support Services at Avonworth School District, 258 Josephs Lane, Pittsburgh, PA 15237, 412-369-9878.

**Avonworth School District  
Statement of Net Position  
June 30, 2023**

**Exhibit 1**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 23,682,740	\$ 1,643,942	\$ 25,326,682
Taxes Receivable, Net	1,874,971	-	1,874,971
Due From Other Governments	1,402,714	50,520	1,453,234
Other Receivables	427,619	-	427,619
Inventories	-	16,327	16,327
Prepaid Items	1,114,914	-	1,114,914
Other Current Assets	3,494	200	3,694
Long-Term Prepayments (net of amortization)	248,655	-	248,655
Capital Assets not Being Depreciated			
Land	892,656	-	892,656
Construction in Progress	3,211,710	-	3,211,710
Capital Assets, Net of Accumulated Depreciation			
Land Improvements	1,703,091	-	1,703,091
Building & Building Improvements	31,902,422	-	31,902,422
Furniture & Equipment	597,019	9,351	606,370
Intangible Right-to-Use Assets, Net of Amort.	145,780	-	145,780
<b>TOTAL ASSETS</b>	<b>67,207,785</b>	<b>1,720,340</b>	<b>68,928,125</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge on Refunding	385,097	-	385,097
Amounts Related to OPEB - District	467,466	-	467,466
Amounts Related to OPEB - PSERS	500,180	6,098	506,278
Amounts Related to Pension	8,455,466	108,178	8,563,644
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>9,808,209</b>	<b>114,276</b>	<b>9,922,485</b>
<b>LIABILITIES</b>			
Internal Balances	(1,162,601)	1,162,601	-
Accounts Payable	1,862,021	1,012	1,863,033
Accrued Salaries and Benefits	3,992,816	-	3,992,816
Payroll Deductions and Withholdings	1,599	-	1,599
Unearned Revenues	-	6,412	6,412
Other Current Liabilities	478,582	24,654	503,236
Noncurrent Liabilities:			
Due Within One Year	2,110,029	-	2,110,029
Due in More Than One Year:			
Notes Payable	242,862	-	242,862
Lease Payable	101,427	-	101,427
Compensated Absences	350,219	-	350,219
Bonds Payable	40,900,456	-	40,900,456
Other Post-Employment Benefits - District	1,045,343	-	1,045,343
Other Post-Employment Benefits - PSERS	1,875,793	22,207	1,898,000
Net Pension Liability	45,388,848	537,152	45,926,000
<b>TOTAL LIABILITIES</b>	<b>97,187,394</b>	<b>1,754,038</b>	<b>98,941,432</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Amounts Related to OPEB - District	701,502	-	701,502
Amounts Related to OPEB - PSERS	480,314	5,686	486,000
Amounts Related to Pension	1,675,175	19,825	1,695,000
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,856,991</b>	<b>25,511</b>	<b>2,882,502</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,699,422	9,351	6,708,773
Unrestricted	(29,727,813)	45,716	(29,682,097)
<b>TOTAL NET POSITION</b>	<b>\$ (23,028,391)</b>	<b>\$ 55,067</b>	<b>\$ (22,973,324)</b>

See Accompanying Notes

**Avonworth School District  
Statement of Activities  
Year Ended June 30, 2023**

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental Activities:</b>							
Instruction	\$ 22,092,383	\$ -	\$ 3,976,318	\$ -	\$ (18,116,065)	\$ -	\$ (18,116,065)
Instructional Student Support	2,314,001	-	365,130	-	(1,948,871)	-	(1,948,871)
Administrative and Financial Support Services	3,421,263	-	300,041	-	(3,121,222)	-	(3,121,222)
Operation and Maintenance of Plant Services	2,722,966	-	147,177	-	(2,575,789)	-	(2,575,789)
Pupil Transportation	1,883,055	-	495,874	-	(1,387,181)	-	(1,387,181)
Student Activities	1,349,736	-	127,285	-	(1,222,451)	-	(1,222,451)
Community Services	4,910	-	-	-	(4,910)	-	(4,910)
Interest on Long-Term Debt	1,063,632	-	-	212,620	(851,012)	-	(851,012)
<b>Total Governmental Activities</b>	<b>34,851,946</b>	<b>-</b>	<b>5,411,825</b>	<b>212,620</b>	<b>(29,227,501)</b>	<b>-</b>	<b>(29,227,501)</b>
<b>Business-type Activities:</b>							
Food Service	724,122	391,489	509,089	-	-	176,456	176,456
<b>Total Primary Government</b>	<b>\$ 35,576,068</b>	<b>\$ 391,489</b>	<b>\$ 5,920,914</b>	<b>\$ 212,620</b>	<b>(29,227,501)</b>	<b>176,456</b>	<b>(29,051,045)</b>
<b>General Revenues</b>							
<b>Taxes</b>							
Property Taxes Levied for General Purposes, Net					24,434,091	-	24,434,091
Earned Income Taxes					3,445,242	-	3,445,242
Real Estate Transfer Taxes					533,174	-	533,174
Other Taxes Levied for General Purposes, Net					45,746	-	45,746
Grants, Subsidies and Contributions not Restricted					3,487,431	-	3,487,431
Investment Earnings					1,081,230	50,707	1,131,937
Miscellaneous Income					103,195	-	103,195
<b>Total General Revenues</b>					<b>33,130,109</b>	<b>50,707</b>	<b>33,180,816</b>
<b>Change in Net Position</b>					<b>3,902,608</b>	<b>227,163</b>	<b>4,129,771</b>
<b>Net Position - July 1, 2022</b>					<b>(26,930,999)</b>	<b>(172,096)</b>	<b>(27,103,095)</b>
<b>Net Position - June 30, 2023</b>					<b>\$ (23,028,391)</b>	<b>\$ 55,067</b>	<b>\$ (22,973,324)</b>

See Accompanying Notes

**Avonworth School District  
Balance Sheet  
Governmental Funds  
June 30, 2023**

**Exhibit 3**

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 10,067,917	\$ 13,614,823	\$ 23,682,740
Taxes Receivable, Net	1,874,971	-	1,874,971
Due from Other Funds	1,162,601	1,000,000	2,162,601
Due from Other Governments	1,402,714	-	1,402,714
Other Receivables	427,619	-	427,619
Prepaid Items	458,219	656,695	1,114,914
Other Current Assets	3,494	-	3,494
	<u>15,397,535</u>	<u>15,271,518</u>	<u>30,669,053</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 15,397,535</u></b>	<b><u>\$ 15,271,518</u></b>	<b><u>\$ 30,669,053</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Due to Other Funds	\$ 1,000,000	\$ -	\$ 1,000,000
Accounts Payable	351,930	39,719	391,649
Contracts Payable	-	1,470,372	1,470,372
Accrued Salaries and Benefits	3,992,816	-	3,992,816
Payroll Deductions and Withholdings	1,599	-	1,599
Other Current Liabilities	157,254	-	157,254
	<u>5,503,599</u>	<u>1,510,091</u>	<u>7,013,690</u>
<b>Total Liabilities</b>	<b><u>5,503,599</u></b>	<b><u>1,510,091</u></b>	<b><u>7,013,690</u></b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenues - Property Taxes	1,711,343	-	1,711,343
	<u>1,711,343</u>	<u>-</u>	<u>1,711,343</u>
<b>Deferred Inflows of Resources</b>	<b><u>1,711,343</u></b>	<b><u>-</u></b>	<b><u>1,711,343</u></b>
<b>Fund Balances</b>			
Nonspendable	458,219	656,695	1,114,914
Restricted	-	10,882,083	10,882,083
Committed	2,000,000	2,222,649	4,222,649
Unassigned	5,724,374	-	5,724,374
	<u>8,182,593</u>	<u>13,761,427</u>	<u>21,944,020</u>
<b>Total Fund Balances</b>	<b><u>8,182,593</u></b>	<b><u>13,761,427</u></b>	<b><u>21,944,020</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 15,397,535</u></b>	<b><u>\$ 15,271,518</u></b>	<b><u>\$ 30,669,053</u></b>

See Accompanying Notes

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

**Exhibit 4**

Total Fund Balances - Governmental Funds \$ 21,944,020

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$63,805,737, and the accumulated depreciation is \$25,498,839. 38,306,898

Intangible right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The value of these assets is \$242,966 and the accumulated amortization is \$97,186. 145,780

Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and, therefore, are not reported as assets in governmental funds. 1,711,343

Premiums and discounts on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position. (430,456)

Deferred charges on refunding bonds issued are amortized over the life of the bonds as deferred outflows of resources in the statement of net position. 385,097

The payment to the joint venture career and technical center is capitalized and amortized over the life of the notes in the statement of net position. 248,655

Long-term liabilities, including bonds, notes and capital leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds Payable	\$ (42,440,000)	
Accrued Interest on the Bonds	(321,328)	
Leases Payable	(149,980)	
Notes Payable	(286,581)	
Compensated Absences	(397,976)	(43,595,865)

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

**Exhibit 4**

Some liabilities including net pension obligations and OPEB liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.

