KENNETT CONSOLIDATED SCHOOL DISTRICT

An inclusive community that nurtures, prepares and empowers ALL

Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2023

300 East South Street
Kennett Square, PA 19348
610.444.6600

Kennett Consolidated School District

Kennett Square, Pennsylvania 19348

www.kcsd.org

Annual Comprehensive Financial Report

For the

Fiscal Year Ended June 30, 2023

Prepared by the Business Office
Mark T. Tracy, Chief Financial Officer
Kristy L. Brady, Director of Business Services

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

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal 1

ASBO International Certificate of Excellence in Financial Reporting 7

GFOA Certificate of Achievement for Excellence in Financial Reporting 8

Organization 9

Consultants and Advisors 12

Table of Organization 13

FINANCIAL SECTION

Independent Auditor's Report 15

Management's Discussion and Analysis (MD&A) 19

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

- Statement of Net Position 34
- Statement of Activities 35

Fund Financial Statements

- Balance Sheet – Governmental Funds 36
- Reconciliation of Balance Sheet to Statement of Net Position – Governmental Funds 37
- Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds 38
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to Statement of Activities – Governmental Funds 39
- Budgetary Comparison Statement – General Fund 40
- Statements of Net Position – Proprietary Funds 41
- Statements of Revenues, Expenses, and Changes in Net Position – Proprietary Funds 42
- Statements of Cash Flows – Proprietary Funds 43
- Statements of Net Position – Fiduciary Funds 44
- Statements of Changes in Net Position – Fiduciary Funds 45

Notes to the Basic Financial Statements 46

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of District's Proportionate Share of the Net Pension Liability -
Pennsylvania Public School Employees' Retirement System (PSERS) 81

Schedule of District's Pension Contributions -
Pennsylvania Public School Employees' Retirement System (PSERS) 82

Schedule of District's Proportionate Share of the Net OPEB Liability -
Pennsylvania Public School Employees' Retirement System (PSERS) 83

Schedule of District OPEB Contributions -
Pennsylvania Public School Employees' Retirement System (PSERS) 84

Schedule of Changes in the District's Total OPEB Liability -
Single Employer Plan 85

SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND SCHEDULES – GENERAL FUND

Schedule of Revenues – Budget to Actual 89

Schedule of Expenditures – Budget to Actual 90

INDIVIDUAL FUND SCHEDULES – CUSTODIAL FUNDS STUDENT ACTIVITIES

Statement of Net Position 95

Statement of Changes in Net Position 96

STATISTICAL SECTION

Financial Trends:

Net Position by Component 99

Changes in Net Position 101

Governmental Funds – Fund Balance 105

Governmental Funds – Changes in Fund Balances 107

Revenue Capacity:

General Fund Revenues by Source 109

Assessed Value 111

Property Tax Rates Direct and Overlapping Governments 113

Ten Principal Taxpayers 114

Property Tax Levies and Collections 115

Governmental Funds – Most Significant Own-Source Resources 116

Debt Capacity:

Gross Principal Debt Outstanding 117

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita, Per Pupil and Personal Income 118

Total Primary Governmental Debt..... 119

Schedule of Direct and Overlapping Debt 120

Computation of Nonelectoral Debt Margin 121

Demographic and Economic Information:

Demographic and Economic Statistics 123

Principal Employers 124

Building Construction 125

Operating Information:

Cost per Pupil for Expenditures and Other Financing Uses 126

Personnel Distribution by Function – Full Time Equivalent Employees 127

Salary Data for Classroom Teachers & Specialists 128

Student to Teacher Ratio – By District Building 129

District Facilities 130

Enrollment History and Projections 131

Enrollment History and Projections – Elementary Schools 132

Average Daily Attendance Report 133

National School Lunch Program Free and Reduced Data 134

SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Controls over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards* 135

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance 137

Schedule of Expenditures of Federal Awards 140

Notes to the Schedule of Expenditures of Federal Awards 142

Schedule of Findings and Recommendations 143

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INTRODUCTORY SECTION

KENNETT CONSOLIDATED SCHOOL DISTRICT

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December 21, 2023

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Kennett Consolidated School District (KCSD) for the fiscal year ended June 30, 2023. The District's Business Office prepared this report.

The Annual Comprehensive Financial Report (ACFR) is published to present complete and accurate financial information on all the funds and financial activities of the District for the 2022-23 school year. The business staff and management are responsible for the accuracy of the statements, notes, schedules, and statistical tables. We believe that the information in the report is a fair presentation of the financial position and the results of operations of the District based upon a comprehensive framework of internal control that has been established for this purpose. The report is prepared in accordance with generally accepted accounting and financial reporting principles applicable to governmental entities in the United States of America. Most importantly, this report will provide the reader with a comprehensive understanding of the District's financial affairs.

Barbacane, Thornton & Company LLP, Certified Public Accountants, have audited the financial statements. They have issued an unmodified opinion on the Kennett Consolidated School District's financial statements for the year ending June 30, 2023. Their report is located at the beginning of the financial section of the ACFR.

The Management's Discussion and Analysis (MD&A), which follows the independent auditors' report provides an overview of the District's financial performance during the fiscal year ending June 30, 2023. It should be read in conjunction with this transmittal letter and the District's basic financial statements.

Reporting Entity

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

300 EAST SOUTH STREET KENNETT SQUARE, PENNSYLVANIA 19348
Telephone (610) 444-6600 Fax (610) 444-6614
WWW.KCSD.ORG

District Profile

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

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

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

Most school district residents, a population of 27,488, find employment in the well-diversified agricultural, financial, medical and industrial sectors of Chester County and the surrounding areas labor markets. Information from U.S. Department of Labor, Bureau of Labor Statistics show for 2022 total employment rates in Chester County to be 293,800 employed and 2.5% unemployed. The state of Pennsylvania shows 3.4% unemployed and 3.5% for the U.S.

During the 2022-23 fiscal year, the district employed 444 employees comprised of 25 administrators, 328 classroom teachers and specialists, and 91 support staff. Teachers in the district are members of the Pennsylvania State Education Association (PSEA) and the Kennett Education Association (KEA), which is the representative bargaining unit.

The facilities presently operated by the School District consist of one Senior High School (grades 9-12), one Middle School (grades 6-8), three elementary schools (grades 1-5) and a full-day Kindergarten Center. The School District also shares facilities at the Chester County Technical College High School and the Chester County Child Development Center with neighboring school districts. Total enrollment at all schools for the 2022-23 school year was 3,873.

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

While the District does not have any Charter Schools within its geographic boundaries, there are currently one hundred and forty-one (141) students who live within the District that attend Charter Schools. The District is obligated to pay the tuition for students that attend Charter Schools. During the year ending June 30, 2023, $2,814,383.53 in tuition fees was paid to Charter Schools, including cyber charter schools.

Budget Controls

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

Internal Controls

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

Economic Condition and Outlook

The District's tax base declined by 4% from 2010 to 2014 due to poor economic conditions and increased tax assessment appeals for both residential and commercial properties. However, after four consecutive years of diminishing real estate tax valuations, the District has realized small increases over the past nine years, a 1.5% increase from 2022 to the 2023, but still failing to return to the 2010 level of $2,087,547,878. Earned income tax collections continue to rebound post COVID-19, increasing for 2022-23 by 4.71% or $269,018.

The student population of the District declined. Current enrollment shows a decrease from 3,969 for 2021-22 to 3,873 for 2022-23 and projections have enrollment trending down over the next decade. The District is in constant communication with our four municipalities to keep informed of all future and proposed new developments that will potentially impact not only our student enrollment but our tax base.

Chester County's economy remained at the lowest unemployment rate in Southeastern Pennsylvania at 3.4% for 2023. Economic indicators surpassed state and surrounding county data. Chester County remains one of the fastest growing counties in the Commonwealth according to the Delaware Valley Planning Commission. Major employers in the County include growth industries such as financial and insurance services, retail trade and medical services, and computer hardware and software development and design. Such employers include the Vanguard Group of Investments, Inc., Main Line Hospitals and QVC, Inc.

The District's financial results for 2022-23 remained positive for its governmental activities. Total revenues increased by $6,551,095, or 6.8% over the prior year. Property taxes and other taxes levied for general purposes accounted for most of the

District's revenue in the amount of $74,816,953, or 72.8%. The District's expenses are predominately related to instructing, caring for and transporting students, which represents 97.9% of total expenses. The District's expenses increased by $1,828,339, or 2.2% and revenues exceeded expenditures by $17,750,966.

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

At the close of the fiscal year, the District's governmental funds reported combined ending fund balances of $44,596,934. This is an increase of $13,235,840 in comparison with the prior year and 17.5% of the total amount, $7,791,029, is available for spending at the District's discretion. The remaining is restricted for capital projects.

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

Long-Term Financial Planning and Financial Policies

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

The Board has been proactive in addressing the needs for expanding and renovating existing facilities. In August of 2011, the District opened the new Bancroft Elementary School. The 105,000 square foot building is designed for energy efficiency, use of sustainable materials, and low environmental impact. Financing for the project was obtained through the Build America Bonds program. In 2021 the Board authorized the construction of two new elementary schools to replace the aged Greenwood and New Garden Elementary Schools. The total estimated project cost is $107,000,000 with an opening in September 2026. The District also works closely with its financial advisors to monitor refinancing opportunities of its existing debt continually when economic and market conditions are favorable.

Major Initiatives

During the past year, the Kennett Consolidated School District graduated 330 students, 68% of which continued their education at two- and four-year colleges, technical schools, and universities. The mean SAT scores for 2023 graduates were 582 for Evidence Based Reading and Writing and 569 for Math. The Class of 2023 had two National Merit finalists and eleven commended students in the National Merit Scholarship Program. The Class of 2023 had forty-one Advanced Placement scholars in the College Board Advanced Placement Program.

In 2023 The *U.S. News & World Report* named Kennett High School one of America's Best High Schools. To produce the 2023 Best High Schools rankings, *U.S. News & World Report* teamed up with North Carolina–based RTI International, a global nonprofit social-science research firm. Kennett High School ranked 44 out of 292 in the Philadelphia Metro Area, 66 out of 718 in the Commonwealth and 1,794 out of

17,843 of the country's eligible schools. The comprehensive rankings methodology is based on the key principles that a great high school must serve all of its students well, not just those who are college bound, and that it must be able to produce measurable academic outcomes to show it is successfully educating its student body across a range of performance indicators.

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

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

Independent Audit

As required by State law, the Kennett Consolidated School District submits its financial data to independent certified public accountants at year end for a comprehensive annual audit of the District's financial affairs. The Board of School Directors has retained Barbacane, Thornton & Company LLP, Certified Public Accountants, to complete an independent audit of the financial position and results of its operations and cash flow of its governmental and business type activities in accordance with auditing standards generally accepted in the United States of America and with Government Auditing Standards. The results of that audit for 2022-23 fiscal year are included in the financial section of this report. The District also submitted its federal program financial and operational data to independent certified public accountants in compliance with the provisions of the Federal Government's Office of Management and Budget Uniform Grant Guidance. Results of that audit are reported in the Single Audit Section of this document.

Certificate of Excellence - ASBO

The Association of School Business Officials (ASBO) International awarded the Certificate of Excellence in Financial Reporting to the Kennett Consolidated School District for its Annual Comprehensive Financial Report (ACFR) for fiscal year ended June 30, 2022. This is the eleventh consecutive year that the District has received the Certificate of Excellence from ASBO International. We believe our current report will meet or exceed the program's Certificate of Excellence requirements and we are submitting it to ASBO for review.

Certificate of Achievement-GFOA

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kennett Consolidated School District for its Annual Comprehensive Financial report for the fiscal year ended June 30, 2022. This was the twelfth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and

efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

D. Dusty Blakey

D. Dusty Blakey, Ed.D.
Superintendent

Mark T. Tracy

Mark T. Tracy
Chief Financial Officer

Kristy L. Brady

Kristy L. Brady
Director of Business Services

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Kennett Consolidated School District

for its Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022.

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

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

John W. Hutchison
President

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kennett Consolidated School District
Pennsylvania

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

KENNETT CONSOLIDATED SCHOOL DISTRICT

Organization
Board of School Directors

Victoria Gehrt..... President

David Kronenberg..... Vice-President

Michael H. Finnegan ..... Treasurer

Mark Bowden.....Member

Lenda Carrillo .....Member

Ethan Cramer .....Member

Donald F. Kohler, Jr.....Member

Ann Parry.....Member

Jeffrey McVey.....Member

D. Dusty Blakey, Ed. D. (non-voting member) ..... Superintendent

Mark T. Tracy (non-voting member)..... Secretary

KENNETT CONSOLIDATED SCHOOL DISTRICT

Organization
Board Committees

Curriculum Committee ..... Ann Parry, Chairperson

Finance Committee ..... Michael H. Finnegan, Chairperson

Policy Communications ..... Donald F. Kohler, Jr., Chairperson

Liaison with Administration

Intermediate Unit Board ..... Victoria Gehrt

Legislative Council ..... David Kronenberg

PSBA ..... Victoria Gehrt

Chester County School Authority ..... Victoria Gehrt

KENNETT CONSOLIDATED SCHOOL DISTRICT

Organization
District Administration

D. Dusty Blakey, Ed.D. ..... District Superintendent
Michael A. Barber, Ed.D. .....Assistant Superintendent
Mark T. Tracy ..... Chief Financial Officer
Heather Collins, Ed.D. ..... Director of Teaching and Learning
Tara Needam.....Director of Pupil Services and Supports
George Wolhafe, III .....Director of Construction and Facilities
Christine Marsala.....Director of Human Resources
Daniel E. Maguire ..... Director of Technology Services
Penny L. Shaffer..... Director of Business Services
Lorenzo G. DeAngelis, Jr., Ed.D. ..... Principal, Kennett High School
Jacob Moore, Ed.D. ..... Principal, Kennett Middle School
Elizabeth A. Weaver. ..... Principal, New Garden Elementary School
Rebecca Vietri. ..... Principal, Greenwood Elementary School
Leah A. McComsey .....Principal, Bancroft Elementary School
April L. Reynolds ..... Principal, Mary D. Lang Kindergarten Center
Duane C. Kotz. .....Assistant Principal, Kennett High School
Chanel August Ruffin..... Assistant Principal, Kennett High School
Jeffrey J. Thomas ..... Assistant Principal, Kennett High School
Erin A. Miller. .....Assistant Principal, Kennett Middle School
Kathryn King .....Assistant Principal, Kennett Middle School

KENNETT CONSOLIDATED SCHOOL DISTRICT

Consultants and Advisors

Independent Auditors

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

Legal Counsel

Sweet, Stevens, Katz, & Williams, CCP
331 E. Butler Avenue
New Britain, PA 18901
(Special Counsel)

Saxton & Stump
280 Granite Run, Suite 300
Lancaster, PA 17601
(Bond Counsel)

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

Financial Advisors

RBC Dain Rauscher
2101 Oregon Pike
Lancaster, PA 17601

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

Official Depositories

Fulton Bank
501 Schoolhouse Road
Kennett Square, PA 19348

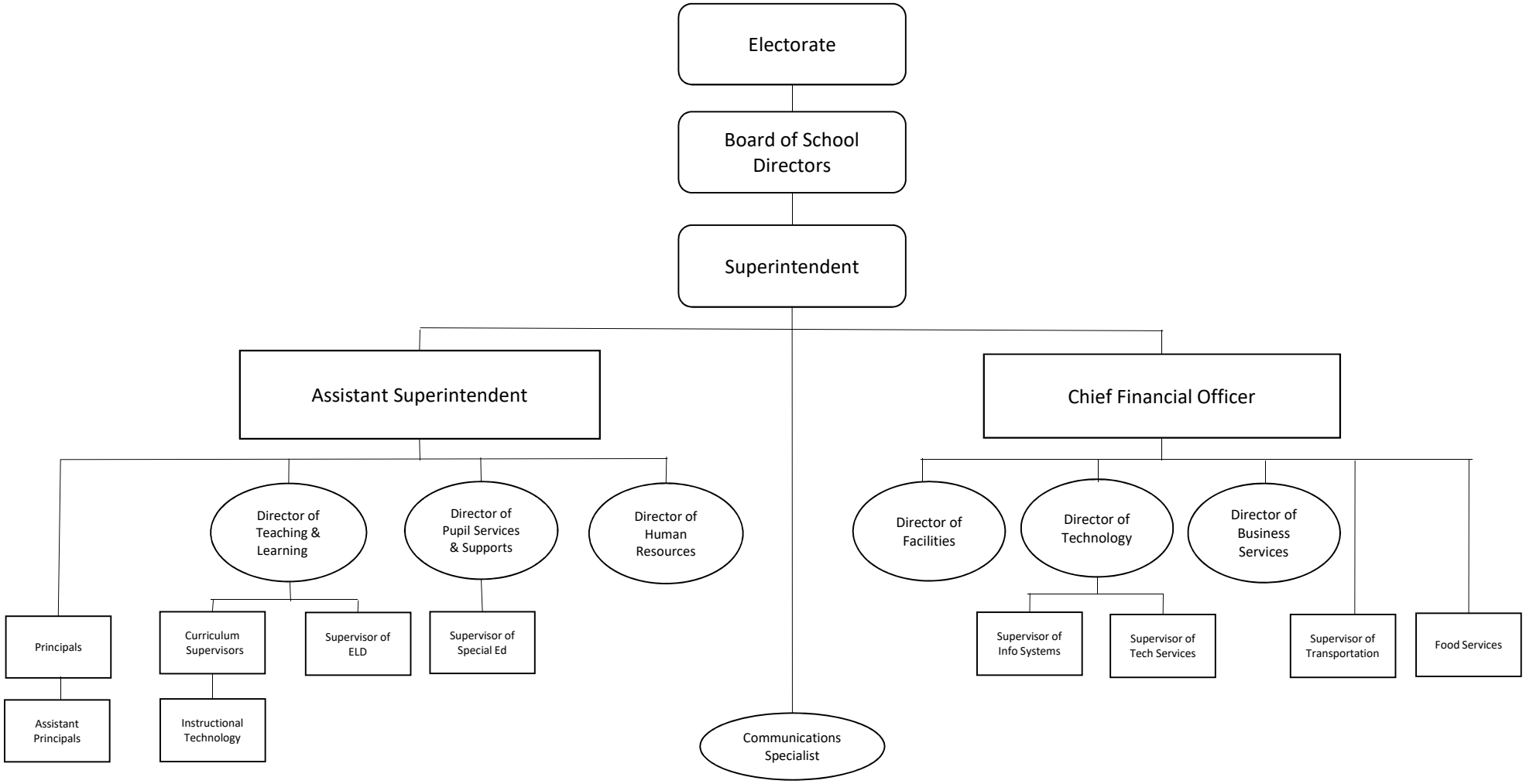
Pennsylvania Local Government
Investment Trust (PLGIT)
P. O. Box 1027
Harrisburg, PA 17108

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

Architects

Breslin, Ridyard, Fadero Architects
1226 Union Boulevard
Allentown, PA 18109

KENNETT CONSOLIDATED SCHOOL DISTRICT ORGANIZATIONAL CHART



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FINANCIAL SECTION

BTCPA
BARBACANE THORNTON & COMPANY

INDEPENDENT AUDITOR'S REPORT

November 3, 2023

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Members of the Board
Kennett Consolidated School District

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of a Matter

As discussed in Notes 2 and 17 to the financial statements, the Kennett Consolidated School District has adopted the requirements of GASB Statement No. 96, "Subscription Based Information Technology Arrangements." The purpose of this statement is to increase the usefulness of governmental financial statements by requiring recognition of certain intangible assets and liabilities for certain information technology subscription arrangements. As a result, the District has restated is governmental activities net position as of July 1, 2021. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the District's 2022 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in our report dated November 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 33, and schedule of the District's proportionate share of the net pension liability, schedule of District pension contributions, schedule of the District's proportionate share of the net OPEB liability, schedule of District OPEB contributions, and schedule of changes in the District's net OPEB liability - single employer plan on pages 81 through 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards, as

required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

KENNETT CONSOLIDATED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

This section of the Kennett Consolidated School District's ("the District") annual financial report provides a discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2023. This discussion and analysis should be read in conjunction with the District's accompanying financial statements, which immediately follow this section.

Financial Highlights

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the fiscal year by $10,139,573. This is due to the recognition of the District's share of the net pension liability of the Public School Employees Retirement System of Pennsylvania ("PSERS") as required by Governmental Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions" and the District's net other postemployment benefits ("OPEB") liability as required by GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The District's allocation of PSERS net pension liability is $99,588,000, and the District's net OPEB liability is $16,075,000. As a result, the District's unrestricted net position is $(96,239,446).

- The District's net position increased by $17,995,463 during the current fiscal year. The increase in net position is attributable to revenues exceeding expenses. This is the result of higher than expected real estate taxes, transfer taxes and earned income tax collections and additional federal grant funding related to COVID.

- The District's governmental funds reported combined ending fund balances of $44,596,934, an increase of $13,235,840 in comparison with the prior year. The increase is due to the District's new general obligation bond for future capital projects. Approximately 17.47 percent of this total amount, $7,791,029, is available for spending at the District's discretion.

- The District issued General Obligation Bond Series of 2022 in November of 2022. Series of 2022 was issued in the amount of $9,995,000. The funds will be used toward future building projects at New Garden Elementary and Greenwood Elementary.

- At the end of the current fiscal year, the unassigned fund balance for the general fund was $7,791,029 or 8.4 percent of total general fund expenditures. The district chose to commit $1,550,000 for 2023-2024 and $500,000 for 2024-2025 to offset future increased debt service payments.

- The District's total liabilities increased by $8,149,366, or 5.4 percent, during the fiscal year. The increase is primarily due to changes in actuarial assumptions in regard to the District's net pension liability, $5,563,000 and the changes in the District's general obligation bonds payable within 1 year, $3,012,395.

- The net position of business-type activities, the food service operation, increased by $244,497. The food service operation was allocated one percent of the District's net pension liability for PSERS and net OPEB liability, which is $995,879 and $160,750 for the current year, respectively. Revenues for the food service operation decreased by 22.3 percent to $2,117,407 and expenses decreased by 7.8 percent to $1,872,910.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements, which present different views of the District. The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the District which report the District's operations in more detail than the government-wide statements. The governmental funds statements indicate how basic services such as regular and special education were financed in the short-term as well as indicate future spending plans. Proprietary fund statements offer short and long-term financial information about the activities the District operates like a business, such as food services. Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, such as student activity funds and the scholarship fund. The financial statements also include notes that explain some of the information in the statements, as well as provide more detailed data.

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

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	Activities of the District that are not proprietary or fiduciary, such as general operating and capital projects	Activities the District operates similar to private businesses, such as food services and self-insurance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ deferred outflow of resources/liability/ deferred inflow of resources information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Statements

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

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

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

- **Governmental Activities:** Most of the District's basic services are included here, such as regular and special education, maintenance and operation of plant services, transportation services, and administrative services. Property taxes, along with state formula aid, finance most of these activities.

- **Business-type Activities:** The District operates a food service program and charges fees to staff, students, and visitors to help cover costs of the food service operation.

Fund Financial Statements

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

The District has three types of funds as follows:

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

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

Another type of proprietary fund, an internal service fund, is used to account for the operation of the District's self-insurance program for employee medical, prescription drug, and dental claims. An internal service fund uses the accrual basis of accounting which is the same as the enterprise fund; however, in the government-wide statements, an internal service fund is included with the governmental activities since it largely supports these activities.

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

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

Impact of GASB Statements No. 68 and No. 71

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

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

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

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

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

While the net pension liability is significant to the District's financial statements, it is a liability that the District has limited control over. In recent years, the PSERS employer contribution rate has risen significantly, from 4.78 percent in 2009 - 2010 to 35.26 percent in 2022 - 2023. These increases are expected to improve the plan's funding level, which should reduce net position in future years. This rate is anticipated to continue to increase to a level of 38 percent in future years. Senate Bill 1 of 2017, which took effect in 2019-2020, is intended to provide long-term reform to ensure the future sustainability of the pension system.

Impact of GASB Statement No. 75

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

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

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

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

Financial Analysis of the District as a Whole

The District's net position was adversely affected by the District's recognition of its proportionate share of the net pension liability of the Public School Employees' Retirement System of Pennsylvania ("PSERS") and the District's net OPEB liability. For the current year, the District's share of the PSERS net pension liability is $99,588,000, and the District's net OPEB liability is $16,075,000. The total net position is $10,139,573, resulting in a negative *unrestricted net position* of $(96,239,446). The following table presents condensed financial information for the net position of the District as of June 30, 2023 and 2022.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 62,477,162	$ 48,578,486	$ 1,911,944	$ 1,940,400	$ 64,389,106	$ 50,518,886
Capital Assets	93,801,446	91,451,837	613,426	638,236	94,414,872	92,090,073
Total Assets	156,278,608	140,030,323	2,525,370	2,578,636	158,803,978	142,608,959
Deferred Outflows of Resources	18,030,374	21,040,210	182,696	213,099	18,213,070	21,253,309
Total Assets and Deferred Outflows of Resources	174,308,982	161,070,533	2,708,066	2,791,735	177,017,048	163,862,268
Long-term liabilities	144,580,402	136,349,027	1,171,560	1,114,548	145,751,962	137,463,575
Other liabilities	11,813,206	11,696,951	147,239	402,515	11,960,445	12,099,466
Total Liabilities	156,393,608	148,045,978	1,318,799	1,517,063	157,712,407	149,563,041
Deferred Inflows of Resources	9,074,204	21,934,351	90,864	220,766	9,165,068	22,155,117
Total Liabilities and Deferred Inflows of Resources	165,467,812	169,980,329	1,409,663	1,737,829	166,877,475	171,718,158
Net position:						
Net investment in capital assets	71,592,310	65,269,705	613,426	638,236	71,625,547	65,907,941
Restricted	27,869,583	23,911,027	-	-	34,753,472	23,911,027
Unrestricted (Deficit)	(90,620,723)	(98,090,528)	684,977	415,670	(96,239,446)	(97,674,858)
Total Net Position (Deficit)	$ 8,841,170	$ (8,909,796)	$ 1,298,403	$ 1,053,906	$ 10,139,573	$ (7,855,890)

A significant portion of the District's net position, $71,625,547, reflects its investment in capital assets (land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position, $27,869,472, represents resources that are restricted for capital projects.

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

The District's net position increased by $17,995,463 during the current fiscal year. The increase in net position is attributable to revenues exceeding expenses. While revenues were more than the prior year, the largest increase was in investment earnings which was up $2,214,060. Governmental activities increased the District's net position by $17,750,966, thereby accounting for the majority of the total growth in the net position.

The results of this year's operations as a whole are reported in the statement of activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific categories are presented to determine the final amount of the District's activities that are supported by other general revenues. The largest revenues are property taxes and the basic education subsidy provided by the Commonwealth of Pennsylvania.

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

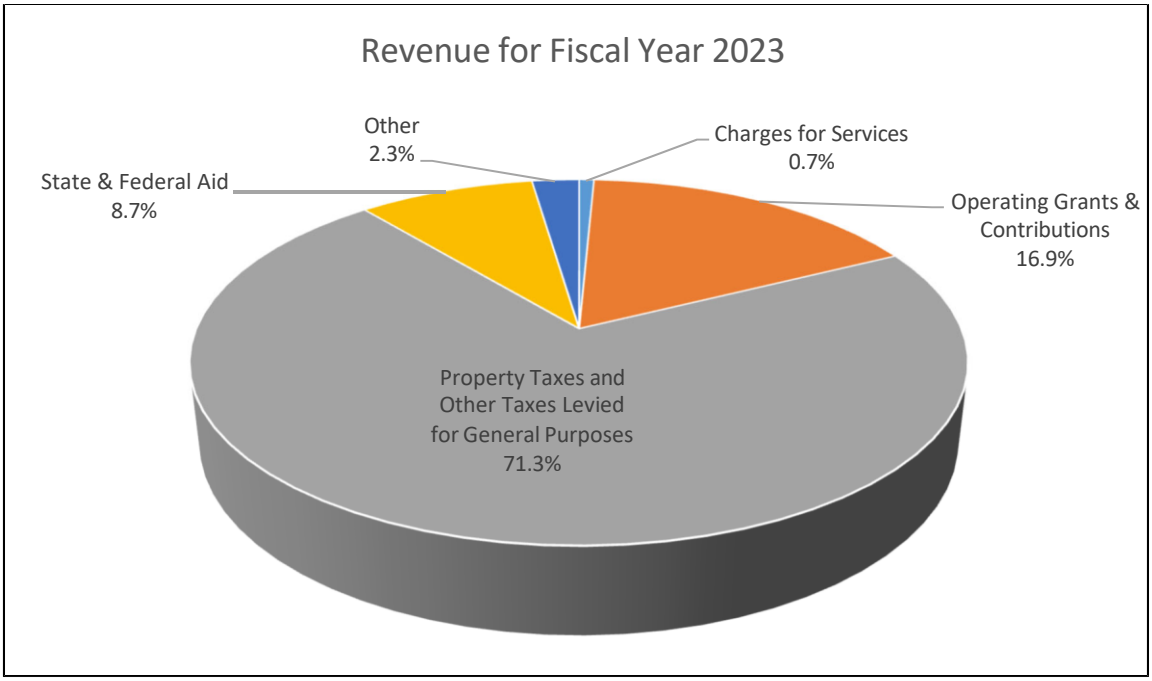
Changes in Net Position from Operating Results