OPEB Liability - District	(1,045,343)	
OPEB Liability - PSERS	(1,875,793)	
Net Pension Liability	(45,388,848)	(48,309,984)

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred Outflows of Resources Related to Pensions	8,455,466	
Deferred Inflows of Resources Related to Pensions	(1,675,175)	
Deferred Outflows of Resources Related to OPEB - District	467,466	
Deferred Inflows of Resources Related to OPEB - District	(701,502)	
Deferred Outflows of Resources Related to OPEB - PSERS	500,180	
Deferred Inflows of Resources Related to OPEB - PSERS	(480,314)	6,566,121

Total Net Position - Governmental Activities		\$ (23,028,391)
----------------------------------------------	--	-----------------

See Accompanying Notes

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

**Exhibit 5**

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
<b>Revenues</b>				
Local Sources	\$ 29,450,394	\$ 474,267	\$ 23	\$ 29,924,684
State Sources	8,498,731	-	-	8,498,731
Federal Sources	207,286	-	-	207,286
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	38,156,411	474,267	23	38,630,701
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>				
Instruction	21,875,312	-	-	21,875,312
Support Services	10,186,861	-	-	10,186,861
Noninstructional Services	1,277,712	-	-	1,277,712
Capital Outlay	-	2,986,462	-	2,986,462
Debt Service (Principal & Interest)	3,056,432	-	13,504	3,069,936
Refunds of Prior Year's Receipts	1,955	-	-	1,955
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	36,398,272	2,986,462	13,504	39,398,238
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	1,758,139	(2,512,195)	(13,481)	(767,537)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	1,560,876	-	1,560,876
Transfers Out	(1,560,876)	-	-	(1,560,876)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(1,560,876)	1,560,876	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	197,263	(951,319)	(13,481)	(767,537)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances - July 1, 2022	7,985,330	14,712,746	13,481	22,711,557
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances - June 30, 2023	<u>\$ 8,182,593</u>	<u>\$ 13,761,427</u>	<u>\$ -</u>	<u>\$ 21,944,020</u>

See Accompanying Notes



**Avonworth 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**

**Exhibit 6**

Total Net Change in Fund Balances - Governmental Funds \$ (767,537)

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

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

Depreciation Expense	\$ (1,310,176)	
Intangible Right-to-Use Assets Amortization	(48,593)	
Capital Outlays	2,945,274	1,586,505

Payments for the intangible right-to-use assets are reported as principal and interest in governmental funds, but in the statement of activities, the asset is amortized and the repayment reduces the long-term liabilities in the statement of net position. 47,166

Because some property taxes and other revenues will not be collected within the current financial resources measurement focus period, they are not considered as "available" revenues in the governmental funds. Unavailable revenues increased by this amount this year. 123,853

The payment to the joint venture career and technical center is capitalized and amortized over the life of the notes in the statement of net position. (42,627)

Repayment of bond, note and lease payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,871,681

In the statement of activities, certain operating expenses-compensated absences (sick pay and vacations) and other post-employment benefits (OPEB) are measured by the amounts earned during the year. In governmental funds, however, expenditures for the items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Compensated Absences	62,388	
Other Post-Employment Benefits - District	(13,627)	
Other Post-Employment Benefits - PSERS	23,003	71,764

**Avonworth 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**

**Exhibit 6**

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

Net Change in Accrued Interest on Bonds		12,333
-----------------------------------------	--	--------

Bond discount, premium and deferred charges on bonds are reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the bonds in the statement of activities.

Amortization of Discount, Premium and Deferred Loss on Refunding		75,124
---------------------------------------------------------------------	--	--------

Governmental funds report School District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense.

District Pension Contributions to PSERS	5,256,118		
Cost of Benefits Earned	<u>(4,331,772)</u>	<u>924,346</u>	

Change in Net Position of Governmental Activities		<u>\$ 3,902,608</u>
---------------------------------------------------	--	---------------------

See Accompanying Notes

**Avonworth School District  
Statement of Net Position  
Proprietary Funds  
June 30, 2023**

**Exhibit 7**

Food  
Service  
Fund

<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 1,643,942
Due From Other Governments	50,520
Inventories	16,327
Other Current Assets	<u>200</u>
Total Current Assets	<u>1,710,989</u>
Noncurrent Assets	
Furniture and Equipment, Net	<u>9,351</u>
<b>TOTAL ASSETS</b>	<u><u>1,720,340</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts Related to Pensions	108,178
Amounts Related to OPEB - PSERS	<u>6,098</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>114,276</u></u>
<b>LIABILITIES</b>	
Current Liabilities	
Due to Other Funds	1,162,601
Accounts Payable	1,012
Unearned Revenues	6,412
Other Current Liabilities	<u>24,654</u>
Total Current Liabilities	<u>1,194,679</u>
Noncurrent Liabilities	
Net Pension Liability	537,152
Net OPEB Liability - PSERS	<u>22,207</u>
Total Noncurrent Liabilities	<u>559,359</u>
<b>TOTAL LIABILITIES</b>	<u><u>1,754,038</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Amounts Related to Pensions	19,825
Amounts Related to OPEB - PSERS	<u>5,686</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>25,511</u></u>
<b>NET POSITION</b>	
Invested in Capital Assets	9,351
Unrestricted	<u>45,716</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 55,067</u></u>

See Accompanying Notes

**Avonworth School District**  
**Statement of Revenues, Expenses and Changes**  
**in Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2023**

**Exhibit 8**

	Food Service Fund
Operating Revenues	
Food Service Revenue	\$ 391,489
Operating Expenses	
Salaries	211,419
Employee Benefits	124,233
Purchased Property Services	11,738
Other Purchased Services	792
Supplies	374,419
Depreciation	1,156
Dues and Fees	365
Total Operating Expenses	724,122
Operating Income (Loss)	(332,633)
Nonoperating Revenues (Expenses)	
Earnings on Investments	50,707
State Sources	131,608
Federal Sources	377,481
Total Nonoperating Revenues (Expenses)	559,796
Change in Net Position	227,163
Net Position - July 1, 2022	(172,096)
Net Position - June 30, 2023	\$ 55,067

See Accompanying Notes

**Avonworth School District  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2023**

**Exhibit 9**

	Food Service Fund
Cash Flows From Operating Activities	
Cash Received from Users	\$ 384,269
Cash Payments to Employees for Services	(333,853)
Cash Payments to Suppliers for Goods and Services	(317,329)
Cash Payments for Other Operating Expenses	<u>(365)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(267,278)</u>
Cash Flows From Non-Capital Financing Activities	
State Sources	120,039
Federal Sources	<u>390,456</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>510,495</u>
Cash Flows From Capital and Related Financing Activities	
Facilities Acquisition/Const./Imp.Serv	<u>(9,982)</u>
Cash Flows From Investing Activities	
Earnings on Investments	50,707
Loans Received (Paid)	<u>264,780</u>
Net Cash Provided by (Used for) Investing Activities	<u>315,487</u>
Net Increase (Decrease) in Cash and Cash Flows	548,722
Cash and Cash Equivalents - July 1, 2022	<u>1,095,220</u>
Cash and Cash Equivalents - June 30, 2023	<u>\$ 1,643,942</u>

**Avonworth School District  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2023**

**Exhibit 9**

	Food Service Fund
Operating Income (Loss)	\$ (332,633)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	1,156
Change in Pensions and OPEB Liability	1,799
Donated Commodities	68,147
(Increase) Decrease in Inventories	3,959
Increase (Decrease) in Accounts Payable	(2,486)
Increase (Decrease) in Deferred Revenue	(584)
Increase (Decrease) in Other Current Liabilities	<u>(6,636)</u>
Total Adjustments	<u>65,355</u>
Cash Provided by (Used for) Operating Activities	<u><u>\$ (267,278)</u></u>

Noncash Non-Capital Financing Activities

During the year ended June 30, 2023, the School District received \$67,563 of U.S.D.A Donated Commodities in the food service fund.

See Accompanying Notes

**Avonworth School District  
Statement of Net Position  
Fiduciary Funds  
June 30, 2023**

**Exhibit 10**

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	\$      71,790
LIABILITIES	
Other Current Liabilities	<u>                  -</u>
NET POSITION	
Restricted for:	
Student Groups	<u><u>          \$      71,790</u></u>

See Accompanying Notes

**Avonworth School District**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**June 30, 2023**

**Exhibit 11**

	Custodial Fund
Additions	
Revenue from Student Activities	\$ 120,348
Interest Earnings	<u>2,592</u>
Total Additions	<u>122,940</u>
Deductions	
Student Activities Program Expenses	<u>104,344</u>
Change in Net Position	18,596
Net Position-July 1, 2022	<u>53,194</u>
Net Position-June 30, 2023	<u>\$ 71,790</u>

See Accompanying Notes



**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 1 - Summary of Significant Accounting Policies**

Avonworth School District, located in Allegheny County, Pennsylvania, provides public education, kindergarten through twelfth grade, to the residents of the Boroughs of Ben Avon, Ben Avon Heights and Emsworth and the Townships of Kilbuck and Ohio. The School District operates under a nine-person elected Board of Directors.

**A. Basic Financial Statements - Government-Wide Statements**

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of Avonworth School District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. In the government-wide statement of net position, governmental activities are represented on a consolidated basis by column.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**B. Basic Financial Statements - Fund Financial Statements**

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three categories: governmental; proprietary; and fiduciary.

The emphasis in fund financial statements is on the major funds in the governmental category. Nonmajor funds are summarized in a single column. The nonmajor funds are combined in a column in the fund financial statements.

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The School District reports these major governmental funds and fund types:

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

The *capital projects fund* accounts for financial resources to be used for the acquisition of construction of major capital facilities or equipment (other than those financed by proprietary funds).

The School District also reports as a nonmajor governmental fund the following:

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The School District reports the following proprietary fund type:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The *food service fund* accounts for the revenues, food purchases and other costs and expenses for providing meals to students and/or faculty during the school year.

3. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and are therefore not available to support School District programs. The reporting focus is on net position and changes in net position. The School District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust funds, investment trust funds, private purpose trust funds, or custodial funds). The School District reports the following fiduciary fund type:

The *custodial fund* represents the School District's student activity funds. These funds account for student activities in the high school, middle school, and elementary school.

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e. the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements, proprietary fund and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, intergovernmental revenues, interest, rent and certain miscellaneous income associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund and the custodial fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

D. Joint Venture

The School District is one of nine-member school districts of the A. W. Beattie Career Center (Beattie). Beattie provides vocational-technical training and education to participating students of the member districts. Beattie is controlled and governed by the Joint Board, which is composed of all the school board members of all the member districts. Beattie's operations are the responsibility of the Joint Committee, which consists of two representatives from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of Beattie. The School District's share of annual operating and capital costs for Beattie fluctuates, based on the percentage of enrollment of each member district in the school. The School District's financial obligation to Beattie for the year ended June 30, 2023, was \$387,988 which was paid in the year ended June 30, 2023 to Beattie and reported in the School District's general fund. The School District has no equity interest in Beattie as of June 30, 2023. Complete financial statements for Beattie can be obtained from the administrative offices at 9600 Babcock Boulevard, Allison Park, PA 15101-2091.

E. Cash and Cash Equivalents

The School District's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The market values of the funds approximate cost. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments are stated at fair value except that treasury and agency obligations that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost. Fair value is based on quoted market prices. Funds are invested pursuant to the Public School Code of 1949 and investment policy guidelines established by the School District and approved by the Members of the Board. The School Code states that authorized types of investments shall be: United States Treasury Bills; short-term obligations of the United States Government or its agencies or instrumentalities; deposits in savings accounts, time deposits or share accounts of institutions insured by the FDIC; obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States and the Commonwealth of Pennsylvania.

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

G. Budgets

The School Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis of accounting for the general fund. This is the only fund for which a budget is required and for which taxes may be levied. The general fund is the only fund that has an annual budget that has been legally adopted by the School Board. The Public School Code allows the School Board to authorize budget transfer amendments during the year, but only during the last nine months of the fiscal year. The School Board approved various budget transfers throughout the school year. There were no supplemental budgetary appropriations made during the year ended June 30, 2023.

The final budget data reflected in the financial statements includes the effect of approved budget transfer amendments and for comparative purposes the actual amounts have also been presented. The School District expenditures may not legally exceed the revised budget amounts by function. Function is defined as a program area such as instructional services. Management may amend the budget without seeking prior approval of the Board within a function. Amendments between functions require prior Board approval. Excess of expenditures over appropriations in the general fund is presented in the required supplementary information section.

H. Receivables and Payables

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

I. Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used.

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the general fund, if considered material. There was no material inventory balance as of June 30, 2023.

The inventory of the food service fund consists of food supplies and government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2023 are reported as unearned revenue.

J. Prepaid Items

In both the government-wide and fund financial statements, certain payments to vendors reflect costs applicable to future accounting periods are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

K. Capital Assets

Capital assets, which include property, plant, equipment and land improvements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$1,500 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

Assets	Years
Buildings	50
Building Improvements	25-30
Land Improvements	20
Furniture	5-10
Vehicles	8
Equipment	5-20

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 12 years.

L. Intangible Right-to-Use Assets

The School District has recorded intangible right-to-use assets as a result of implementing Governmental Accounting Standards Board (GASB) Statements No. 87 and 96. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease/subscription liability plus any payment made prior to the term, less any incentives, and plus any ancillary charges necessary to place the lease/subscription into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease/subscription. Per review of the information technology arrangements identified by the School District as potential SBITAs, the arrangements were determined to either not meet the definition of a SBITA or were immaterial to the financial statements.

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

M. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discount are reported as deferred charges and amortized over the term of the related debt.

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

N. Compensated Absences

The School District's policies regarding vacation and sick time is provided through various contracts. Employees can accumulate sick and/or vacation days which they are paid for upon retirement or termination of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the amount of reimbursable unused vacation or sick leave to employees who have terminated their employment as of the end of the fiscal year, while the proprietary funds report the liability as it is incurred.

O. Defining Operating Revenues and Expenses

The School District's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the School District's food service fund consist of charges for meals and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

P. 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 assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has four items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, in the government-wide statement of net position, the School District reports deferred outflows of resources as they relate to the cost-sharing defined benefit plan and other post-employment benefits. The School District reports no deferred outflows of resources in the fund financial statements.

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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The School District has only one type of item, which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category.

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The School District has three items reported in the government-wide statement of net position relating to the cost sharing defined benefit pension plan and other post-employment benefits. These amounts are deferred and recognized as inflows of resources in the period that the amount becomes available.

Q. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Fund Statements - Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, fund balance reporting and governmental fund type definitions, the School District classifies governmental fund balances as follows:

Nonspendable - amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to remain intact.

Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payments and includes a legally enforceable requirement on the use of these funds.

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action, approval of a motion by the majority of the School Board. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially commit the money.

Assigned - reflects the School District's intent to use the money for a specific purpose but is not considered restricted or committed. The assignment of fund balance can be assigned by management in the business office.

Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.



**Avonworth School District  
Notes to Financial Statements  
June 30, 2023**

The School District's policy is that it considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. It also considers committed amounts to be spent first when an expenditure is incurred for purposes for which both committed and unassigned fund balance could be used.

The purposes of the nonspendable, and committed fund balances as of June 30, 2023, are as follows:

1. The nonspendable fund balance in the general fund of \$458,219 and in the capital projects fund of \$656,695 is for prepaid expenses as of June 30, 2023.
2. The purpose of the committed fund balance in the general fund of \$2,000,000 is for projected employee benefit costs.
3. The purpose of restricted fund balances in the capital projects fund of \$10,882,083 is for future capital expenditures.
4. The purpose of committed fund balance in the capital projects fund of \$2,222,649 is for future capital expenditures.

**Note 2 - Deposits and Investments**

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

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of June 30, 2023, \$2,963,987 of the School District's bank balance of \$3,213,987 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging	
Bank's Agent not in the School District's Name	<u>\$2,963,987</u>

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

Investments	Fair Value
PSDLAF	<u>\$22,251,281</u>

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

**Credit Risks** - The Pennsylvania Public School Code authorizes the types of investments allowed. These are described in Note 1F. The School District has no investment policy that would further limit its investment choices. The School District's investments in Pennsylvania School District Liquid Asset Fund (PSDLAF) were rated AAAM by Standard & Poor's.

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

Concentration of Credit Risk - The School District places no limit on the amount it may invest in any one issue.

**Investments**

The Pennsylvania School District Liquid Asset Fund (PSDLAF) was established as a common law trust, organized under laws of the Commonwealth of Pennsylvania. Shares of the fund are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the fund is to enable such governmental units to pool their available funds for investments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. This fund has the characteristics of open-end mutual funds and is not subject to custodial credit risk classification.

PSDLAF is governed by an elected board of trustees who are responsible for the overall management of the fund. The trustees are elected from the several classes of local governments participating in the fund. The fund is audited annually by independent auditors. The fund is a local government investment pool and is exempt from the requirements of SEC's Rule 2(a)7 of the Investment Company Act of 1940. The fund measures for financial reporting purposes its assets at amortized cost and maintains a stable net asset value of \$1 per share. Accordingly, the fair value of the position in PSDLAF is the same as the value of PSDLAF shares. There are no limitations or restrictions on withdrawals.

**Note 3 - Real Estate Taxes**

The municipal tax collectors bill and collect real estate taxes on behalf of the School District based upon assessed values provided by the County. The School District's tax rate for all purposes in 2022/2023 was 20.19 mills (\$20.19 per \$1,000 assessed valuation).

The tax calendar for real estate taxes levied is as follows:

Tax Levy Date	July 1, 2022
2% Discount Period	Through August 31, 2022
Face Payment Period	September 1 - October 31, 2022
10% Penalty Period	November 1, Until Liened
Lien Filing Date	July 1, 2023

Taxpayers may also pay these taxes in three equal installments due at face on or before the following dates: August 31; October 31; and December 31.

The amounts shown as delinquent real estate taxes receivable have not been recorded as revenue on the fund statements. These taxes are, however, recorded as deferred inflows of resources on the balance sheet until they are received. The real estate taxes receivable are reported net of the estimated uncollectible amounts which are estimated at approximately 39%. The receivable includes penalty and interest. The amounts reported for this receivable are reported on the balance sheet in the amount of \$1,711,343 net of estimated uncollectible amounts of \$1,094,137, along with other taxes receivable of \$163,628.