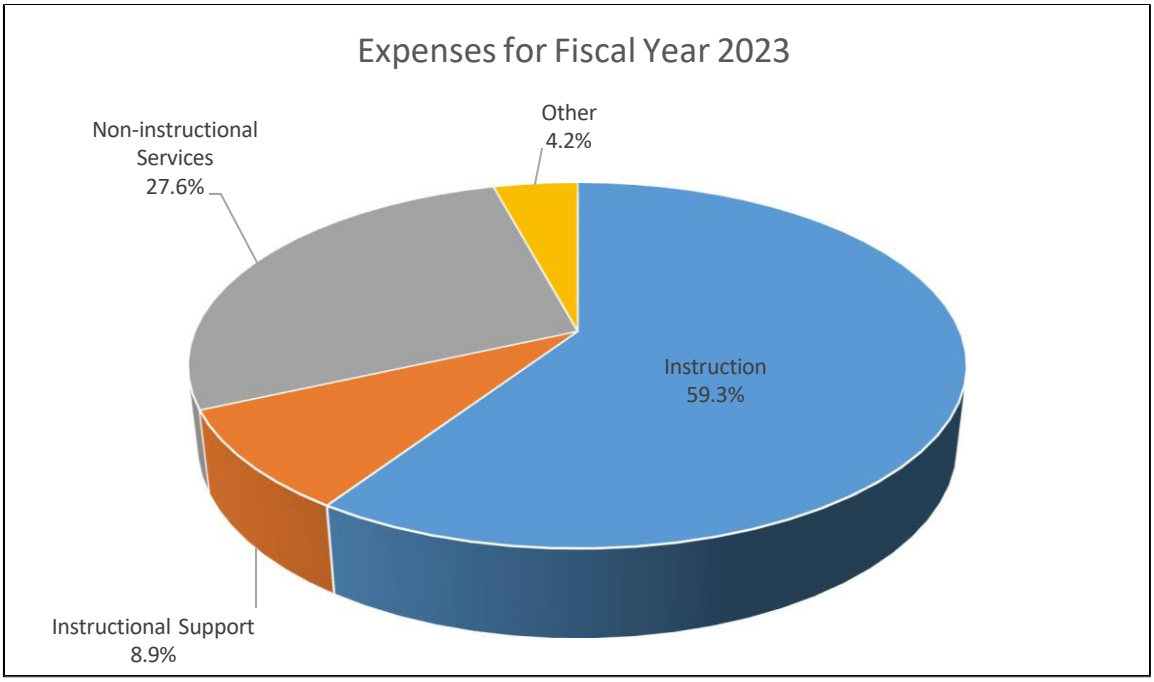
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for services	$ 198,401	$ 154,843	$ 572,325	$ 134,615	$ 770,726	$ 289,458
Operating grants and contributions	16,278,359	14,641,188	1,487,369	2,590,603	17,765,728	17,231,791
General Revenues:						
Property taxes and other taxes levied for general purposes	74,816,953	73,497,157	-	-	74,816,953	73,497,157
State and federal aid	9,156,877	7,839,226	-	-	9,156,877	7,839,226
Other	2,396,715	163,796	57,713	772	2,454,428	164,568
Total Revenues	102,847,305	96,296,210	2,117,407	2,725,990	104,964,712	99,022,200
Expenses:						
Instruction	51,597,513	50,892,253	-	-	51,597,513	50,892,253
Instructional support	7,746,635	7,385,864	-	-	7,746,635	7,385,864
Non-instructional services	23,992,423	22,970,375	-	-	23,992,423	22,970,375
Other	1,759,768	2,019,508	1,872,910	2,030,464	3,632,678	4,049,972
Total Expenses	85,096,339	83,268,000	1,872,910	2,030,464	86,969,249	85,298,464
Increase (Decrease) in Net Position	17,750,966	13,028,210	244,497	695,526	17,995,463	13,723,736
Beginning Net Position (Deficit), Restated	(8,909,796)	(21,938,006)	1,053,906	358,380	(7,855,890)	(21,579,626)
Ending Net Position (Deficit)	$ 8,841,170	$ (8,909,796)	$ 1,298,403	$ 1,053,906	$ 10,139,573	$ (7,855,890)

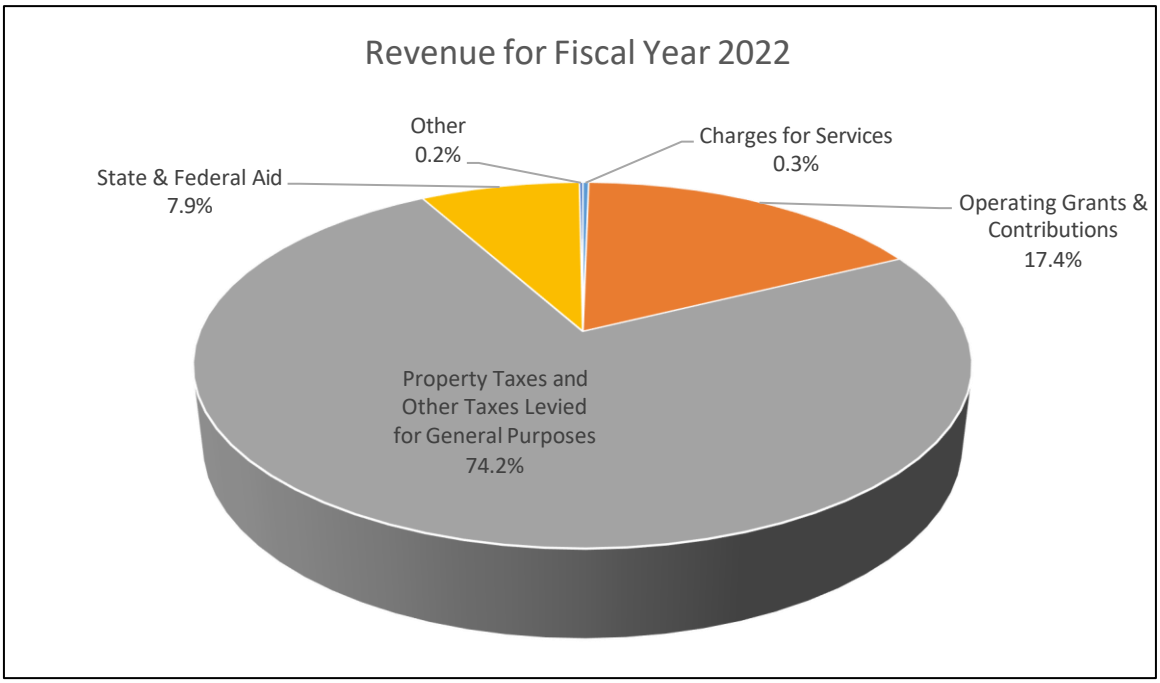
Governmental Activities: Total revenues increased by $6,551,095 or 6.8 percent. Property taxes and other taxes levied for general purposes accounted for most of the District's revenue in the amount of $74,816,953, or 72.7 percent. The increase of $1,319,796 (1.8 percent) is due to an increase in the millage rate of 1.75 percent and a recovery in the tax base, along with an increase in realty transfer and earned income taxes. Another $9,156,877, or 8.9 percent, came from state and federal aid, such as the basic education and ESSER (Elementary and Secondary School Emergency Relief) subsidies, respectively. The remainder, $18,873,475 or 18.4 percent, came from various sources. Revenue of $16,278,359 came from operating grants, including funds for special education, student transportation, retirement, and social security. Revenue of $2,191,264 came from earnings on investments, revenue of $198,401 came from fees charged for services, and other revenue amounted to $205,451.

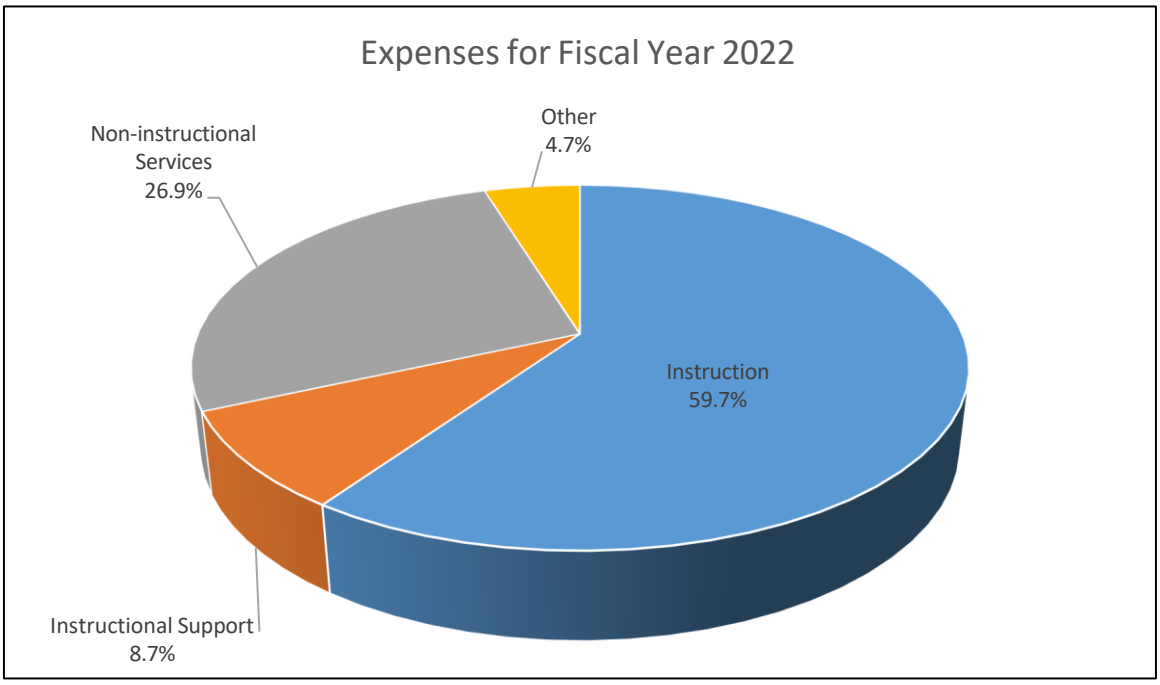
The total cost of all governmental programs and services increased to $85,096,339, an increase of $1,828,339, or 2.2 percent. The District's expenses are predominately related to instructing, caring for (instructional support services and operation/maintenance of school facilities) and transporting students, which represents $83,336,571, or 97.9 percent, of total expenses. Total revenues exceeded total expenses, which produced an increase in net position of $17,750,966 over the past year.

Presented below is the cost of four major District activities: instruction, instructional support, non-instructional services, and other. The table also shows each activity's net cost (total cost less fees


Revenue for Fiscal Year 2023
Other
2.3%
Charges for Services
0.7%
State & Federal Aid
8.7%
Operating Grants &
Contributions
16.9%
Property Taxes and
Other Taxes Levied
for General Purposes
71.3%


Expenses for Fiscal Year 2023
Non-instructional
Services
27.6%
Other
4.2%
Instruction
59.3%
Instructional Support
8.9%


Revenue for Fiscal Year 2022
Other
0.2%
Charges for Services
0.3%
State & Federal Aid
7.9%
Operating Grants &
Contributions
17.4%
Property Taxes and
Other Taxes Levied
for General Purposes
74.2%


Expenses for Fiscal Year 2022
Non-instructional
Services
26.9%
Other
4.7%
Instruction
59.7%
Instructional Support
8.7%

Presented below is the cost of four major District activities: instruction, instructional support, non-instructional services, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and governmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions. The net cost of all governmental activities increased by $147,610 to $68,619,579. The state and federal government subsidized certain programs with capital and operating grants and contributions which totaled $16,278,359 and charges for certain services also offset the costs by $198,401.

Net Cost of Governmental Activities

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2023	2022	Change	2023	2022	Change
Functions/Programs						
Instruction	$ 51,597,513	$ 50,892,253	1.4%	$ 39,622,852	$ 39,856,550	-0.6%
Instructional support	7,746,635	7,385,864	4.9%	6,928,121	6,714,273	3.2%
Non-instructional services	23,992,423	22,970,375	4.4%	20,786,532	20,408,441	1.9%
Other	1,759,768	2,019,508	-12.9%	1,282,074	1,492,705	-14.1%
Total	$ 85,096,339	$ 83,268,000	2.2%	$ 68,619,579	$ 68,471,969	0.2%

Business-type Activities: Business-type activities increased the District's net position by $244,497. Total revenues decreased by $608,583 over the prior year. The decrease is a result of expiring United States Department of Agriculture (USDA) waivers allowing the District to feed all children, 18 and under, this additional revenue was the contributing factor to the decrease. Total expenses also decreased by $157,554, or 7.8 percent, as a result of decreased volume. In addition to the District-wide financial statements, the Food Service program is reported in greater detail in the proprietary fund statements.

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

Net Cost of Business-type Activities

	Total Cost of Services		Percentage	Net Cost (Revenue) of Services		Percentage
	2023	2022	Change	2023	2022	Change
Food services	$ 1,872,910	$ 2,030,464	-7.8%	$ (186,784)	$ (694,754)	-73.1%

Financial Analysis of the Government's Funds

Governmental Funds

At the end of June 30, 2023, governmental funds had total fund balances of $44,596,934, an increase of $13,235,840 in comparison with the previous year. Approximately 17.47 percent of this total amount, $7,791,029, constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed for capital projects or other expenditures.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $7,791,029, the District has committed $1,550,000 for use in 2024-2025 and $500,000 for use in 2025-2026 to offset a temporary increase in debt service payments. The fund balance of the District's general fund increased by $2,393,395.

In 2022-2023 the District issued General Obligation Bond Series of 2022 in November of 2022. Series of 2022 was issued in the amount of $9,995,000. The Capital Projects fund had restricted fund balance of $6,883,889, on June 30, 2023. The fund balance will be used toward future building projects at New Garden Elementary and Greenwood Elementary.

The Capital Reserve Fund has a total fund balance of $27,869,583, all of which is restricted for capital improvements. Receipts for this type of capital reserve fund come from transfers during or at the end of the fiscal year from appropriations in the General Fund when there is a surplus. The net increase in fund balance during the current year in the Capital Reserve Fund was $3,958,556. The Capital Reserve Fund received transfers from the General Fund of $7,312,673. The Capital Reserve Fund had expenditures of $3,771,036 for a variety of facility improvements including renovations to the High School Annex and the complete overhaul of Legacy Fields. Other items purchased out of the fund included new doors and windows, HVAC upgrades, and sidewalk and parking lot repairs.

Proprietary Funds

The unrestricted net position of the Food Service Fund at the end of the year amounted to $684,977. The net position for this fund increased by $244,497. Factors concerning the finances of this fund are addressed in the discussion of the District's business-type activities.

The District's internal service fund is used to account for the operation of its self-insurance program for employee medical, prescription drug, and dental claims. The unrestricted net position of the internal service fund at the end of the year amounted to $5,106,454 and represents resources accumulated for anticipated future losses. The net position for this fund increased by $361,977, due to slightly lower than anticipated insurance claims. This residual balance is reported in the governmental activities since the services provided primarily benefit the governmental activities.

General Fund Budgetary Highlights

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

While the District's original and final budget for the General Fund anticipated a balanced budget, the actual results for the year reflected a surplus of $9,694,128 prior to transfers. An amount of $7,312,673 was

transferred to the District's Capital Reserve Fund for anticipated capital improvements as outlined in the District's five-year plan. The net surplus after the transfer increased the General Fund's fund balance by $2,393,395 to $9,843,463.