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 4 - Due from Other Governments**

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2023, the following amounts are due from other governmental units:

	Governmental Funds	Business-Type Activities	Totals
Federal (through the state)	\$ 126,946	\$ 35,673	\$ 162,619
State	<u>1,275,768</u>	<u>14,847</u>	<u>1,290,615</u>
	<u>\$ 1,402,714</u>	<u>\$ 50,520</u>	<u>\$ 1,453,234</u>

**Note 5 - Capital Assets**

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

	Balance 07/01/22	Additions	Transfers	Balance 06/30/23
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 892,656	\$ -	\$ -	\$ 892,656
Construction in Progress	<u>751,925</u>	<u>2,751,836</u>	<u>(292,051)</u>	<u>3,211,710</u>
Total Capital Assets not Being Depreciated	<u>1,644,581</u>	<u>2,751,836</u>	<u>(292,051)</u>	<u>4,104,366</u>
Capital Assets Being Depreciated				
Land Improvements	4,015,478	40,250	292,051	4,347,779
Buildings and Building Improv.	53,352,012	33,020	-	53,385,032
Furniture and Equipment	<u>1,848,392</u>	<u>120,168</u>	<u>-</u>	<u>1,968,560</u>
Total Capital Assets Being Depreciated	<u>59,215,882</u>	<u>193,438</u>	<u>292,051</u>	<u>59,701,371</u>
Less Accumulated Depreciation				
Land Improvements	2,480,385	164,303	-	2,644,688
Buildings and Building Improv.	20,402,744	1,079,866	-	21,482,610
Furniture and Equipment	<u>1,305,534</u>	<u>66,007</u>	<u>-</u>	<u>1,371,541</u>
Total Accumulated Depreciation	<u>24,188,663</u>	<u>1,310,176</u>	<u>-</u>	<u>25,498,839</u>
Total Capital Assets Being Depreciated, Net	<u>35,027,219</u>	<u>(1,116,738)</u>	<u>292,051</u>	<u>34,202,532</u>
Governmental Activities Capital Assets, Net	<u>\$36,671,800</u>	<u>\$ 1,635,098</u>	<u>\$ -</u>	<u>\$38,306,898</u>

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

	Balance 07/01/22	Additions	Transfers	Balance 06/30/23
Business-Type Activities				
Furniture and Equipment	\$ 133,767	\$ 9,982	\$ -	\$ 143,749
Less Accumulated Depreciation and Equipment	<u>133,242</u>	<u>1,156</u>	<u>-</u>	<u>134,398</u>
Business-Type Activities Capital Assets, Net	<u>\$ 525</u>	<u>\$ 8,826</u>	<u>\$ -</u>	<u>\$ 9,351</u>
Governmental Activities				
Intangible Right-to-use Assets:				
Leased Equipment	<u>\$ 242,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,966</u>
Less Accumulated Amortization	<u>48,593</u>	<u>48,593</u>	<u>-</u>	<u>97,186</u>
Net Intangible Right-to-use Assets	<u>\$ 194,373</u>	<u>\$ (48,593)</u>	<u>\$ -</u>	<u>\$ 145,780</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
Instruction	\$ 1,066,331
Operation and Maintenance of Plant Services	131,321
Student Activities	<u>112,524</u>
Total Depreciation Expense	<u>\$ 1,310,176</u>
Business-Type Activities - Food Service	<u>\$ 1,156</u>
Governmental Activities	
Intangible Right-to-use Assets:	
Administration and Financial Support Services	<u>\$ 48,593</u>

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 6 - Interfund Balances/Transfers**

At June 30, 2023, interfund balances were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,162,601	\$ 1,000,000
Capital Projects Fund	1,000,000	-
Proprietary Fund		
Food Service Fund	-	1,162,601
	\$ 2,162,601	\$ 2,162,601

Balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All the balances above are expected to be collected in the subsequent year.

In addition, the general fund made a transfer to the capital projects fund in the amount of \$1,560,876 for the purpose of funding future capital projects.

**Note 7 - Long-Term Liabilities**

Long-term liability for the year ended June 30, 2023 was as follows:

	Balance 07/01/22	Additions	Reductions	Balance 06/30/23	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 44,270,000	\$ -	\$ 1,830,000	\$ 42,440,000	\$ 1,970,000
Plus: Bond Premium	591,317	-	92,992	498,325	-
Less: Bond Discount	(71,675)	-	(3,806)	(67,869)	-
Total Bonds Payable	44,789,642	-	1,919,186	42,870,456	1,970,000
General Obligation Notes	328,262	-	41,681	286,581	43,719
Compensated Absences	460,364	-	62,388	397,976	47,757
Governmental Activities					
Long-Term Liabilities	\$ 45,578,268	\$ -	\$ 2,023,255	\$ 43,555,013	\$ 2,061,476
Lease Liabilities	\$ 197,146	\$ -	\$ 47,166	\$ 149,980	\$ 48,553
Total Long-Term Obligations as Reported in the Statement of Net Position				\$ 43,704,993	\$ 2,110,029

**Avonworth School District  
Notes to Financial Statements  
June 30, 2023**

General Obligation Bonds

Refunding Series of 2018 Bonds of \$9,510,000 due in varying installments through March 15, 2035, yield ranging from 2.02% to 3.85%	\$ 9,260,000
Refunding Series of 2019 Bonds of \$4,855,000 due in varying installments through March 15, 2037, yield ranging from 1.35% to 2.45%	4,720,000
Refunding Series of 2020A&B1 Bonds of \$6,985,000 due in varying installments through March 15, 2026, yield of 2.00%	3,920,000
Refunding Series of 2020B2 Bonds of \$9,575,000 due in varying installments through March 15, 2031, yield ranging from 2.00% to 3.00%	9,430,000
Series of 2020C Bonds of \$5,170,000 due in varying installments through March 15, 2041, yield ranging from 2.000% to 2.375%	5,160,000
Series of 2021 Bonds of \$9,955,000 due in varying installments through March 15, 2046, yield ranging from 1.625% to 2.750%	<u>9,950,000</u>
	<u>\$ 42,440,000</u>

General Obligation Notes

Series of 2016 in the amount of \$547,043; payable in semi-annual installments; final payment due April 15, 2029, interest from 0.5% to 5.0%	<u>\$ 286,581</u>
----------------------------------------------------------------------------------------------------------------------------------------------	-------------------

The debt service source for the above is the general fund.

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

The annual requirements of School District funds to amortize all debt outstanding (excluding compensated absences) as of June 30, 2023, including interest and sinking fund payments, are as follows:

Year Ended June 30,	General Obligation Bonds		General Obligation Notes		Totals
	Principal	Interest	Principal	Interest	
2024	\$ 1,970,000	\$ 1,095,543	\$ 43,719	\$ 7,517	\$ 3,116,779
2025	2,015,000	1,051,593	45,942	5,276	3,117,811
2026	2,045,000	1,006,493	47,795	3,649	3,102,937
2027	2,105,000	965,293	48,721	2,684	3,121,698
2028	2,145,000	926,874	49,647	1,670	3,123,191
2029-2033	11,965,000	3,831,429	50,757	571	15,847,757
2034-2038	10,325,000	1,955,861	-	-	12,280,861
2039-2043	6,995,000	864,006	-	-	7,859,006
2044-2046	2,875,000	159,638	-	-	3,034,638
	<u>\$42,440,000</u>	<u>\$11,856,730</u>	<u>\$ 286,581</u>	<u>\$ 21,367</u>	<u>\$ 54,604,678</u>

**Note 8 - Long-Term Liabilities**

On June 30, 2021, the School District entered into an agreement to lease copiers. The term of the lease is for five years requiring monthly payments of \$4,355. The lease agreement qualifies as other than short-term lease under GASB 87 and, therefore, has been recorded at present value of the future minimum lease payments as of the date of its inception. For purposes of discounting future payments, the School District determined an interest rate of 2.9% to be an appropriate discount rate.

As of June 30, 2023, the value of the lease liability recorded for the above lease was \$149,980. As a result, the School District has recorded an Intangible Right-to-Use asset with a net book value of \$145,780 as of June 30, 2023. Future minimum lease payments under this lease are as follows:

Year Ended June 30,	Lease Payable		Totals
	Principal	Interest	
2024	\$ 48,553	\$ 3,707	\$ 52,260
2025	49,979	2,281	52,260
2026	51,448	812	52,260
	<u>\$ 149,980</u>	<u>\$ 6,800</u>	<u>\$ 156,780</u>

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 9 - Public School Employees' Retirement System (PSERS)**

A. Summary of Significant Accounting Policies

Pensions

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

B. General Information about the Pension Plan

1. 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](http://www.psers.pa.gov).

2. Benefits Provided

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

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

Benefits are generally between 1% and 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.



**Avonworth School District  
Notes to Financial Statements  
June 30, 2023**

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.

3. Contributions

Member Contributions

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%/6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.5% 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: 10.3% After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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%

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2023 was 34.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$5,326,434 for the year ended June 30, 2023.

C. 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 \$45,926,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023, the School District's proportion was 0.1033%, which was a decrease of 0.0015% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of \$4,403,416. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 21,000	\$ 397,000
Net difference between projected and actual investment earnings	-	779,000
Changes in assumptions	1,371,000	-
Changes in proportions	1,717,000	519,000
Difference between employer contributions and proportionate share of total contributions	128,210	-
Contributions subsequent to the measurement date	<u>5,326,434</u>	<u>-</u>
	<u>\$ 8,563,644</u>	<u>\$ 1,695,000</u>

\$5,326,434 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 net pension liability in the year ended June 30, 2024.