Significant variances between the final budget and actual revenue occurred in local sources of revenues as a result of a healthier than anticipated employment market. The most significant increase was seen in investment earnings. The following are the major factors that contributed to the variance in revenues:

- Increases in delinquent tax collection resulted in additional revenues of $451,959.
- Increases in investment earnings resulted in additional revenues of $1,503,407.
- Increases in earned income taxes resulted in additional revenues of $1,232,036.
- Increases in state subsidy and Ready to Learn Grant resulted in additional revenues of $1,746,807.

The following are the major factors that contributed to the variance in expenditures:

- Decrease in contracted student transportation resulted in a savings of $569,604.
- As a result of decreased contracted services for classroom aids a savings of $802,207 occurred.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2023, the District had investments of $94,414,872 (net of depreciation) in a broad range of capital assets, including land, school buildings, administrative offices, athletic facilities, and fixtures and equipment. This amount represents an increase of $2,324,799, or 2.5 percent, for the year. Total depreciation expense for the year amounted to $4,013,546. More detailed information about capital assets can be found in Note 7 to the financial statements.

	Governmental Activities		Business-type Activities		Totals		Percentage
	2023	2022	2023	2022	2023	2022	Change
Land	$ 3,060,599	$ 3,060,599	$ -	$ -	$ 3,060,599	$ 3,060,599	0.0%
Construction-in-progress	7,915,968	5,411,570	-	-	7,915,968	5,411,570	46.3%
Building and building improvements	80,741,278	80,866,567	-	-	80,741,278	80,866,567	-0.2%
Right to use lease asset	58,560	117,120	-	-	58,560	117,120	-50.0%
Right to use subscription asset	142,342	167,836	-	-	142,342	167,836	-
Fixtures and equipment	1,882,699	1,828,145	613,426	638,236	2,496,125	2,466,381	1.2%
Total	$ 93,801,446	$ 91,451,837	$ 613,426	$ 638,236	$ 94,414,872	$ 92,090,073	2.5%

Long-term Debt

As of June 30, 2023, the District had $145,721,962 in outstanding long-term debt, an increase of $8,258,387, or 6.0 percent, over last year. The District made annual debt service payments totaling $6,726,000 and issued new debt in the amount of $9,995,000. More detailed information about the District's long-term liabilities is presented Note 8 of the financial statements.

Outstanding Long-term Liabilities

	Governmental Activities		Business-type Activities		Totals		Percentage
	2023	2022	2023	2022	2023	2022	Change
General Obligation Bonds, net	$ 28,876,815	$ 26,058,590	$ -	$ -	$ 28,876,815	$ 26,058,590	10.8%
Leases Payable	63,465	123,541	0	0	63,465	123,541	-48.6%
Subscription Liability	152,745	166,956	0	0	152,745	166,956	-8.5%
Compensated absences	981,006	1,090,040	14,931	14,448	995,937	1,104,488	-9.8%
Net OPEB liability	15,914,250	17,659,620	160,750	178,380	16,075,000	17,838,000	-9.9%
Net pesion liability	98,592,121	91,250,280	995,879	921,720	99,588,000	92,172,000	8.0%
Total	$ 144,582,425	$ 136,351,049	$ 1,173,583	$ 1,116,570	$ 145,753,985	$ 137,465,597	6.0%

Factors Bearing on the District's Future

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

- June 30, 2027 will mark the expiration of the current five-year contract with the Kennett Education Association. The economic package (salaries and fringe benefits) over the next four years provides for annual increases of 3.9 percent, 3.6 percent, 3.8 percent and 3.7 percent and includes increasing employee contributions for healthcare costs.

- July 31, 2027 will mark the expiration of the current six-year Student Transportation Agreement with the Krapf Bus Company. The agreement represents approximately five percent of the District's annual operating budget. The agreement has a stipulated increase in the current year and the next two years are tied to the 12-month Calendar Consumer Price Index for Philadelphia-All Urban Consumers with a minimum of two percent and a maximum of five percent. Year five and year six provide for annual increases of 2.5 percent and 2 percent respectively. The annual increase for 2023-2024 is 7 percent.

- The District commissioned Sundance Associates of Cherry Hill, New Jersey to perform a comprehensive 10-year enrollment study. Sundance delivered their report entitled "Public School Enrollments for the Kennett Consolidated School District" in September 2021. The Methodology used in projecting enrollments is the recommended method of the Pennsylvania Department of Education (PDE) and is known as "Cohort Survival." The study finds data to support a slow downward trend in the District's enrollment from a high of 3,976 in 2021-22 to a low of 3,538 in 2029-30.

- In 2021 the School Board authorized the construction of two new elementary schools to replace the aged Greenwood and New Garden Elementary Schools. The new schools will be built on the existing sites and will not cause a disruption to the operation our educational programs. The Board subsequently engaged the professional architectural services of Breslin Architects, Allentown PA, and construction management services of D'Huy Engineering, Inc., Bethlehem PA, to design, bid, and construct the schools for an opening in September 2026. The total estimated project cost is $107,000,000. The first borrowing, General Obligation Bond Series of 2022, issued in November of 2022. Series of 2022 was issued in the amount of $9,995,000.

- The District is scheduled to receive approximately six million dollars in COVID-19 emergency and relief funding over the next year. The targeted areas for the additional funding have been in the areas of technology, distance learning, learning loss, personal protective equipment, and nursing services. The administration is cognizant that the influx of funds is temporary and cannot be associated with a continuum of services beyond the grant expiration.

- Consistent with historical trends, the District expects state and federal funding for public education to remain relatively flat, which will result in the need for greater local tax effort to fund instructional programs and services. The Commonwealth of Pennsylvania provided only 21 percent of total revenue sources to fund costs supporting the District's educational programs during the past year. Local sources of revenue, primarily property taxes, now support 75 percent of the costs for educational programs and services in the District. The federal government provided 4 percent of the funds to support general operations, an increase over past years brought about by additional funding through Elementary and Secondary School Emergency Relief funds (ESSER) as a result of COVID-19.

- Special Session of Act 1 of 2006: The law limits real estate tax increases to an index established by the Pennsylvania Department of Education. Districts that cannot balance their budget, even after including revenue to be obtained by increasing taxes to the maximum extent allowed by the index, are eligible to seek back-end referendum exceptions. The exceptions are for costs that are beyond the direct control of local school boards. However, the number of exceptions has been reduced from seven to two; increases in contributions to the employee retirement system and mandated special education costs (Act 25 of 2011). The District's adjusted Act 1 Index for 2023-2024 is 4.1 percent and for 2024–2025 is 5.3 percent. The District does not need a referendum for the 2023-2024 budget nor does it anticipate needing one for the 2024-2025 budget.

- Senate Bill 1 of 2017: The bill offers a significant step toward systemic long-term reform intended to ensure the future sustainability of the pension system. The bill focuses on the long-term advantages by gradually shifting the investment, inflation and longevity risks away from the state and school districts to future employees. Current employees have a Defined Benefit (DB) plan, which provides them with a retirement payment determined by a formula that takes into account retirement age, years of service, and final average salary. A Defined Contribution (DC) plan is a retirement investment program that is designed to offer employees a vehicle to save for retirement in a tax deferred environment. The pension benefit is determined by the amount of the contributions and the investment performance of the member's account. The plan under Senate Bill 1 of 2017 requires employees starting in 2019-2020 to select one of three new plan design options, either one of two side-by-side hybrid defined benefit (DB)/defined contribution (DC) plans or a stand-alone DC plan. No changes were made to retirement benefits for current employees, but they would have the option to choose one of the new plan designs. The PSERS retirement rate increased from 34.94 percent in 2021 - 2022 to 35.26 percent in 2022 - 2023. The PSERS projections indicate that employer contribution rates will decrease to 34.00 percent in 2024 - 2025. Rates are projected into the future to increase to 37.30 percent by 2029 – 2030, further out than previously anticipated. Positive economic performance and plan design changes are expected to slow the employer rate increases and eventually lower them.

Contacting the District's Financial Management

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023
(With Summarized Comparative Data for June 30, 2022)

	Governmental Activities	Business-type Activities	Totals 2023	Totals 2022*
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Cash and cash equivalents	$ 8,560,608	$ 1,797,884	$ 10,358,492	$ 8,907,977
Investments	49,436,119	-	49,436,119	37,344,517
Taxes receivable, net	1,306,560	-	1,306,560	1,333,241
Due from other governments	3,115,616	-	3,115,616	2,789,871
Other receivables	55,827	2,629	58,456	25,417
Prepaid expenses	2,433	-	2,433	-
Inventories	-	111,431	111,431	117,864
Land	3,060,599	-	3,060,599	3,060,599
Construction-in-progress	7,915,968	-	7,915,968	5,411,570
Buildings and improvements	147,755,840	-	147,755,840	144,196,603
Right to use lease asset	234,241	-	234,241	234,241
Right to use subscription asset	178,459	-	178,459	178,459
Furniture and equipment	8,112,189	1,509,285	9,621,474	9,408,115
Accumulated depreciation and amortization	(73,455,850)	(895,859)	(74,351,709)	(70,399,515)
TOTAL ASSETS	156,278,608	2,525,370	158,803,978	142,608,959
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows relating to OPEB	4,138,935	42,377	4,181,312	5,061,777
Deferred outflows relating to pension	13,891,439	140,319	14,031,758	16,191,532
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,030,374	182,696	18,213,070	21,253,309
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 174,308,982	$ 2,708,066	$ 177,017,048	$ 163,862,268
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)				
LIABILITIES:				
Accounts payable	$ 4,282,613	$ 147,239	$ 4,429,852	$ 4,065,024
Accrued salaries and benefits	7,442,379	-	7,442,379	7,821,041
Accrued interest	88,214	-	88,214	213,401
Noncurrent liabilities				
Portion due or payable within one year:				
Bonds payable in future years, net	6,956,910	-	6,788,436	6,982,606
Lease liability	63,465	-	63,465	60,076
Subscription liability	17,410	-	17,410	14,211
Accumulated compensated absences	71,850	7,839	79,689	81,476
Portion due or payable after one year:				
Bonds payable in future years, net	21,919,905	-	22,088,379	19,075,984
Lease liability	-	-	-	63,465
Subscription liability	135,335	-	135,335	152,745
Accumulated compensated absences	909,156	7,092	916,248	1,023,012
Net OPEB liability	15,914,250	160,750	16,075,000	17,838,000
Net pension liability	98,592,121	995,879	99,588,000	92,172,000
TOTAL LIABILITIES	156,393,608	1,318,799	157,712,407	149,563,041
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows relating to OPEB	6,046,784	60,284	6,107,068	5,603,117
Deferred inflows relating to pension	3,027,420	30,580	3,058,000	16,552,000
TOTAL DEFERRED INFLOWS OF RESOURCES	9,074,204	90,864	9,165,068	22,155,117
NET POSITION (DEFICIT):				
Net investment in capital assets	71,592,310	613,426	71,625,547	65,907,941
Restricted - capital projects	27,869,583	-	34,753,472	23,911,027
Unrestricted (deficit)	(90,620,723)	684,977	(96,239,446)	(97,674,858)
TOTAL NET POSITION (DEFICIT)	8,841,170	1,298,403	10,139,573	(7,855,890)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	$ 174,308,982	$ 2,708,066	$ 177,017,048	$ 163,862,268

* - Restated - see Notes 2 and 17.

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Comparative Data for the Year Ended June 30, 2022)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)			
							Totals	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	2023	2022
GOVERNMENTAL ACTIVITIES:								
Instruction	$ 51,597,513	$ -	$ 11,974,661	$ -	$ (39,622,852)	$ -	$ (39,622,852)	$ (39,856,550)
Instructional student support	7,746,635	-	818,514	-	(6,928,121)	-	(6,928,121)	(6,714,273)
Administrative and financial support services	9,029,867	-	862,904	-	(8,166,963)	-	(8,166,963)	(7,994,830)
Operation and maintenance of plant services	7,753,879	-	756,263	-	(6,997,616)	-	(6,997,616)	(7,110,273)
Pupil transportation	5,266,399	73,979	1,201,744	-	(3,990,676)	-	(3,990,676)	(4,066,874)
Student activities	1,942,278	124,422	186,579	-	(1,631,277)	-	(1,631,277)	(1,236,464)
Interest on long-term debt	566,880	-	477,694	-	(89,186)	-	(89,186)	(322,113)
Unallocated depreciation expense	1,192,888	-	-	-	(1,192,888)	-	(1,192,888)	(1,170,592)
TOTAL GOVERNMENTAL ACTIVITIES	85,096,339	198,401	16,278,359	-	(68,619,579)	-	(68,619,579)	(68,471,969)
BUSINESS-TYPE ACTIVITIES:								
Food service	1,872,910	572,325	1,487,370	-	-	186,785	186,785	694,754
TOTAL BUSINESS-TYPE ACTIVITIES	1,872,910	572,325	1,487,370	-	-	186,785	186,785	694,754
TOTAL PRIMARY GOVERNMENT	$ 86,969,249	$ 770,726	$ 17,765,729	$ -	(68,619,579)	186,785	(68,432,794)	(67,777,215)
		GENERAL REVENUES						
		Property taxes, levied for general purposes			67,474,016	-	67,474,016	65,884,585
		Taxes levied for specific purposes			7,342,937	-	7,342,937	7,612,572
		Grants and entitlements not restricted to specific programs			9,156,877	-	9,156,877	7,839,226
		Investment earnings			2,191,264	57,712	2,248,976	34,917
		Miscellaneous			205,451	-	205,451	129,651
		TOTAL GENERAL REVENUES			86,370,545	57,712	86,428,257	81,500,951
		CHANGE IN NET POSITION (DEFICIT)			17,750,966	244,497	17,995,463	13,723,736
		NET POSITION (DEFICIT), BEGINNING OF OF YEAR, RESTATED			(8,909,796)	1,053,906	(7,855,890)	(21,579,626)
		NET POSITION (DEFICIT), END OF YEAR			$ 8,841,170	$ 1,298,403	$ 10,139,573	$ (7,855,890)

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023
(With Summarized Comparative Data for June 30, 2022)

	General Fund	Capital Projects Fund	Capital Reserve Fund	Totals 2023	Totals 2022
ASSETS					
Cash and cash equivalents	$ 5,324,236	$ 765,675	$ 663,025	$ 6,752,936	$ 4,630,754
Investments	17,914,157	6,136,783	21,320,103	45,371,043	34,343,104
Taxes receivable	1,326,040	-	-	1,326,040	1,352,721
Due from other funds	2,246	-	7,312,673	7,314,919	7,637,841
Due from other governments	3,115,616	-	-	3,115,616	2,695,777
Other receivables	55,827	-	-	55,827	22,341
Prepaid expenditures	2,433	-	-	2,433	-
TOTAL ASSETS	$ 27,740,555	$ 6,902,458	$ 29,295,801	$ 63,938,814	$ 50,682,538
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES:					
Accounts payable	$ 2,073,778	$ 18,569	$ 1,426,218	$ 3,518,565	$ 2,853,716
Due to other funds	7,312,673	-	-	7,312,673	7,637,841
Accrued salaries and benefits	7,442,379			7,442,379	7,821,041
TOTAL LIABILITIES	16,828,830	18,569	1,426,218	18,273,617	18,312,598
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues - delinquent taxes	1,068,263	-	-	1,068,263	1,008,846
TOTAL DEFERRED INFLOWS OF RESOURCES	1,068,263	-	-	1,068,263	1,008,846
FUND BALANCES:					
Nonspendable	2,433	-	-	2,433	-
Restricted - capital projects	-	6,883,889	27,869,583	34,753,472	23,911,027
Committed	2,050,000	-	-	2,050,000	-
Unassigned	7,791,029	-	-	7,791,029	7,450,067
TOTAL FUND BALANCES	9,843,462	6,883,889	27,869,583	44,596,934	31,361,094
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 27,740,555	$ 6,902,458	$ 29,295,801	$ 63,938,814	$ 50,682,538

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2023

TOTAL GOVERNMENTAL FUND BALANCES		$ 44,596,934
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	$ 3,060,599	
Construction-in-progress	7,915,968	
Buildings and improvements	147,755,840	
Furniture and equipment	8,112,189	
Right to use lease asset	234,241	
Right to use subscription asset	178,459	
Accumulated depreciation and amortization	(73,455,850)	93,801,446
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Bonds payable in future years, net	(28,876,815)	
Accumulated compensated absences	(981,006)	
Accrued interest	(88,214)	
Subscription liability	(152,745)	
Lease liability	(63,465)	
Net OPEB liability	(15,914,250)	
Net pension liability	(98,592,121)	(144,668,616)
The establishment of an allowance for doubtful accounts for property taxes receivable is not recorded in the funds because property taxes receivable are recorded as deferred outflows of resources.		(19,481)
An internal service fund is used by the District to charge the cost of health insurance claims to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		5,106,454
Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		1,068,263
Deferred inflows and outflows related to the District's net OPEB liability are based on the differences between actuarially determined actual and expected investment returns, changes in the actuarially determined total OPEB liability or proportion of the District's amount of the total OPEB liability, and OPEB contributions made after the measurement date of the net OPEB liability. These amounts will be amortized over the estimated remaining average service life of the employees.		
Deferred outflows of resources:		
Deferred OPEB	4,138,935	
Deferred inflows of resources:		
Deferred OPEB	(6,046,784)	(1,907,849)
Deferred inflows and outflows related to the District's net pension liability are based on the differences between actuarially determined actual and expected investment returns, changes in the actuarially determined proportion of the District's amount of the total pension liability, and pension contributions made after the measurement date of the net pension liability. These amounts will be amortized over the estimated remaining average service life of the employees.		
Deferred outflows of resources:		
Deferred pension	13,891,439	
Deferred inflows of resources:		
Deferred pension	(3,027,420)	10,864,019
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 8,841,170

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Comparative Data for the Year Ended June 30, 2022)

	General Fund	Capital Projects Fund	Capital Reserve Fund	Totals 2023	Totals 2022
REVENUES					
Local sources	$76,552,953	$ 255,881	$ 416,919	$77,225,753	$74,036,433
State sources	21,653,784	-	-	21,653,784	18,511,530
Federal sources	3,781,450	-	-	3,781,450	3,968,882
TOTAL REVENUES	101,988,187	255,881	416,919	102,660,987	96,516,845
EXPENDITURES					
Current:					
Instruction	52,667,153	-	-	52,667,153	50,023,454
Support services	29,914,494	-	-	29,914,494	29,210,085
Operation of noninstructional services	2,045,281	178,599	-	2,223,880	1,596,541
Capital outlays	159,580	2,987,528	3,771,036	6,918,144	5,836,120
Debt service	7,507,551	-	-	7,507,551	7,505,827
TOTAL EXPENDITURES	92,294,059	3,166,127	3,771,036	99,231,222	94,172,027
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9,694,128	(2,910,246)	(3,354,117)	3,429,765	2,344,818
OTHER FINANCING SOURCES (USES)					
Proceeds from bond issuance	-	9,995,000	-	9,995,000	-
Discount on bond issuance	-	(200,865)	-	(200,865)	-
Refund of prior year revenues	(4,835)	-	-	(4,835)	-
Sale of capital assets	16,775	-	-	16,775	-
Interfund transfers	(7,312,673)	-	7,312,673	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(7,300,733)	9,794,135	7,312,673	9,806,075	-
NET CHANGE IN FUND BALANCES	2,393,395	6,883,889	3,958,556	13,235,840	2,344,818
FUND BALANCES, BEGINNING OF YEAR	7,450,067	-	23,911,027	31,361,094	29,016,276
FUND BALANCES, END OF YEAR	$ 9,843,462	$ 6,883,889	$27,869,583	$44,596,934	$31,361,094

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$13,235,840
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 and amortization expense in the statement of activities. This is the effect of these activities:		
Capital outlays	$ 6,325,906	
Depreciation/amortization expense	(3,976,297)	2,349,609
Because some revenues will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are recorded as deferred inflows of resources. Unavailable revenues increased by this amount this year.		59,417
The issuance of long-term debt (e.g. bonds, leases, subscription based IT arrangements) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences.		(2,815,249)
An internal service fund has been established to account for self-insured healthcare costs. The net revenue is reported with governmental activities.		361,977
In the statement of activities, certain operating expenses - compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		109,034
Governmental funds report bond premiums and discounts as other financing sources/uses. However, these amounts are reported netted against the outstanding bond liability on the statement of net position and amortized over the life of the debt. This is the amount of net amortization.		49,045
Interest 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.		147,456
OPEB expenses in the statement of activities differ from the amount reported in the governmental funds because OPEB expenses are recognized on the statement of activities based on the District's estimated future benefit payments and related deferred inflows and deferred outflows, whereas OPEB expenditures are recognized in the governmental funds when a requirement to pay the benefits or to make contributions to the plan exists.		374,793
Pension expenses in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the District's proportionate share of the expenses of the cost-sharing pension plan, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists.		3,879,044
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$17,750,966

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
REVENUES				
Local sources	$ 72,923,362	$ 72,592,093	$ 76,552,953	$ 3,960,860
State sources	19,098,366	19,986,272	21,653,784	1,667,512
Federal sources	1,958,076	4,289,246	3,781,450	(507,796)
TOTAL REVENUES	93,979,804	96,867,611	101,988,187	5,120,576
EXPENDITURES				
Instruction:				
Regular programs	38,813,597	39,059,331	36,964,389	2,094,942
Special programs	12,590,495	12,655,323	13,247,143	(591,820)
Vocational programs	1,890,750	1,890,750	1,881,543	9,207
Other instructional programs	219,683	693,489	574,078	119,411
Nonpublic school programs	-	622	-	622
Total Instruction	53,514,525	54,299,515	52,667,153	1,632,362
Support Services:				
Pupil services	3,412,948	4,030,705	3,790,977	239,728
Instructional support	3,325,247	3,759,263	3,285,305	473,958
Administrative support	5,191,016	5,238,972	4,930,908	308,064
Pupil health	1,045,263	1,179,907	1,128,657	51,250
Business support	1,270,430	1,288,373	1,237,446	50,927
Operation and maintenance of plant services	7,626,723	7,844,487	7,263,173	581,314
Student transportation	5,740,230	5,885,539	5,275,757	609,782
Central support	3,003,885	3,220,898	2,968,982	251,916
Other support services	37,551	37,551	33,289	4,262
Total Support Services	30,653,293	32,485,695	29,914,494	2,571,201
Operation of noninstructional services	1,512,185	2,115,948	2,045,281	70,667
Capital outlay	200,000	200,000	159,580	40,420
Debt service	7,509,801	7,514,637	7,507,551	7,086
TOTAL EXPENDITURES	93,389,804	96,615,795	92,294,059	4,321,736
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	590,000	251,816	9,694,128	9,442,312
OTHER FINANCING SOURCES (USES)				
Budgetary reserve	(90,000)	(1,816)	-	1,816
Sale of capital assets	-	-	16,775	16,775
Refund of prior year revenues	-	-	(4,835)	(4,835)
Transfers out	(500,000)	(250,000)	(7,312,673)	(7,062,673)
TOTAL OTHER FINANCING USES	(590,000)	(251,816)	(7,300,733)	(7,048,917)
NET CHANGE IN FUND BALANCE	-	-	2,393,395	2,393,395
FUND BALANCE, BEGINNING OF YEAR	7,450,067	7,450,067	7,450,067	-
FUND BALANCE, END OF YEAR	$ 7,450,067	$ 7,450,067	$ 9,843,462	$ 2,393,395

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
STATEMENTS OF NET POSITION - PROPRIETARY FUNDS JUNE 30, 2023
(With Summarized Comparative Data for the Year Ended June 30, 2022)

	Major Fund			
	Food Service Fund		Internal Service Fund	
	2023	2022	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES CURRENT ASSETS:				
Current Assets:				
Cash and cash equivalents	$ 1,797,884	$ 1,725,366	$ 1,807,672	$ 2,551,857
Investments	-	-	4,065,076	3,001,413
Due from other governments	-	94,094	-	-
Other receivables	2,629	3,076	-	-
Inventories	111,431	117,864	-	-
Total Current Assets	1,911,944	1,940,400	5,872,748	5,553,270
Noncurrent Assets:				
Net furniture and equipment	613,426	638,236	-	-
Total Noncurrent Assets	613,426	638,236	-	-
TOTAL ASSETS	2,525,370	2,578,636	5,872,748	5,553,270
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows relating to OPEB	42,377	51,182	-	-
Deferred outflows relating to pension	140,319	161,917	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	182,696	213,099	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 2,708,066	$ 2,791,735	$ 5,872,748	$ 5,553,270
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES:				
Current liabilities:				
Accounts payable	$ 147,239	$ 402,515	$ 764,048	$ 808,793
Compensated absences	7,839	7,607	-	-
Due to other funds	-	-	2,246	-
Total Current Liabilities	155,078	410,122	766,294	808,793
Noncurrent liabilities (Portion due or payable after one year):				
Compensated absences	7,092	6,841	-	-
Net OPEB liability	160,750	178,380	-	-
Net pension liability	995,879	921,720	-	-
Total Noncurrent Liabilities	1,163,721	1,106,941	-	-
TOTAL LIABILITIES	1,318,799	1,517,063	766,294	808,793
DEFERRED INFLOWS OF RESOURCES:				
Deferred outflows relating to OPEB	60,284	55,246	-	-
Deferred outflows relating to pension	30,580	165,520	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	90,864	220,766	-	-
NET POSITION:				
Net investment in capital assets	613,426	638,236	-	-
Unrestricted	684,977	415,670	5,106,454	4,744,477
TOTAL NET POSITION	1,298,403	1,053,906	5,106,454	4,744,477
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 2,708,066	$ 2,791,735	$ 5,872,748	$ 5,553,270

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2023
(With Summarized Comparative Data for the Year Ended June 30, 2022)

	Major Fund			
	Food Service Fund		Internal Service Fund	
	2023	2022	2023	2022
OPERATING REVENUES				
Food service revenues	$ 572,325	$ 134,615	$ -	$ -
Charges for health insurance	-	-	7,374,091	8,242,950
TOTAL OPERATING REVENUES	572,325	134,615	7,374,091	8,242,950
OPERATING EXPENSES				
Salaries	190,109	208,268	-	-
Employee benefits	88,572	87,648	-	-
Other purchased services	1,534,949	1,679,549	-	-
Self-insurance claims	-	-	7,162,933	8,520,428
Supplies	22,031	18,057	-	-
Depreciation	37,249	36,942	-	-
TOTAL OPERATING EXPENSES	1,872,910	2,030,464	7,162,933	8,520,428
OPERATING INCOME (LOSS)	(1,300,585)	(1,895,849)	211,158	(277,478)
NONOPERATING REVENUES				
Earnings on investments	57,712	772	150,819	6,557
State sources	161,070	113,745	-	-
Federal sources	1,326,300	2,476,858	-	-
TOTAL NONOPERATING REVENUES	1,545,082	2,591,375	150,819	6,557
CHANGE IN NET POSITION	244,497	695,526	361,977	(270,921)
NET POSITION, BEGINNING OF YEAR	1,053,906	358,380	4,744,477	5,015,398
NET POSITION, END OF YEAR	$ 1,298,403	$ 1,053,906	$ 5,106,454	$ 4,744,477

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2023
(With Summarized Comparative Data for the Year Ended June 30, 2022)

	Major Fund			
	Food Service Fund		Internal Service Fund	
	2023	2022	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from users	$ 572,772	$ 132,151	$ 7,374,091	$ 8,242,950
Payments to suppliers	(1,636,938)	(1,403,286)	-	-
Payments to employees	(321,168)	(349,503)	-	-
Cash payments for health insurance costs	-	-	(7,205,432)	(8,425,436)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,385,334)	(1,620,638)	168,659	(182,486)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State sources	163,929	114,168	-	-
Federal sources	1,248,650	2,327,999	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	1,412,579	2,442,167	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Equipment acquisition	(12,439)	(27,747)	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(12,439)	(27,747)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	-	-	(1,063,663)	(1,753,327)
Earnings on investments	57,712	772	150,819	(6,557)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	57,712	772	(912,844)	(1,759,884)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	72,518	794,554	(744,185)	(1,929,256)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,725,366	930,812	2,551,857	4,481,113
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,797,884	$ 1,725,366	$ 1,807,672	$ 2,551,857
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating (loss) income	$ (1,300,585)	$ (1,895,849)	$ 211,158	$ (277,478)
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:				
Depreciation	37,249	36,942	-	-
Donated commodities	168,885	141,981	-	-
(Increase) Decrease in:				
Other receivables	447	(2,463)	-	-
Inventories	6,433	(40,147)	-	-
Deferred outflows of resources - OPEB	8,805	3,760	-	-
Deferred outflows of resources - pension	21,598	6,890	-	-
Increase (Decrease) in:				
Accounts payable	(255,276)	192,835	(44,745)	94,992
Due to other funds	-	(351)	2,246	-
Compensated absences	483	(3,430)	-	-
Net OPEB liability	(17,630)	(8,620)	-	-
Net pension liability	74,159	(183,700)	-	-
Deferred inflows of resources - OPEB	5,038	2,514	-	-
Deferred inflows of resources - pension	(134,940)	129,000	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (1,385,334)	$ (1,620,638)	$ 168,659	$ (182,486)
SUPPLEMENTAL DISCLOSURE				
NONCASH NONCAPITAL FINANCING ACTIVITY:				
USDA donated commodities	$ 166,885	$ 141,981	$ -	$ -

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
STATEMENTS OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2023
(With Summarized Comparative Data for the Year Ended June 30, 2022)

	Private Purpose Trust		Custodial Fund	
	2023	2022	2023	2022
ASSETS				
Cash	$ 235,280	$ 180,879	$ 79,845	$ 80,924
TOTAL ASSETS	$ 235,280	$ 180,879	$ 79,845	$ 80,924
LIABILITIES AND NET POSITION				
LIABILITIES:				
Other current liabilities	$ -	$ -	$ -	$ -
NET POSITION:				
Restricted for trust	235,280	180,879	79,845	80,924
TOTAL LIABILITIES AND NET POSITION	$ 235,280	$ 180,879	$ 79,845	$ 80,924

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

KENNETT CONSOLIDATED SCHOOL DISTRICT
STATEMENTS OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2023
(With Summarized Comparative Data for the Year Ended June 30, 2022)

	Private Purpose Trust		Custodial Fund	
	2023	2022	2023	2022
ADDITIONS				
Local contributions	$ 96,263	$ 7,256	$ 111,489	$ 135,065
Earnings on investments	988	-	270	-
TOTAL ADDITIONS	97,251	7,256	111,759	135,065
DEDUCTIONS				
Fees paid and scholarships awarded	42,850	54,520	112,838	129,530
TOTAL DEDUCTIONS	42,850	54,520	112,838	129,530
CHANGE IN NET POSITION	54,401	(47,264)	(1,079)	5,535
NET POSITION, BEGINNING OF YEAR	180,879	228,143	80,924	75,389
NET POSITION, END OF YEAR	$ 235,280	$ 180,879	$ 79,845	$ 80,924

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

NOTE 1 – DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

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

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

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

The Superintendent is the chief administrative officer and chief instructional officer of the Board and the District, and is responsible for the execution of all actions of the Board. Subject to the policies and direction of the Board, the Superintendent is responsible for the administration and operation of the public school system and oversees all matters pertaining to instruction. The Superintendent manages the District with the assistance of the Assistant Superintendent, Chief Financial Officer, and the Communication Specialist.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reporting Entity

In evaluating the District as a reporting entity, management has addressed all potential component units for which the District may or may not be financially accountable and, as such, may or may not be required to include within the District's financial statements. The criteria for including organizations within the

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

District's reporting entity, as set forth in GASB's *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification), relate to financial accountability. On the basis of these criteria, the District has no other entities that are required to be included in its financial statements, nor is the District includable in the financial statements of any other reporting entity. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

Fund Accounting

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

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

- **General Fund** – This is the general operating fund of the District. This fund is used to account for all financial resources not accounted for and reported in another fund.