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2024	\$ 1,116,019
2025	675,656
2026	(1,343,102)
2027	<u>1,093,637</u>
	<u>\$ 1,542,210</u>

1. Changes in Actuarial Assumptions

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

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

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

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

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

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

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

The above table 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.

2. Discount Rate

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

**Avonworth School District  
Notes to Financial Statements  
June 30, 2023**

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

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

	(In Thousands)		
	1.00% Decrease	Current Discount Rate	1.00% Increase
	6.00%	7.00%	8.00%
School District's proportionate share of the net pension liability	\$ 59,402	\$ 45,926	\$ 34,564

4. Pension Plan Fiduciary Net Position

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

**Note 10 - Contingent Liabilities**

Avonworth School District participates in a number of federally assisted grant programs, principal of which are Education Stabilization Fund and National School Lunch Program. The programs are subject to program compliance audits by the grantors or their representatives. The audits of some of these programs for and including the year ended June 30, 2023 have not yet been conducted. Accordingly, the School District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

**Note 11 - Other Post-Employment Benefit Plan**

A. Plan Description

Avonworth School District administers a single-employer defined benefit OPEB plan ("the Supplemental Health Plan"). The plan provides medical, and in some cases dental and vision, for four groups of employees: teachers; administrators; support staff; and custodians.

The benefits provided are for the eligible retirees and their spouses through the School District group health insurance plan which covers both active and retired members. Benefit provisions are mostly established through negotiations between the School District and union or group representing the employees. The plan does not issue a publicly available financial report.

Effective for the 2016/2017 fiscal year, a voluntary retirement incentive is in effect for teachers.

In order to be eligible, the teacher must terminate school service by June 30, 2017 and retire under PSERS with at least 15 years of service with the School District.

**Avonworth School District  
Notes to Financial Statements  
June 30, 2023**

For a teacher who retires under this incentive, the District will contribute the following amounts towards the premium:

- 6 years at a maximum of \$1,050 per month from July 2017 through June 2023;
- 7 years at a maximum of \$900 per month from July 2017 through June 2024;
- 8 years at a maximum of \$800 per month from July 2017 through June 2025;
- 9 years at a maximum of \$700 per month from July 2017 through June 2026; or
- 10 years at a maximum of \$600 per month from July 2017 through June 2027.

At this time, there is no retirement incentive currently in place for any group other than teachers. However, the School District has had incentives in the past but those incentives have been infrequent. In the absence of a retirement incentive, the School District does not provide post-retirement medical, dental or vision coverage. Consistent with the current teachers' incentive, past incentives that have been in place called for the School District to provide a specified monthly amount to be used towards the purchase of health coverage. The monthly amount would typically be provided for a specified number of years which ranged from 6 to 10 years.

Medical

The School District provides eligible retirees with an option of either a PPO program called Community Blue Flex PPO or an EPO called Keystone Blue Flex which is provided through the Allegheny County Schools Health Insurance Consortium (ACSHIC). The plan is administered by Highmark.

Dental/Vision

Retirees are eligible to remain covered for dental and/or vision benefits. However, retirees and spouses are required to contribute 100% of the premium rate.

Eligibility

Should there be an incentive in place, the eligibility criteria is typically as follows: Employees are eligible for post-retirement medical, dental and vision coverage provided they meet the criteria for either early or normal retirement under PSERS. Employees are eligible for early retirement upon attaining age 55 with at least 25 years of service under PSERS. Normal retirement eligibility occurs upon attaining 35 years of service, age 60 with 30 years of service, or age 62 with 1 year of service.

Life Insurance

Retiree life insurance benefits are not provided.

At July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Active employees	<u>177</u>
	<u>181</u>

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

B. Total OPEB Liability

The School District's total OPEB liability of \$1,045,343 was measured as of July 1, 2022 and was determined by an actuarial valuation as of that date.

C. Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2022 actuarial was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	2.50%
Discount Rate	3.54%
Healthcare Cost Trend Rates	7.00% for 2022/2023, decreasing 0.25% per year to an ultimate rate of 4.50%

The discount rate was based on the Bond Buyers 20-Bond Index.

Mortality rates were based on the Pri.H-2012 Total Dataset Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 actuarial valuation were selected using input from the School District based upon actual experience.

D. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	\$ 1,234,310
Changes for the year:	
Service Cost	63,260
Interest	26,661
Differences between expected and actual experience	(89,623)
Changes of assumptions or other inputs	(122,500)
Benefit Payments	<u>(66,765)</u>
Net Changes	<u>(188,967)</u>
Balance at June 30, 2023	<u>\$ 1,045,343</u>

E. Changes of Assumptions and Other Inputs

- Changed the discount rate from 2.16% to 3.54%.
- Updated the mortality improvement scale to MP-2021.

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

F. Sensitivity of the Total Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.54%) or 1-percentage point higher (4.54%) than the current discount rate:

	1.00% Decrease 2.54%	Current Discount Rate 3.54%	1.00% Increase 4.54%
Total OPEB Liability	\$ 1,134,380	\$ 1,045,343	\$ 964,413

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

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

	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	\$ 966,996	\$ 1,045,343	\$ 1,136,032

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

For the year ended June 30, 2023, the School District recognized OPEB expense of \$76,005. At June 30, 2023, the School District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 170,712	\$ 202,990
Changes in assumptions	234,376	498,512
Benefit payments subsequent to the measurement date	62,378	-
	\$ 467,466	\$ 701,502

The \$62,378 amount reported as deferred outflows of resources resulting from the School District's benefit payments subsequent to the measurement date will be recognized as a reduction in next year's total OPEB liability.



**Avonworth School District  
Notes to Financial Statements  
June 30, 2023**

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

Year Ended June 30,	
2024	\$ (13,916)
2025	(13,916)
2026	(13,916)
2027	(13,916)
2028	(13,916)
Thereafter	<u>(226,834)</u>
	<u>\$ (296,414)</u>

**Note 12 - Other Post-Employment Benefits - PSERS**

A. Summary of Significant Accounting Policies

Other Post-Employment Benefits

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

B. General Information about the Health Insurance Premium Assistance Program

1. 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.

2. 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

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

- 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.

3. Pension Plan Description

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

4. 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.

Employer Contributions

The School District's contractually required contribution rate for 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 School District were \$116,433 for the year ended June 30, 2023.

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

At June 30, 2023, the School District reported a liability of \$1,898,000 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 School 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 School District's proportion was 0.1031%, which was a decrease of 0.0016% from its proportion measured as of June 30, 2022.

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

For the year ended June 30, 2023, the School District recognized OPEB expense of \$93,901. At June 30, 2023, the School 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
Difference between expected and actual experience	\$ 17,000	\$ 10,000
Net difference between projected and actual investment earnings	5,000	-
Changes in assumptions	211,000	448,000
Changes in proportions	153,000	28,000
Difference between employer contributions and proportionate share of total contributions	3,845	-
Contributions subsequent to the measurement date	<u>116,433</u>	<u>-</u>
	<u>\$ 506,278</u>	<u>\$ 486,000</u>

\$116,433 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 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:

Year Ended June 30,	
2024	\$ (8,450)
2025	(1,940)
2026	(13,165)
2027	(27,600)
2028	(45,000)
Thereafter	<u>-</u>
	<u>\$ (96,155)</u>

1. 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.

**Avonworth School District  
Notes to Financial Statements  
June 30, 2023**

- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate pre age 65 at 50%.
  - Eligible retirees will elect to participate post age 65 at 70%.

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

The following assumptions were used to determine the contribution rate:

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	<u>100%</u>	0.50%

The above table 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.

**Avonworth School District  
Notes to Financial Statements  
June 30, 2023**

2. 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.

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

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

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

	(In Thousands)		
	1.00% Decrease	Current Trend Rate	1.00% Increase
System net OPEB Liability	\$ 1,898	\$ 1,898	\$ 1,898

4. Sensitivity of School District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

	(In Thousands)		
	1.00% Decrease 3.09%	Current Discount Rate 4.09%	1.00% Increase 5.09%
School District's proportionate share of the net OPEB liability	\$ 2,146	\$ 1,898	\$ 1,690

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

5. 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](http://www.psers.pa.gov).

**Note 13 - Risk Management**

The School District is one of forty-six members of the Allegheny County Schools Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. Contributions to the Consortium totaled \$3,486,852 and \$3,278,832 for the years ended June 30, 2023 and 2022, respectively.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to or responsible for a proportionate share of the Consortium net position or deficiency in net position, respectively, as determined on the fiscal year-end date after withdrawal. As of June 30, 2023, the net position of the Consortium was \$43,578,886 of which \$417,836 is attributable to the School District.

The School District participates in an insurance program offered by a commercial insurance company. It purchases commercial insurance policies for risks of losses for casualty, workmen's compensation and liability claims.

The School District is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

**Note 14 - On-Behalf Payments**

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2023 was \$3,333,618.

This includes \$2,752,351 recognized for revenues and expenditures relating to pension contributions for its employees that the Commonwealth of Pennsylvania paid to the Public School Employees' Retirement System (PSERS) for pension and \$581,267 to the federal government for social security and Medicare taxes for the year ended June 30, 2023. The School District pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate share.

**Avonworth School District**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 15 - Tax Increment Financing Plan**

The School District has entered into a tax increment financing plan with Ohio Township and Allegheny County to provide financing for the development of blighted areas within their respective jurisdictions in order to increase the tax base and improve the general economy. The Mt. Nebo Pointe Tax Increment financing plan is for the financing and construction of infrastructure improvements in connection with a mixed-use commercial development. The School District agrees to contribute and pay over to the Redevelopment Authority for repayment of debt issued by them for the assistance in funding this project, 78% of their share of all incremental real estate taxes realized from increase in market value of taxable real property situated in the tax increment financing district. For the year ended June 30, 2023, the School District abated property taxes totaling \$105,435 under this agreement.

**Note 16 – Construction Commitment**

As of June 30, 2023, the School District had construction commitments in the amount of approximately \$27,012,353 for various capital projects. It is anticipated these projects will be completed in the 2023/2024 fiscal year.

**Note 17 – Subsequent Event**

On October 31, 2023, the School District issued General Obligation Bonds Series of 2023 in the amount of \$9,755,000 to fund future capital projects.

**REQUIRED SUPPLEMENTARY  
INFORMATION SECTION**



**Avonworth School District  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance  
General Fund – Budget and Actual  
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
<b>Local Sources</b>				
<b>Taxes</b>				
Current Real Estate Taxes	\$ 23,620,000	\$ 23,620,000	\$ 23,885,846	\$ 265,846
Public Utility Realty Taxes	21,500	21,500	25,532	4,032
Local Services Taxes	22,000	22,000	20,214	(1,786)
Earned Income Taxes	3,100,000	3,100,000	3,332,221	232,221
Real Estate Transfer Taxes	500,000	500,000	533,174	33,174
Delinquencies on Taxes	485,000	485,000	537,413	52,413
Earnings on Investments	6,000	6,000	606,940	600,940
<b>Other Local Revenues</b>				
Revenue from Student Activities	40,440	40,440	63,281	22,841
State Revenues from IU	-	-	75,000	75,000
Federal Revenues from IU	312,915	312,915	315,739	2,824
Contributions & Donations from Private Sources	-	-	15,120	15,120
Rentals	24,424	24,424	2,790	(21,634)
Miscellaneous Revenue	20,221	20,221	37,124	16,903
<b>Total Revenues from Local Sources</b>	<u>28,152,500</u>	<u>28,152,500</u>	<u>29,450,394</u>	<u>1,297,894</u>
<b>State Sources</b>				
<b>Basic Instructional &amp; Oper. Subsidies</b>				
Basic Instructional Subsidy	3,108,000	3,108,000	3,160,666	52,666
Tuition	-	-	36,946	36,946
<b>Subsidies for Spec. Educ. Programs</b>				
Special Education of Excep. Pupils	765,000	765,000	768,940	3,940
<b>Subsidies for Noneduc. Programs</b>				
Transportation (Regular & Additional)	420,000	420,000	495,874	75,874
Rentals & Sinking Fund Payments	278,418	278,418	212,620	(65,798)
Ready to Learn Block Grant	-	-	108,288	108,288
Health Services	43,315	43,315	42,464	(851)
State Property Tax Reduction	311,645	311,645	311,645	-
Social Security Payments	620,000	620,000	573,326	(46,674)
State Retirement Revenue	2,750,000	2,750,000	2,716,220	(33,780)
Other State Revenue	108,288	108,288	71,742	(36,546)
<b>Total Revenues from State Sources</b>	<u>8,404,666</u>	<u>8,404,666</u>	<u>8,498,731</u>	<u>94,065</u>

**Avonworth School District  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance  
General Fund – Budget and Actual  
Year Ended June 30, 2023**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Federal Sources</b>				
Restricted Grants-In-Aid from the Fed. Gov't. through the Commonwealth				
Title I	100,000	100,000	57,725	(42,275)
Title II	-	-	24,383	24,383
Title IV	-	-	10,000	10,000
Medical Assistance - Access	-	-	1,211	1,211
Elementary & Secondary School Emergency Relief Fund (ARP ESSER)	120,000	120,000	77,692	(42,308)
Elementary & Secondary School Emergency Relief Fund (ARP 7%)	-	-	36,275	36,275
<b>Total Revenues from Federal Sources</b>	<b>220,000</b>	<b>220,000</b>	<b>207,286</b>	<b>(12,714)</b>
<b>Total Revenues</b>	<b>36,777,166</b>	<b>36,777,166</b>	<b>38,156,411</b>	<b>1,379,245</b>
<b>Expenditures</b>				
<b>Instruction</b>				
<b>Regular Programs</b>				
<b>Personal Services</b>				
Salaries	9,253,919	9,253,919	9,021,619	232,300
Employee Benefits	5,867,091	5,867,091	5,863,919	3,172
Purchased Prof. and Tech. Services	413,864	413,864	474,906	(61,042)
Purchased Property Services	64,814	64,814	-	64,814
Other Purchased Services	363,951	363,951	304,296	59,655
Supplies	604,032	604,032	419,688	184,344
Property	13,390	13,390	3,809	9,581
<b>Total Regular Programs</b>	<b>16,581,061</b>	<b>16,581,061</b>	<b>16,088,237</b>	<b>492,824</b>
<b>Special Programs</b>				
<b>Personal Services</b>				
Salaries	2,424,962	2,424,962	2,478,582	(53,620)
Employee Benefits	1,583,895	1,583,895	1,590,287	(6,392)
Purchased Prof. and Tech. Services	341,191	341,191	262,703	78,488
Purchased Property Services	5,046	5,046	-	5,046
Other Purchased Services	604,271	604,271	944,366	(340,095)
Supplies	77,665	77,665	61,502	16,163
<b>Total Special Programs</b>	<b>5,037,030</b>	<b>5,037,030</b>	<b>5,337,440</b>	<b>(300,410)</b>
<b>Vocational Education Programs</b>				
Other Purchased Services	387,988	387,988	387,988	-

**Avonworth School District  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance  
General Fund – Budget and Actual  
Year Ended June 30, 2023**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Instructional Programs				
Personal Services				
Salaries	60,573	60,573	40,919	19,654
Employee Benefits	34,841	34,841	17,510	17,331
Other Purchased Services	48,985	48,985	195	48,790
Supplies	8,802	8,802	-	8,802
Total Other Instructional Programs	<u>153,201</u>	<u>153,201</u>	<u>58,624</u>	<u>94,577</u>
Nonpublic School Programs				
Purchased Prof. and Tech. Services	3,501	3,501	862	2,639
Other Purchased Services	-	-	2,161	(2,161)
Total Nonpublic School Programs	<u>3,501</u>	<u>3,501</u>	<u>3,023</u>	<u>478</u>
Total Instruction	<u>22,162,781</u>	<u>22,162,781</u>	<u>21,875,312</u>	<u>287,469</u>
Support Services				
Pupil Personnel				
Personal Services				
Salaries	589,971	589,971	617,725	(27,754)
Employee Benefits	430,798	430,798	392,791	38,007
Purchased Prof. and Tech. Services	422,554	422,554	312,404	110,150
Other Purchased Services	5,163	5,163	1,506	3,657
Supplies	93,315	93,315	53,246	40,069
Other Objects	3,140	3,140	1,130	2,010
Total Pupil Personnel	<u>1,544,941</u>	<u>1,544,941</u>	<u>1,378,802</u>	<u>166,139</u>
Instructional Staff				
Personal Services				
Salaries	312,788	312,788	288,624	24,164
Employee Benefits	259,834	259,834	224,641	35,193
Purchased Prof. and Tech. Services	21,370	21,370	49,805	(28,435)
Other Purchased Services	12,450	12,450	4,318	8,132
Supplies	151,662	151,662	117,210	34,452
Other Objects	7,830	7,830	1,548	6,282
Total Instructional Staff	<u>765,934</u>	<u>765,934</u>	<u>686,146</u>	<u>79,788</u>

**Avonworth School District**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**General Fund – Budget and Actual**  
**Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Administration</b>				
Personal Services				
Salaries	1,250,962	1,250,962	1,203,181	47,781
Employee Benefits	820,020	820,020	737,875	82,145
Purchased Prof. and Tech. Services	231,825	231,825	125,619	106,206
Purchased Property Services	12,581	12,581	10,493	2,088
Other Purchased Services	55,545	55,545	38,909	16,636
Supplies	91,910	91,910	73,625	18,285
Other Objects	33,588	33,588	13,431	20,157
<b>Total Administration</b>	<u>2,496,431</u>	<u>2,496,431</u>	<u>2,203,133</u>	<u>293,298</u>
<b>Pupil Health</b>				
Personal Services				
Salaries	173,406	173,406	171,917	1,489
Employee Benefits	129,841	129,841	118,350	11,491
Purchased Prof. and Tech. Services	1,506	1,506	16,149	(14,643)
Purchased Property Services	623	623	-	623
Other Purchased Services	1,030	1,030	26	1,004
Supplies	7,400	7,400	7,994	(594)
<b>Total Pupil Health</b>	<u>313,806</u>	<u>313,806</u>	<u>314,436</u>	<u>(630)</u>
<b>Business</b>				
Personal Services				
Salaries	205,817	205,817	223,028	(17,211)
Employee Benefits	125,182	125,182	123,187	1,995
Purchased Prof. and Tech. Services	30,739	30,739	34,299	(3,560)
Purchased Property Services	21,489	21,489	-	21,489
Other Purchased Services	9,408	9,408	9,740	(332)
Supplies	6,357	6,357	6,177	180
Other Objects	2,119	2,119	2,091	28
<b>Total Business</b>	<u>401,111</u>	<u>401,111</u>	<u>398,522</u>	<u>2,589</u>