- **Capital Reserve Fund** – This fund is used to account for maintenance and improvement projects under Section 1432 of the Municipal Code.

- **Capital Project Fund -** This fund is used to account for all financial resources restricted, committed, or assigned to expenditures for capital outlays, including capital asset acquisitions, construction, and improvements.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

- **Private Purpose Trust Funds** – Trust funds are used to account for assets held by the District in a trustee capacity. This fund accounts for various scholarship programs for students.

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

Basis of Presentation

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) is used as a practical measure of economic resources, and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations, and accumulated depreciation is reported on the statement of net position.

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

Budgetary Information

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

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

- The District, before levying annual school taxes, is required to adopt an operating budget by June 30 for the succeeding fiscal year.

- The District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, twenty days prior to final budget adoption, that the proposed budget has been prepared and is available for public inspection at the administrative office of the District. Notice that public hearings will be held on the proposed

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

- The District Board of Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the Board is required.

- Fund balances in budgetary funds may be appropriated based on resolutions passed by the District Board of Directors, which authorize the District to make expenditures. Appropriations lapse at the end of the fiscal period.

- The general fund budget includes program budgets as prescribed by the state and federal agencies funding the programs. These budgets are approved on a program-by-program basis by the state or federal funding agency.

- Capital budgets are not implemented for capital improvements and capital projects in the capital projects fund. An adopted budget is not presently required due to the fund's recent inception and the limited amount of transactions. Additionally, all transactions of the capital projects fund are approved by the District Board of Directors prior to commitment, thereby constructively achieving budgetary control.

- Proprietary fund budgets are not adopted; however, formal budgets are prepared and approved by management; and expenditures are controlled on the basis of these budgets.

- Trust funds are not formally budgeted; however, each individual expenditure/expense request is reviewed for compliance with trust provisions and for availability of funding.

- There were no supplemental budgetary appropriations or amendments proposed or approved during the year.

Receivables/Payables

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

Cash and Cash Equivalents and Investments

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Prepaid Items

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

Inventories

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

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

Inventories of the food service fund consisting of food and paper supplies are carried at cost, using the first-in, first-out method. Federal donated commodities are valued at their acquisition value as determined by the U.S. Department of Agriculture at the date of donation. The inventories on hand at June 30, 2023 consist of the purchased food/supplies for use in the food program in the amount of $111,431.

Capital Assets

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Assets	Years
School buildings	50
Building improvements	20
Land improvements	25
Furniture	15
Vehicles	10
Equipment	5 - 15
Right to use lease asset	Life of lease
Right to use subscription asset	Life of subscription

Compensated Absences

The District accounts for compensated absences in accordance with the GASB Codification, which requires a liability be reported for certain compensated absences as the benefits are earned by employees instead of when they are paid. Governmental funds record the use of vacation and sick time, as an expenditure in the current year by the governmental fund that will pay it if they have matured, for example, unused reimbursable leave as a result of employee resignation or retirement.

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

Long-term Obligations

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

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

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense) until that time. The District currently has three

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

items that qualify for reporting in this category. Certain changes to the net pension liability, including pension contributions made subsequent to the measurement date and, therefore, not reflected in the net pension liability under full accrual basis reporting, are required to be amortized over a period of years. Additionally, certain changes to the net OPEB liability, including OPEB contributions made subsequent to the measurement date and, therefore, not reflected in the net OPEB liability under full accrual basis reporting, are required to be amortized over a period of years. The unamortized portions of these changes are reflected as deferred outflows and inflows of resources on the entity-wide and proprietary fund statements of net position. Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The District has one type of item that qualifies for reporting in this category. Delinquent taxes not collected within 60 days of year end and, therefore, are not available under modified accrual reporting are reflected as deferred inflows of resources on the general fund balance sheet.

Fund Balances

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

- **Nonspendable fund balance** – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

- **Restricted fund balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

- **Committed fund balance** – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (the District Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

- **Assigned fund balance** – amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

- **Unassigned fund balance** – amounts available for any purpose. Positive amounts are reported only in the general fund. Negative unassigned fund balance may be reported in other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which the summarized information was derived. Certain amounts presented in the prior year summarized data have been restated consistent with implementation of new standards, as described below.

Implementation of GASB Statement

During the year ended June 30, 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, “Subscription Based Information Technology Arrangements.” The purpose of this statement is to increase the usefulness of governmental financial statements by requiring recognition of certain subscription assets and liabilities for certain information technology subscription arrangements.

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

- Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

- Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law therefore, shall be pledged by the depository.

- Commercial paper, bankers’ acceptances, and negotiable certificates of deposit receiving top ratings from at least two nationally recognized statistical ratings organizations.

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS - continued

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

The breakdown of total cash and investments at June 30, 2023 is as follows:

Cash and cash equivalents	$ 10,673,617
Investments	49,436,119
Total Cash and Investments	$ 60,109,736

Deposits

At year end, the carrying amount of the District's deposits was $10,673,617, and the bank balance was $11,457,784. Of the bank balance of $250,000 was covered by federal depository insurance and $556,236 was collateralized under Pennsylvania Act 72, where financial institutions pledge collateral on a pooled basis to secure public deposits in excess of the FDIC insurance limits. The remaining $10,651,548 was cash equivalents held with the Pennsylvania School District Liquid Asset Fund (PSDLAF), which enables governmental units to pool their available funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended.

Investments

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

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

	Fair Value
Pennsylvania Local Government Investment Trust (PLGIT)	$ 252,614
Pennsylvania School District Liquid Asset Trust (PSDLAF)	49,183,505
Total Investments	$ 49,436,119

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

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS – continued

Of the investments, $45,053,902 is invested in FDIC-insured non-negotiable certificates of deposit with maturities of less than one year. The remaining $4,382,217 is invested in 2a7-like pools. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The District has no regulatory oversight for the pools, which are governed by the Board of Trustees. PSDLAF is administered by PMA Financial Network, Inc., and the pool is audited annually by PricewaterhouseCoopers LLP, an independent certified public accounting firm. PLGIT is administered by PFM Fund Distributors, Inc., and the pool is audited annually by Ernst & Young LLP, an independent certified public accounting firm.

Interest Rate Risk

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

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2023, the District's investments were rated as:

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

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. As of June 30, 2023, all of the District's investments are in PLGIT and PSDLAF.

Custodial Credit Risk

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

NOTE 4 – REAL ESTATE TAXES RECEIVABLE AND UNAVAILABLE REVENUE

Real estate taxes for the District are collected by the District. The assessed values are established by the County Board of Assessment. The District tax rate for the year ended June 30, 2023 was 32.51 mills ($32.51 per $1,000 of assessed valuation) as levied by the School Board of School Directors.

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

The schedule for real estate taxes levied for each fiscal year is as follows:

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

The District, in accordance with generally accepted accounting principles, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by administration. The allowance as of June 30, 2023 was $19,480. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements.

The deferred inflow of resources balance in the general fund of $1,068,263 consists of unavailable real estate taxes.

NOTE 5 – INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2023 is as follows:

Due To	Amount	Due From	Amount
Capital Reserve Fund	$ 7,312,673	General Fund	$ 7,312,673
General Fund	2,246	Internal Service Fund	2,246

Transfer To	Amount	Transfer From	Amount
Capital Reserve Fund	$ 7,312,673	General Fund	$ 7,312,673

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

NOTE 6 – UNEARNED REVENUES

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

NOTE 7 – CHANGES IN CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increase	Decrease	Reclass	Ending Balance
Capital assets not being depreciated:					
Land	$ 3,060,599	$ -	$ -	$ -	$ 3,060,599
Construction-in-progress	5,411,570	5,633,208	-	(3,128,810)	7,915,968
Total Capital Assets Not Being Depreciated/Amortized	8,472,169	5,633,208	-	(3,128,810)	10,976,567
Governmental Activities					
Capital assets being depreciated/ amortized:					
Buildings and improvements	144,196,603	430,427	-	3,128,810	147,755,840
Right to use lease asset	234,241	-	-	-	234,241
Right to use subscription asset	178,459	-	-	-	178,459
Furniture, vehicles, and equipment	7,911,269	262,271	(61,351)	-	8,112,189
Total Capital Assets Being Depreciated/Amortized	152,520,572	692,698	(61,351)	3,128,810	156,280,729
Less accumulated depreciation/ amortization for:					
Buildings and improvements	63,330,036	3,684,526	-	-	67,014,562
Right to use lease asset	117,121	58,560	-	-	175,681
Right to use subscription asset	10,623	25,494	-	-	36,117
Furniture, vehicles, and equipment	6,083,124	207,717	(61,351)	-	6,229,490
Total Accumulated Depreciation/ Amortization	69,540,904	3,976,297	(61,351)	-	73,455,850
Total Capital Assets Being Depreciated/ Amortized, Net	82,979,668	(3,283,599)	-	3,128,810	82,824,879
Governmental Activities Assets, Net	$ 91,451,837	$ 2,349,609	$ -	$ -	$ 93,801,446

Business-type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Equipment	$ 1,496,846	$ 12,439	$ -	$ 1,509,285
Less accumulated depreciation for:				
Equipment	858,610	37,249	-	895,859
Business-type Activities Capital Assets, Net	$ 638,236	$ (24,810)	$ -	$ 613,426

NOTE 7 – CHANGES IN CAPITAL ASSETS - continued

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

Governmental Activities:	
Instruction	$ 1,590,523
Administrative and financial support	416,267
Operation and maintenance of plant services	776,619
Unallocated depreciation/amortization	1,192,888
Total Depreciation/Amortization Expense - Governmental Activities	$ 3,976,297

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

Business-type Activities:	
Food Service: Equipment	$ 37,249
Total Depreciation Expense - Business-type Activities	$ 37,249

NOTE 8 – LONG-TERM LIABILITIES

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

General Obligation Bonds - Series of 2018 and 2018A On May 31, 2018 the District issued $11,425,000 of General Obligations Bonds, Series of 2018 and 2018A, maturing through October 1, 2024, and bearing interest ranging from 2.00% to 5.00%. Interest is payable semi-annually on April 1 and October 1. The Series of 2018 provided funds to refund the Series of 2006 and 2011 bonds. The refunding resulted in a cash flow savings of $520,151, and the present value savings of $427,694.	$ 9,280,000
General Obligation Bonds - Series of 2018AA On November 29, 2018 the District issued $19,785,000 of General Obligation Bonds, Series of 2018AA, maturing though February 15, 2024, and bearing interest ranging from 2.00% to 4.00%. Interest is payable semi-annually on February 15 and August 15. The series of 2018AA provided funds to refund the Series of 2010 bonds. The refunding resulted in a cash flow savings of $155,756 and a present value savings of $153,234.	3,405,000
General Obligation Bonds - Series of 2020 On November 25, 2020 the district issued $10,000,000 of General Obligation Bonds, Series of 2020, maturing though November 15, 2025, and bearing interest 1.04%. Interest is payable semi-annually on May 15 and November 15. The series of 2020 provided funds to refund the Series of 2015 and 2016 bonds. The refunding resulted in a cash flow savings of $275,737 and present value savings of $261,835.	5,858,000
General Obligation Bonds - Series of 2022 On September 19, 2023 the district issued $9,995,000 of General Obligation Bonds, Series of 2022, maturing through November 15, 2053, bearing interest ranging from 3.25% to 4.5%. Interest is payable semi-annually on February 15 and August 15. The Series of 2022 provided funds for upcoming capital projects.	9,995,000
Total Bonds Payable	$ 28,538,000

NOTE 8 – LONG-TERM LIABILITIES - continued

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

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2024	$ 6,707,000	$ 1,058,557	$ 7,765,557
2025	7,015,000	638,215	7,653,215
2026	4,226,000	480,890	4,706,890
2027	775,000	438,069	1,213,069
2028	230,000	420,506	650.506
2029-2033	1,285,000	1,958,330	3,243,330
2034-2038	1,570,000	1,678,930	3,248,930
2039-2043	1,915,000	1,325,518	3,240,518
2044-2048	2,380,000	872,688	3,252,688
2049-2053	2,435,000	293,625	2,728,625
	$28,358,000	$9,165,328	$37,703,328

Changes in Long-term Liabilities

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

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Governmental Activities					
Bonds and notes payable	$ 25,269,000	$ 9,995,000	$ 6,726,000	$ 28,538,000	$ 6,707,000
Bond premiums	789,590	-	256,605	532,985	256,605
Bond discount	-	(200,865)	(6,695)	(194,170)	(6,695)
Net bonds and notes payable	26,058,590	9,974,135	6,975,910	28,876,815	6,956,910
Other liabilities:					
Lease payable	123,541	-	60,076	63,465	63,465
Subscription payable	166,956	-	14,211	152,745	17,410
Compensated absences	1,090,040	-	109,034	981,006	71,850
Net pension liability	91,250,280	7,341,841	-	98,592,121	-
Net OPEB liability	17,659,620	-	1,745,370	15,914,250	-
Total Governmental Long-term Liabilities	$ 136,349,027	$17,315,976	$ 8,904,601	$ 144,580,402	$ 7,106,246
Business-type Activities					
Compensated absences	$ 14,448	$ 483	$ -	$ 14,931	$ 7,839
Net pension liability	921,720	74,159	-	995,879	-
Net OPEB liability	178,380	-	17,630	160,750	-
Total Business-type Long-term Liabilities	$ 1,114,548	$ 74,642	$ 17,630	$ 1,171,560	$ 7,839

NOTE 8 – LONG-TERM LIABILITIES - continued

Governmental activities long-term liabilities are liquidated by the general fund, and business-type activities long-term liabilities are liquidated by the food service fund. Total interest expense during the year ended June 30, 2023 was $566,880.