**Avonworth School District  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance  
General Fund – Budget and Actual  
Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Oper. and Maint. of Plant Svcs.				
Personal Services				
Salaries	689,344	689,344	679,798	9,546
Employee Benefits	569,700	569,700	497,411	72,289
Purchased Prof. and Tech. Services	4,131	4,131	4,955	(824)
Purchased Property Services	256,961	256,961	285,957	(28,996)
Other Purchased Services	139,241	139,241	140,558	(1,317)
Supplies	568,450	568,450	619,384	(50,934)
Property	95,000	95,000	170,728	(75,728)
Other Objects	3,116	3,116	-	3,116
Total Oper. and Maint. of Plant Svcs.	<u>2,325,943</u>	<u>2,325,943</u>	<u>2,398,791</u>	<u>(72,848)</u>
Student Transportation Services				
Other Purchased Services	<u>2,106,529</u>	<u>2,106,529</u>	<u>1,883,055</u>	<u>223,474</u>
Central				
Personal Services				
Employee Benefits	21,000	21,000	18,672	2,328
Purchased Prof. and Tech. Services	385,000	385,000	379,343	5,657
Purchased Property Services	209,229	209,229	136,170	73,059
Other Purchased Services	1,308	1,308	-	1,308
Supplies	18,285	18,285	8,715	9,570
Property	399,371	399,371	335,971	63,400
Other Objects	1,696	1,696	-	1,696
Total Central	<u>1,035,889</u>	<u>1,035,889</u>	<u>878,871</u>	<u>157,018</u>
Other				
Personal Services				
Employee Benefits	-	-	11,260	(11,260)
Other Purchased Services	44,289	44,289	33,845	10,444
Total Other	<u>44,289</u>	<u>44,289</u>	<u>45,105</u>	<u>(816)</u>
Total Support Services	<u>11,034,873</u>	<u>11,034,873</u>	<u>10,186,861</u>	<u>848,012</u>

**Avonworth School District  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance  
General Fund – Budget and Actual  
Year Ended June 30, 2023**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	631,950	631,950	672,360	(40,410)
Employee Benefits	318,048	318,048	256,886	61,162
Purchased Prof. and Tech. Services	23,500	23,500	25,057	(1,557)
Purchased Property Services	11,330	11,330	17,555	(6,225)
Other Purchased Services	79,980	79,980	121,475	(41,495)
Supplies	183,161	183,161	179,469	3,692
Property	5,000	5,000	-	5,000
Other Objects	1,500	1,500	-	1,500
	<u>1,254,469</u>	<u>1,254,469</u>	<u>1,272,802</u>	<u>(18,333)</u>
Total Student Activities				
Community Services				
Other Purchased Services	<u>10,855</u>	<u>10,855</u>	<u>4,910</u>	<u>5,945</u>
Total Noninstructional Services	<u>1,265,324</u>	<u>1,265,324</u>	<u>1,277,712</u>	<u>(12,388)</u>
Debt Service				
Interest	1,578,732	1,578,732	1,137,585	441,147
Refunds of Prior Year's Receipts	15,450	15,450	1,955	13,495
Redemption of Principal	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,918,847</u>	<u>(218,847)</u>
Total Debt Service	<u>3,294,182</u>	<u>3,294,182</u>	<u>3,058,387</u>	<u>235,795</u>
Total Expenditures	<u>37,757,160</u>	<u>37,757,160</u>	<u>36,398,272</u>	<u>1,358,888</u>
Other Financing Uses				
Fund Transfers				
Capital Projects Fund	300,000	300,000	1,560,876	(1,260,876)
Budgetary Reserve	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total Other Financing Uses	<u>500,000</u>	<u>500,000</u>	<u>1,560,876</u>	<u>(1,060,876)</u>
Total Expenditures and Other Financing Uses	<u>38,257,160</u>	<u>38,257,160</u>	<u>37,959,148</u>	<u>298,012</u>
Net Change in Fund Balance	(1,479,994)	(1,479,994)	197,263	1,677,257
Fund Balance - July 1, 2022	<u>6,500,000</u>	<u>6,500,000</u>	<u>7,985,330</u>	<u>1,485,330</u>
Fund Balance - June 30, 2023	<u>\$ 5,020,006</u>	<u>\$ 5,020,006</u>	<u>\$ 8,182,593</u>	<u>\$ 3,162,587</u>

**Avonworth School District**  
**Note to the Required Supplementary Information**  
**Budget Comparison**  
**June 30, 2023**

**Note 1 – Budgetary Information**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at year-end.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budget during the year).

**Avonworth School District**  
**Required Supplementary Information**  
**Schedule of Changes in the Total OPEB Liability**  
**and Related Ratios**  
**Last Eight Years**

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Total OPEB Liability								
Service Cost	\$ 63,260	\$ 60,092	\$ 43,147	\$ 36,010	\$ 122,943	\$ 121,863	\$ 65,974	\$ -
Interest	26,661	26,172	44,534	44,578	58,764	44,735	40,271	-
Difference Between Expected and Actual Experience	(89,623)	-	(135,244)	-	(16,721)	-	341,428	-
Changes in Assumptions and Other Inputs	(122,500)	30,492	43,425	120,680	(535,058)	(48,080)	169,417	-
Benefit Payments	(66,765)	(66,707)	(83,992)	(80,773)	(119,487)	(46,702)	(54,226)	-
Net Change in Total OPEB Liability	(188,967)	50,049	(88,130)	120,495	(489,559)	71,816	562,864	-
Total OPEB Liability - Beginning	<u>1,234,310</u>	<u>1,184,261</u>	<u>1,272,391</u>	<u>1,151,896</u>	<u>1,641,455</u>	<u>1,569,639</u>	<u>1,006,775</u>	<u>-</u>
Total OPEB Liability - Ending	<u>\$ 1,045,343</u>	<u>\$ 1,234,310</u>	<u>\$ 1,184,261</u>	<u>\$ 1,272,391</u>	<u>\$ 1,151,896</u>	<u>\$ 1,641,455</u>	<u>\$ 1,569,639</u>	<u>\$ 1,006,775</u>
Covered-Employee Payroll	\$ 12,493,099	\$ 12,047,219	\$ 11,753,384	\$ 10,936,149	\$ 10,669,414	\$ 10,278,122	\$ 10,027,436	N/A
Total OPEB Liability as a Percentage of Covered-Employee Payroll	8.37%	10.25%	10.08%	11.63%	10.80%	15.97%	15.65%	N/A

Notes to Schedule:

GASB 75 was implemented beginning with fiscal year ended June 30, 2017.

Assumption Changes:

Discount rate used for fiscal year ending:

2023	3.54%
2022	2.16%

For the June 30, 2023 valuation, updated the mortality improvement scale to MP-2021.

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.



**Avonworth School District  
Required Supplementary Information  
Schedule of School District's Contributions  
PSERS  
Last Nine Years**

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution	\$ 5,298,094	\$ 5,092,202	\$ 4,970,273	\$ 4,640,093	\$ 4,374,973	\$ 3,996,239	\$ 3,557,531	\$ 2,863,182	\$ 2,335,134
Contributions in Relation to the Contractually Required Contribution	<u>5,298,094</u>	<u>5,092,202</u>	<u>4,970,273</u>	<u>4,640,093</u>	<u>4,374,973</u>	<u>3,996,239</u>	<u>3,557,531</u>	<u>2,863,182</u>	<u>2,335,134</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 15,416,716	\$ 15,165,863	\$ 14,845,585	\$ 13,945,923	\$ 13,224,553	\$ 12,681,791	\$ 12,389,516	\$ 11,672,742	\$ 11,597,198
Contributions as a Percentage of Covered Payroll	34.37%	33.58%	33.48%	33.27%	33.08%	31.51%	28.71%	24.53%	20.14%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

The covered-payroll amount reported for June 30, 2022 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2023.

**Avonworth School District**  
**Required Supplementary Information**  
**Schedule of School District's Proportionate Share**  
**of the Net Pension Liability**  
**PSERS**  
**Last Ten Years**  
**(Dollar Amount in Thousands)**

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
School District's Proportion of the Net Pension Liability (Asset)	0.1033%	0.1048%	0.0994%	0.0959%	0.0942%	0.0931%	0.0901%	0.0905%	0.0863%	0.0845%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$45,926	\$43,027	\$48,944	\$44,865	\$45,221	\$45,981	\$44,651	\$39,200	\$34,158	\$34,591
School District's Covered Payroll	\$15,166	\$14,846	\$13,946	\$13,225	\$12,682	\$12,389	\$11,673	\$11,597	\$11,008	\$10,847
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	302.82%	289.82%	350.95%	339.24%	356.58%	371.14%	382.52%	338.02%	310.30%	318.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%	54.49%

**Avonworth School District  
Required Supplementary Information  
Schedule of School District's Contributions  
PSERS OPEB Plan  
Last Six Years**

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually Required Contribution	\$ 116,433	\$ 122,001	\$ 124,174	\$ 118,123	\$ 112,453	\$ 106,752
Contributions in Relation to the Contractually Required Contribution	<u>116,433</u>	<u>122,001</u>	<u>124,174</u>	<u>118,123</u>	<u>112,453</u>	<u>106,752</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 15,416,716	\$ 15,165,863	\$ 14,845,585	\$ 13,945,923	\$ 13,224,553	\$ 12,681,791
Contributions as a Percentage of Covered Payroll	0.76%	0.80%	0.84%	0.85%	0.85%	0.84%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

The covered-payroll amount reported for June 30, 2022 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2023.