Legal Debt Margin

The District is subject to debit limitation that is 225% of borrowing base (the average total revenues for three years). At June 30, 2023 that amount is $218,323,832. As of June 30, 2023 the total outstanding debit applicable to the limit is $28,876,815.

Leasing Arrangements

The District leases its copier equipment under a number of lease arrangements with expiration dates through June 2024.

At June 30, 2023, the minimum future rental payments under noncancelable leasing arrangements for the remaining period and in the aggregate are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 63,465	$ 1,906	$ 65,371
Total	$ 63,465	$ 1,906	$ 65,371

Subscription Based IT Arrangements

The District subscribes to their accounting software under a subscription arrangement that expires in June of 2029.

At June 30, 2023, the minimum future rental payments under the subscription arrangement for the remaining period and in the aggregate are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 17,410	$ 414	$ 17,824
2025	20,617	367	20,984
2026	23,833	311	24,144
2027	27,058	246	27,304
2028	30,292	173	30,465
2029	33,534	91	33,625
Total	$ 152,745	$ 1,601	$ 154,346

NOTE 9 – EMPLOYEE RETIREMENT PLAN

Plan Description

The District contributes to the Public School Employees' Retirement System (PSERS), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the District year, and part-time per diem public school employees who render at least 80 days of service in the District year in any of the reporting entities in Pennsylvania. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. PSERS issues a publicly available annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at www.psers.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62, with at least one year of credited service, (b) age 60 with 30 or more years of credited service, or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E), and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service, or attain a total combination and age and service that is equal to or greater than 92, with a minimum of 35 years of service. Act 5 of 2017 ("Act 5") introduced a new hybrid defined benefit/defined contribution (DC) retirement benefit plan applicable to all school employees who become new members of PSERS on July 1, 2019 and thereafter. The three new plan design options under Act 5 include two hybrid plans, Membership Class T-G ("Class T-G") and Membership Class T-H ("Class T-H") consisting of defined benefit and defined contribution components and a stand-alone defined contribution plan, Membership Class DC ("Class DC"). A stand-alone defined benefit plan is no longer available to new members after June 30, 2019. To qualify for normal retirement, Class T-G members must work until age 67 with a minimum of three years of service, or attain a total combination and age and service that is equal to or greater than 97, with a minimum of 35 years of service. To qualify for normal retirement Class T-H members must work until age 67 with a minimum of three years of service. Benefits for defined benefit plans are generally equal to between one percent and two and one-half percent, depending upon the membership class, of the member's final average salary as defined in the Code, multiplied by the number of years of credited service. Benefits for the defined contribution plans are the value in the account. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested, and early retirement may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

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

NOTE 9 – EMPLOYEE RETIREMENT PLAN - continued

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

Member Contributions

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

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

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

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

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

Employer Contributions

The District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, the rate of the employer contribution was 35.26 percent of covered payroll, which was comprised of 34.31 percent for pension contributions, 0.20 percent for Act 5 defined contribution plan contributions, and 0.75 percent for healthcare contributions. The District's contribution to PSERS for pension contributions for the year ended June 30, 2023 was $10,940,127.

NOTE 9 – EMPLOYEE RETIREMENT PLAN - continued

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

At June 30, 2023, the District reported a liability of $99,588,000 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 District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the District's proportion was 0.2240 percent, a decrease of 0.0005 percent from June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of $6,986,589. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ -	$ 1,690,000
Difference between expected and actual experience	45,000	861,000
Change in assumptions	2,974,000	-
Change in proportionate share of net pension liability	-	507,000
Difference between employer contributions and proportionate share of total contributions	72,631	-
Contributions subsequent to the date of measurement	10,940,127	-
	$ 14,031,758	$ 3,058,000

An amount of $10,940,127 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources relating to pensions and will be recognized in pension expense as follows:

Year Ending June 30,	
2024	$ (10,337)
2025	327,281
2026	(2,651,839)
2027	2,368,526
	$ 33,631

NOTE 9 – EMPLOYEE RETIREMENT PLAN - continued

Actuarial Assumptions

The total pension liability as of June 30, 2022 was determined by rolling forward the system's total pension liability as of the 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 percentage of pay
- Investment return – 7.00 percent, includes inflation of 2.50 percent
- Salary growth – effective average of 4.50 percent, comprised of inflation of 2.50 percent and 2.00 percent for real wage growth and for merit and seniority increases
- Mortality rates were based on a blend of 50 percent PubT-2010 and 50 percent 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 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 percent to 4.50 percent
  - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75 percent and 2.25 percent to 2.50 percent and 2.00 percent, 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 percent PubT-2010 and 50 percent 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 long-term expected rate of return on pension plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

NOTE 9 – EMPLOYEE RETIREMENT PLAN - continued

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

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%
Financing (LIBOR)	(11.0%)	0.5%

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

Discount Rate

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	$128,810,000	$ 99,588,000	$ 74,950,000

Pension Plan Fiduciary Net Position

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

NOTE 9 – EMPLOYEE RETIREMENT PLAN - continued

Payables to the Pension Plan

At June 30, 2023, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of $3,274,214. This amount represents the District's contractually obligated contributions for wages earned in April 2023 through June 2023.

NOTE 10 – POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

The District administers a single employer defined benefit healthcare plan (the Retiree Health Plan) for employees who meet the eligibility requirements upon retirement. The District's retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA. Under the GASB Codification, retiree benefits are viewed as a form of deferred compensation. As such, the benefits are treated as being earned over the working lifetime of the employee so that the cost is fully charged to operations by the earliest date of eligibility under the plan. The OPEB Plan does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members are established and may be amended by the Board of School Directors. The District has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of School Directors. For fiscal year 2023, the District paid $685,000 to plan members eligible for receiving benefits.

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of June 30, 2023. The total OPEB liability as of June 30, 2023 was determined by rolling forward the plan's total OPEB liability as of the June 30, 2022 actuarial valuation to the June 30, 2023 measurement date using the actuarial assumptions noted below.

Discount Rate

The discount used to measure the total OPEB liability was 3.65 percent for the measurement date of June 30, 2023, an increase from the discount rate of 3.54 percent used for the June 30, 2022 measurement date.

NOTE 10 – POSTEMPLOYMENT HEALTHCARE PLAN - continued

Health Cost Trend

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

Fiscal Year Ending June 30	Increase in Health Cost Over Prior Year
2024	6.30%
2025	6.70%
2026	6.50%
2027	5.90%
2028	5.30%
2033	4.20%
2038	4.10%
2043	4.10%
2053	4.10%
2075 and later	3.70%

The Society of Actuaries ("SOA") Long-Run Medical Cost Trend Model was used to develop the medical trend schedule used in projecting per capita claim costs and premiums for this report. The model's projections are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group and have been modified slightly to reflect the District's actuary's expectations for long-term inflation. In addition, the estimated impact of the excise tax due to healthcare reform is incorporated through an adjustment to the healthcare trend assumption.

Dental and vision costs are assumed to equal premium rates.

Census Data

As of July 1, 2022, the plan consisted of 444 active participants, 35 retired participants receiving benefits, and 11 spouses of retired participants receiving benefits.

Mortality Rates

PubT-H2010 Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2021 from 2010 base year and projected forward on a generational basis with Scale MP-2021 (based on recommendation of Society of Actuaries' Retirement Plans Experience Committee). As a generational table, it reflects mortality improvements both before and after the measurement date.

Medicare Participation

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

NOTE 10 – POSTEMPLOYMENT HEALTHCARE PLAN - continued

Sensitivity Analysis

The following presents the net OPEB liability, calculated using the valuation discount rate of 3.65 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Total OPEB liability	$ 12,987,000	$ 11,952,000	$ 11,014,000
Fiduciary net position	-	-	-
Net OPEB liability	$ 12,987,000	$ 11,952,000	$ 11,014,000

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 10,896,000	$ 11,952,000	$ 13,182,000
Fiduciary net position	-	-	-
Net OPEB liability	$ 10,896,000	$ 11,952,000	$ 13,182,000

Changes in Total OPEB Liability

Total OPEB liability as of June 30, 2022	$ 12,518,000
Service cost	587,000
Interest on OPEB designation	431,000
Effect of assumption changes or inputs	(899,000)
Benefit payments	(685,000)
Total OPEB liability as of June 30, 2023	$ 11,952,000

The amount of OPEB expense for the single employer plan recognized by the District was $440,000 for the year ended June 30, 2023. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ 2,069,000	$ 4,819,000
Difference between actual and expected experience	1,290,000	237,000
	$ 3,359,000	$ 5,056,000

NOTE 10 – POSTEMPLOYMENT HEALTHCARE PLAN - continued

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

Year Ending June 30,	
2024	$ (584,000)
2025	(581,000)
2026	(529,000)
2027	363,000
2028	183,000
Thereafter	(549,000)
	$ (1,697,000)

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

Health Insurance Premium Assistance Program

PSERS provides premium assistance, which is a governmental cost-sharing, multiple-employer other postemployment benefits 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, 2021, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

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

OPEB Plan Description

The District contributes to the Public School Employees' Retirement System (PSERS), a governmental cost-sharing multiple-employer defined benefit OPEB plan that provides postemployment benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the PSERS plan include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the District year, and part-time per diem public school employees who render at least 80 days of service in the District year in any of the reporting entities in Pennsylvania.

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

PSERS issues a publicly available annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at www.psers.state.pa.us.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2022 was 0.75 percent of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $278,312 for the year ended June 30, 2023.

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

At June 30, 2022, the District reported a liability of $4,123,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the system's total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the District's proportion was 0.2240 percent, which was the same its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of $374,793. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 11,000	$ -
Change in proportionate share of net pension liability	37,000	45,000
Difference between expected and actual experience	38,000	22,000
Change in assumptions	458,000	974,000
Difference between employer contributions and proportionate share of total contributions	-	10,068
Contributions subsequent to the date of measurement	278,312	-
	$ 822,312	$ 1,051,068

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

An amount of $278,312 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts will be reported as deferred outflows and resources and deferred inflows of resources relating to pensions and will be recognized in pension expense as follows:

Year Ending June 30,	
2024	$ (108,137)
2025	(73,262)
2026	(91,176)
2027	(109,122)
2028	(125,414)
Thereafter	43
	$ 507,068

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, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal – level percent of pay
- Investment return – 4.09 percent – S&P 20-year Municipal Bond Rate
- Salary growth – effective average of 4.50 percent, comprised of inflation of 2.50 percent and 2.00 percent for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at $1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on 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 percent.
  - Eligible retirees will elect to participate post-age 65 at 70 percent.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 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

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

- Participation rate – 63 percent of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09 percent. 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 percent 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.

Changes in Actuarial Assumptions

- The discount rate used to measure the total OPEB liability increased from 2.18 percent as of June 30, 2021 to 4.09 percent as of June 30, 2022.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2022 actuarial valuation:
  - Salary growth rate – decreased from 5.00 percent to 4.50 percent
  - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75 percent and 2.25 percent to 2.50 percent and 2.00 percent, 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 percent PubT-2010 and 50 percent 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.

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.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	100.0%	0.5%
	100.0%	

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09 percent, an increase from 2.18 percent in the prior year. Under the plan's funding policy, contributions are structured for short-term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 4.09 percent, 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.

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

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

The following presents the system's net OPEB liability for June 30, 2022, calculated using current healthcare cost trends as well as what the system's net OPEB liability would be if its healthcare cost trends were one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 4,123,000	$ 4,123,000	$ 4,124,000

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

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

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

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
District's proportionate share of the net OPEB liability	$ 4,663,000	$ 4,123,000	$ 3,672,000

OPEB Plan Fiduciary Net Position

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

NOTE 12 – NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY

The District's aggregate net OPEB liability and deferred inflows and outflows of resources are as follows:
Aggregate OPEB expense recognized by the District was $814,793 for the year ended June 30, 2023

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
District Plan (See Note 10)	$ 11,952,000	$ 3,359,000	$ 5,056,000
PSERS Plan (See Note 11)	4,123,000	822,312	1,051,068
Total	$ 16,075,000	$ 4,181,312	$ 6,107,068

NOTE 13 – FUND BALANCES

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

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total Governmental Funds
Restricted:				
Capital projects	$ -	$ 27,869,583	$ 6,883,889	$ 34,753,472
Nonspendable (prepaid expenditures)	2,433	-	-	2,433
Committed for future expenditures	2,050,000	-	-	2,050,000
Unassigned	7,791,029	-	-	7,791,029
Total Fund Balances	$ 9,843,462	$ 27,869,583	$ 6,883,889	$ 44,596,934

NOTE 14 – CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

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

Construction-in-progress

As of June 30, 2023, the District had ongoing construction projects yet to be completed. The commitments and amounts completed to date are as follows:

	Project Amount	Completed as of 06/30/2023	Commitments
Kennett Legacy Fields	$ 1,967,027	$ 1,693,936	$ 273,091
Greenwood Elementary	1,135,474	1,135,474	-
New Garden Elementary	1,120,494	1,120,494	-
Mary D. Lang Kindergarten Center exterior improvements	892,661	892,661	-
Security entrances	1,140,013	1,140,013	-
Annex Improvement of Kennett High School	1,995,821	1,933,390	62,431
Totals	$ 8,251,490	$ 7,915,968	$ 335,522

NOTE 15 – RISK MANAGEMENT

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

The district is a member of the School Districts Insurance Consortium (SDIC) for workers' compensation coverage. SDIC is comprised of 79 member school districts which jointly self-assume their workers' compensation liabilities. Even though member school districts contribute to SDIC's insurance fund, they remain individually liable for their own workers' compensation claims. The members of SDIC are required to participate in any deficiencies of SDIC and are subject to periodic assessments, as required. As June 30, 2023, there was no unfunded liability.

The premium/billings from the SDIC are two-part formula driven and based upon the estimated salaries for the fiscal year. The first part of the annual premium is direct claims from workers. There is a cap on the liability for the District. For the 2022-2023 year, the maximum claims liability was $49,245.

NOTE 15 – RISK MANAGEMENT - continued

The second part of the annual premium represents administrative costs for the current year and claims from prior years. This portion is pooled together with all the other members of the consortium.