**Avonworth School District  
Required Supplementary Information  
Schedule of School District's Proportionate Share  
of the Net OPEB Liability  
PSERS OPEB Plan  
Last Six Years  
(Dollar Amount in Thousands)**

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
School District's Proportion of the Net OPEB Liability (Asset)	0.1031%	0.1047%	0.0994%	0.0959%	0.0942%	0.0931%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,898	\$ 2,482	\$ 2,148	\$ 2,040	\$ 1,964	\$ 1,897
School District's Covered Payroll	\$15,166	\$14,846	\$13,946	\$13,225	\$12,682	\$12,389
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	12.51%	16.72%	15.40%	15.43%	15.49%	15.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**SINGLE AUDIT SECTION**

**HOSACK, SPECHT, MUETZEL & WOOD LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**2 PENN CENTER WEST, SUITE 326**  
**PITTSBURGH, PENNSYLVANIA 15276**  
**PHONE - 412-343-9200**  
**FAX - 412-343-9209**  
**HSMW@HSMWCPA.COM**  
**WWW.HSMWCPA.COM**

Members of the Board  
Avonworth School District  
Pittsburgh, Pennsylvania

Dear Members:

The reports contained in this single audit section are required in addition to the financial statements. The various reports for Avonworth School District for the period ended June 30, 2023 were prepared to fulfill the requirements of the Government Auditing Standards and the Uniform Grant Guidance. A summary of the reports is as follows:

- A. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- B. Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- C. Schedule of Findings and Questioned Costs
- D. Schedule of Expenditures of Federal Awards
- E. List of Report Distribution

Respectfully submitted,

*Hosack, Specht, Muetzel & Wood LLP*

HOSACK, SPECHT, MUETZEL & WOOD LLP  
Pittsburgh, Pennsylvania  
January 31, 2024

**HOSACK, SPECHT, MUETZEL & WOOD LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**2 PENN CENTER WEST, SUITE 326**  
**PITTSBURGH, PENNSYLVANIA 15276**  
**PHONE - 412-343-9200**  
**FAX - 412-343-9209**  
**HSMW@HSMWCPA.COM**  
**WWW.HSMWCPA.COM**

**EXHIBIT A**

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

Members of the Board  
Avonworth School District  
Pittsburgh, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Avonworth School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Avonworth School District's basic financial statements, and have issued our report thereon dated January 31, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Hosack, Specht, Muetzel & Wood LLP*

HOSACK, SPECHT, MUETZEL & WOOD LLP  
Pittsburgh, Pennsylvania  
January 31, 2024



**HOSACK, SPECHT, MUETZEL & WOOD LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**2 PENN CENTER WEST, SUITE 326**  
**PITTSBURGH, PENNSYLVANIA 15276**  
**PHONE - 412-343-9200**  
**FAX - 412-343-9209**  
**HSMW@HSMWCPA.COM**  
**WWW.HSMWCPA.COM**

**EXHIBIT B**

**Independent Auditor's Report on Compliance for Each Major Program and  
on Internal Control Over Compliance Required by the Uniform Guidance**

Members of the Board  
Avonworth School District  
Pittsburgh, Pennsylvania

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

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

We have audited Avonworth 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 Avonworth School District's major federal programs for the year ended June 30, 2023. Avonworth School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. In our opinion, Avonworth School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

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

We are required to be independent of Avonworth 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 Avonworth School District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Avonworth 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 Avonworth 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 Avonworth School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

### Report on Internal Control Over Compliance

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

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

*Hosack, Specht, Muetzl & Wood LLP*

HOSACK, SPECHT, MUETZEL & WOOD LLP  
Pittsburgh, Pennsylvania  
January 31, 2024

**Avonworth School District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023**

EXHIBIT C

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report was unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes       ✓       no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes       ✓       none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes       ✓       no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes       ✓       no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes       ✓       none reported

Type of auditor's report issued on compliance for major programs was unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? \_\_\_\_\_ yes       ✓       no

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
10.555, 10.553	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?       ✓       yes \_\_\_\_\_ no

**Avonworth School District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023**

**EXHIBIT C**

**Section II – Financial Statement Findings**

No matters were reported.

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

No matters were noted.

**Section IV – Status of Prior Year’s Findings**

No prior year’s findings.

**Avonworth School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023**

**EXHIBIT D**

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal ALN Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/22	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/23
U.S. Department of Education Passed through the Pennsylvania Department of Education										
Title I Improving Basic Programs	I	84.010	013-220018	07/29/21-09/30/22	\$ 58,022	\$ 2,751	\$ 2,751	\$ -	\$ -	\$ -
Title I Improving Basic Programs	I	84.010	013-230018	08/16/22-09/30/23	57,725	16,353	-	57,725	57,725	41,372
						19,104	2,751	57,725	57,725	41,372
Title II Improving Teacher Quality	I	84.367	020-230018	08/16/22-09/30/23	24,383	6,798	-	24,383	24,383	17,585
Title IIA Teachers in the Workplace	I	84.367	220-220018	07/29/21-09/30/22	23,334	607	607	-	-	-
						7,405	607	24,383	24,383	17,585
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-230018	08/16/22-09/30/23	10,000	2,857	-	10,000	10,000	7,143
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-220018	07/29/21-09/30/22	10,000	4,667	4,667	-	-	-
						7,524	4,667	10,000	10,000	7,143
COVID-19 Elementary and Secondary School Emergency Relief Fund (ARP ESSER)										
COVID-19 Elementary and Secondary School Emergency Relief Fund (ARP ESSER 7%)	I	84.425U	223-210018	03/13/20-09/30/24	466,723	381,864	364,088	77,692	77,692	59,916
	I	84.425U	225-210018	03/13/20-09/30/24	36,275	34,296	(1,979)	36,275	36,275	-
						416,160	362,109	113,967	113,967	59,916
Passed through the Pennsylvania Commission on Crime and Delinquency										
COVID-19 Safety and Security Grant	I	84.425D	2020-ES-01-35308	3/13/20-09/30/22	58,475	7,836	7,836	-	-	-
						423,996	369,945	113,967	113,967	59,916

**Avonworth School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023**

**EXHIBIT D**

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal ALN Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/22	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/23
Special Education Cluster										
Passed through the Allegheny Intermediate Unit										
IDEA B	I	84.027	062-230003	07/01/22-09/30/23	313,371	313,371	-	313,371	313,371	-
IDEA B Section 619	I	84.173	131-220003	07/01/22-06/30/23	2,368	2,368	-	2,368	2,368	-
Subtotal Special Education Cluster						315,739	-	315,739	315,739	-
Subtotal U.S. Department of Education						773,768	377,970	521,814	521,814	126,016
U.S. Department of Health and Human Services										
Passed through the Pennsylvania										
Department of Public Welfare										
Medical Assistance Reimb. for Adm. Title 19	I	93.778	N/A	07/01/22-06/30/23	N/A	823	542	1,211	1,211	930
U.S. Department of Agriculture										
Passed through the Pennsylvania										
Department of Education										
P-EBT Administrative Costs Grant	I	10.649	N/A	07/01/22-06/30/23	N/A	628	-	628	628	-
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	336,061	99,677	264,936	264,936	28,552
National School Breakfast Program	I	10.553	N/A	07/01/22-06/30/23	N/A	53,767	17,118	43,770	43,770	7,121
Passed through the Pennsylvania										
Department of Agriculture										
National School Lunch Program (Donated Commodities Non Cash Assistance)	I	10.555	N/A	07/01/22-06/30/23	N/A	67,563	(6,996)	68,147	68,147	(6,412)
Total Child Nutrition Cluster						457,391	109,799	376,853	376,853	29,261
Total U.S. Department of Agriculture						458,019	109,799	377,481	377,481	29,261
Total Federal Financial Assistance						\$ 1,232,610	\$ 488,311	\$ 900,506	\$ 900,506	\$ 156,207

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**Avonworth School District**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

**EXHIBIT D**

**Note A - Basis of Presentation**

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

**Note B - Summary of Significant Accounting Policies**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Avonworth School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note C - Source Code**

The Source Code (I) indicates funds received indirectly.

**Note D - Reconciliation with Subsidy Confirmation**

Amounts Received Per Schedule	\$ 1,232,610
Less: Commodities Received	(67,563)
Less: Passage Through AIU	(315,739)
Less: Passage Through PCCD	(7,836)
Less: Title 19	(823)
Add: State Funding on Confirmation	<u>75,967</u>
 Per Subsidy Confirmation	 <u><u>\$ 916,616</u></u>

**Note E - Subrecipients**

The School District did not pass through any federal expenditures to subrecipients.



**Avonworth School District  
List of Report Distributions  
Year Ended June 30, 2023**

**EXHIBIT E**

1 Copy – Bureau of Audits

1 Copy – General Services Administration