	Fiscal Year Ended	
	6/30/2022	6/30/2022
Unpaid Claims Premiums, beginning of fiscal year	$ 0	$ 0
Claims and premiums	235,399	133,089
Payments	(235,399)	(133,089)
Unpaid Claims Premiums, end of fiscal year	$ 0	$ 0

Effective July 1, 2010, the District became self-insured for medical insurance for employees and dependents. Effective June 30, 2013, the District established an internal service fund to administer self-insurance benefits for medical, dental and prescription insurance to all District employees. The District used a third-party administrator to provide consulting and administrative services to process claims within the self-insurance fund. The arrangement also includes stop-loss coverage which provides protection for claims in excess of $225,000 per person. The following table presents the components of the self-insurance benefits obligation and the related changes to the funds benefit obligation at June 30, 2023:

Claims Payable	$ 764,048
Changes in benefit obligations as follows for the year ended June 30, 2022:	
Claims Payable, beginning of year	552,890
Benefits earned	7,374,091
Claims paid	(7,162,933)
Claims payable, end of year	$ 764,048

NOTE 16 – DEFICIT NET POSITION

For governmental activities, the unrestricted net deficit amount of $90,620,723 respectively, include the effect of deferring the recognition of pension and OPEB contributions made subsequent to the measurement date of the net pension and OPEB liabilities, the unamortized portion of contributions made in excess of the District's share of its proportionate contributions to its pension and OPEB plans, and the

deferred outflows resulting from the change in the District's share of the net pension and OPEB liabilities. This is offset by the District's actuarially determined pension and OPEB liabilities and the deferred inflows resulting from the differences between projected and actual investment earnings and changes in assumptions.

NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLE

In accordance with the adoption of GASB Statement No. 96, as discussed in Note 1, the District has restated its July 1, 2021 net position in its governmental activities to record the right to use assets and liabilities associated with the District's information technology subscription arrangements. The net result of this change is an increase of $880 in net deficit in its governmental activities.

NOTE 18 – SUBSEQUENT EVENTS

The District has evaluated all subsequent events through November 3, 2023, the date the financial statements were available to be issued.

NOTE 19 – NEW ACCOUNTING PRONOUNCEMENTS

- Statement No 99, Omnibus 2022 – The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows: (a) Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument, (b) Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (c) Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, (d) Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability, (e) Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, (f) Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP) (g) Disclosures related to nonmonetary transactions (h) Pledges of future revenues when resources are not received by the pledging government (i) Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements (j) Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and (k) Terminology used in Statement 53 to refer to resource flows statements. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The

NOTE 19 – NEW ACCOUNTING PRONOUNCEMENTS - continued

requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

- Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

- Statement No.101, Compensated Absences – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

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REQUIRED SUPPLEMENTARY INFORMATION

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

	MEASUREMENT DATE								
	June 30, 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
District's proportion of the net pension liability	0.2240%	0.2245%	0.2245%	0.2273%	0.2246%	0.2235%	0.2225%	0.2175%	0.2204%
District's proportion of the net pension liability - dollar value	$ 99,588,000	$ 92,172,000	$ 110,542,000	$ 106,337,000	$ 107,819,000	$ 110,383,000	$ 110,264,000	$ 94,210,000	$ 87,236,000
District's covered payroll	$ 32,986,290	$ 31,695,485	$ 31,793,279	$ 31,269,723	$ 30,382,999	$ 29,881,260	$ 28,934,868	$ 28,164,151	$ 28,122,261
District's proportionate share of the net pension liability as a percentage of its covered payroll	301.91%	290.80%	347.69%	340.06%	354.87%	369.41%	381.08%	334.50%	310.20%
Plan fiduciary net position as a percentage of the total pension liability	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

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

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

	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	$10,940,127	$ 11,212,040	$ 10,621,157	$ 10,606,238	$ 10,193,930	$ 9,643,564	$ 8,725,328	$ 7,233,717	$ 5,773,651
Contributions in relation to the contractually required contribution	10,940,127	11,212,040	10,621,157	10,606,238	10,193,930	9,643,564	8,725,328	7,233,717	5,773,651
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$31,886,118	$ 32,986,290	$ 31,695,485	$ 31,793,279	$ 31,269,723	$ 30,382,999	$ 29,881,260	$ 28,934,868	$ 28,164,151
Contributions as a percentage of covered payroll	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%	20.50%

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

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

	MEASUREMENT DATE					
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's proportion of the net OPEB liability	0.2240%	0.2245%	0.2245%	0.2273%	0.2246%	0.2235%
District's proportion of the net OPEB liability - dollar value	$ 4,123,000	$ 5,320,000	$ 4,846,000	$ 4,834,000	$ 4,683,000	$ 4,554,000
District's covered payroll	$ 32,986,290	$ 31,695,485	$ 31,793,279	$ 31,269,723	$ 30,382,999	$ 29,881,260
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	12.50%	16.78%	15.24%	15.46%	15.41%	15.24%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

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

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

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually required contribution	$ 278,312	$ 263,777	$ 259,903	$ 266,345	$ 260,406	$ 252,177
Contributions in relation to the contractually required contribution	278,312	263,777	259,903	266,345	260,406	252,177
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 31,886,118	$ 32,986,290	$ 31,695,485	$ 31,793,279	$ 31,269,723	$ 30,382,999
Contributions as a percentage of covered payroll	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%

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

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

	MEASUREMENT DATE					
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
TOTAL OPEB LIABILITY						
Service cost	$ 587,000	$ 567,000	$ 261,000	$ 252,000	$ 521,000	$ 503,000
Interest on total OPEB liability	431,000	292,000	221,000	308,000	602,000	605,000
Effect of assumption changes or inputs	(899,000)	(1,534,000)	3,735,000	1,425,000	(7,960,000)	(437,000)
Effect of liability gains or losses	-	-	-	-	832,000	-
Benefit payments	(685,000)	(661,000)	(753,000)	(775,000)	(731,000)	(775,000)
NET CHANGE IN TOTAL OPEB LIABILITY	(566,000)	(1,336,000)	3,464,000	1,210,000	(6,736,000)	(104,000)
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	12,518,000	13,854,000	10,390,000	9,180,000	15,916,000	16,020,000
TOTAL OPEB LIABILITY, END OF YEAR	$ 11,952,000	$ 12,518,000	$ 13,854,000	$ 10,390,000	$ 9,180,000	$ 15,916,000
PLAN FIDUCIARY NET POSITION						
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -
DISTRICT'S NET OPEB LIABILITY	$ 11,952,000	$ 12,518,000	$ 13,854,000	$ 10,390,000	$ 9,180,000	$ 15,916,000
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	$ 35,048,628	$ 33,493,323	$ 32,101,048	$ 31,062,034	$ 30,557,282	$ 29,587,921
District's net OPEB liability as a percentage of covered payroll	34.10%	37.37%	43.16%	33.45%	30.04%	53.79%
Expected average remaining service years of all participants	8	8	8	8	8	8

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SUPPLEMENTARY INFORMATION

KENNETT CONSOLIDATED SCHOOL DISTRICT

Supplementary Information
Individual Fund Schedules

General Fund

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

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KENNETT CONSOLIDATED SCHOOL DISTRICT
General Fund
Schedule of Revenues – Budget to Actual
For the Year Ended June 30, 2023

REVENUES	Original Budget	Final Budget	Actual	Variance with Final Budget
Local Revenue				
Current Real Estate Taxes	$ 64,837,824	$ 64,355,975	$ 64,583,038	$ 227,063
Interim Real Estate Taxes	600,000	600,000	917,582	317,582
Utility Taxes	65,000	65,000	68,527	3,527
Earned Income	4,750,000	4,750,000	5,982,036	1,232,036
Realty Transfer Tax	1,000,000	1,000,000	1,292,374	292,374
Delinquent Real Estate Taxes	1,352,000	1,352,000	1,803,959	451,959
Investment Earnings	15,000	15,000	1,518,407	1,503,407
Facility Rental Fees	71,038	71,038	55,729	(15,309)
Other Revenue	232,500	383,080	331,300	(51,780)
Total Revenue from Local Sources	**72,923,362**	**72,592,093**	**76,552,953**	**3,960,860**
State Revenue				
State Basic Subsidy	5,959,080	6,362,418	7,359,223	996,805
Migratory Children	-	-	2,774	2,774
Tuition Orphans & Children	-	-	23,438	23,438
Special Education	1,537,896	1,941,234	2,020,347	79,113
Transportation	1,300,000	1,300,000	1,201,744	(98,256)
Authority Rental Reimbursement	502,609	502,609	477,694	(24,915)
Health Services	80,000	80,000	78,810	(1,190)
Property Tax Reduction Allocation	1,797,652	1,797,652	1,797,652	(0)
School Safety Grant	-	81,230	61,539	(19,691)
Ready to Learn Grant	400,617	400,617	1,150,617	750,000
FICA Reimbursement	1,332,548	1,332,548	1,285,282	(47,266)
Retirement Reimbursement	6,187,964	6,187,964	6,194,664	6,700
Total Revenue from State Sources	**19,098,366**	**19,986,272**	**21,653,784**	**1,667,512**
Federal Revenue				
Title I	655,704	654,577	465,394	(189,183)
Title II	94,673	94,597	94,596	(0)
Title III	124,872	157,115	138,096	(19,019)
Title IV	48,264	47,539	45,415	(2,124)
IDEA	600,000	609,479	566,727	(42,753)
CARES Act	-	30,216	30,216	0
CRRSA Act	350,586	844,276	653,868	(190,408)
ARP Act	-	1,767,470	1,768,656	1,186
SBAP Reimbursements (Access)	68,977	68,977	-	(68,977)
Medical Assistance Reimbursement	15,000	15,000	18,481	3,481
Total Revenue From Federal Sources	**1,958,076**	**4,289,246**	**3,781,450**	**(507,796)**
Other Sources				
Sale of Capital Assets	-	-	16,775	16,775
Total Revenue From Other Sources	**-**	**-**	**16,775**	**16,775**
Total Revenues	**$ 93,979,804**	**$ 96,867,611**	**$ 102,004,962**	**$ 5,137,351**

KENNETT CONSOLIDATED SCHOOL DISTRICT
General Fund
Schedule of Expenditures – Budget to Actual
For the Year Ended June 30, 2023

EXPENDITURES	Original Budget	Final Budget	Actual	Variance with Final Budget
Regular Instruction				
Salaries	$20,492,938	$20,131,138	$19,827,154	$ 303,984
Employee Benefits	14,068,892	13,850,806	12,627,294	1,223,512
Purchased Professional & Technical Services	49,013	38,149	11,181	26,968
Purchased Property Services	3,500	3,500	1,161	2,339
Other Purchased Services	3,729,000	3,763,517	3,258,193	505,324
Supplies	440,754	1,205,001	1,185,336	19,665
Property	29,500	45,020	44,253	767
Other Objects	-	22,200	9,817	12,383
Total	38,813,597	39,059,331	36,964,389	2,094,942
Special Instruction				
Salaries	2,611,224	2,611,225	2,564,389	46,836
Employee Benefits	1,756,630	1,756,630	1,566,732	189,898
Purchased Professional & Technical Services	5,417,165	5,481,992	6,401,474	(919,482)
Purchased Property Services	2,000	2,000	-	2,000
Other Purchased Services	2,731,977	2,719,977	2,646,111	73,866
Supplies	46,999	74,351	67,735	6,616
Property	20,000	4,648	-	4,648
Other Objects	4,500	4,500	702	3,798
Total	12,590,495	12,655,323	13,247,143	(591,820)
Vocational Programs				
Other Purchased Services	1,890,750	1,890,750	1,881,543	9,207
Total	1,890,750	1,890,750	1,881,543	9,207
Other Instructional Programs				
Salaries	-	220,051	216,130	3,921
Employee Benefits	-	93,578	91,488	2,090
Purchased Professional & Technical Services	62,753	211,076	175,738	35,338
Other Purchased Services	156,930	145,730	70,916	74,814
Supplies	-	23,054	19,806	3,248
Total	219,683	693,489	574,078	119,411
Nonpublic School Programs				
Purchased Professional & Technical Services	-	622	-	622
Total	-	622	-	622
Support Services-Students				
Salaries	1,765,308	1,950,137	1,937,943	12,194
Employee Benefits	1,173,613	1,220,176	1,157,551	62,625
Purchased Professional & Technical Services	453,177	787,564	639,631	147,933
Other Purchased Services	5,100	5,100	1,550	3,550
Supplies	14,000	65,248	51,892	13,356
Property	1,000	-	-	-
Other Objects	750	2,480	2,420	60
Total	3,412,948	4,030,705	3,790,987	239,718

KENNETT CONSOLIDATED SCHOOL DISTRICT
General Fund
Schedule of Expenditures – Budget to Actual - continued
For the Year Ended June 30, 2023

EXPENDITURES	Original Budget	Final Budget	Actual	Variance with Final Budget
Support Services-Instructional Staff				
Salaries	1,555,895	1,560,895	1,539,963	20,932
Employee Benefits	1,009,801	1,203,501	1,053,551	149,950
Purchased Professional & Technical Services	82,846	255,740	253,928	1,812
Purchased Property Services	3,800	3,725	3,649	76
Other Purchased Services	19,950	93,670	92,764	906
Supplies	642,155	636,298	338,648	297,650
Property	6,800	2,189	1,352	837
Other Objects	4,000	3,245	1,450	1,795
Total	3,325,247	3,759,263	3,285,305	473,958
Support Services-Administration				
Salaries	2,762,696	2,803,642	2,741,307	62,335
Employee Benefits	1,719,095	1,719,094	1,641,692	77,402
Purchased Professional & Technical Services	371,350	355,400	239,464	115,936
Other Purchased Services	195,325	204,822	179,935	24,887
Supplies	67,850	75,468	58,832	16,636
Property	9,000	7,500	-	7,500
Other Objects	65,700	73,046	69,678	3,368
Total	5,191,016	5,238,972	4,930,908	308,064
Support Services-Pupil Health				
Salaries	583,476	684,476	683,580	896
Employee Benefits	393,927	426,927	400,182	26,745
Purchased Professional & Technical Services	12,860	20,128	17,868	2,260
Purchased Property Services	-	228	228	-
Other Purchased Services	27,800	20,501	2,864	17,637
Supplies	27,200	27,647	23,935	3,712
Total	1,045,263	1,179,907	1,128,657	51,250
Support Services-Business				
Salaries	711,226	734,169	723,570	10,599
Employee Benefits	384,057	379,057	349,348	29,709
Purchased Professional & Technical Services	60,522	60,742	58,628	2,114
Other Purchased Services	9,250	10,230	5,541	4,689
Supplies	13,000	5,800	2,960	2,840
Other Objects	92,375	98,375	97,399	976
Total	1,270,430	1,288,373	1,237,446	50,927
Operation & Maintenance of Plant Services				
Salaries	2,322,965	2,417,116	2,413,999	3,117
Employee Benefits	1,848,842	1,848,842	1,727,434	121,408
Purchased Professional & Technical Services	181,500	259,730	184,338	75,392
Purchased Property Services	1,195,407	1,197,507	1,012,607	184,900
Other Purchased Services	288,439	301,522	297,906	3,616
Supplies	1,609,070	1,609,270	1,555,267	54,003
Property	154,000	151,000	22,438	128,562
Other Objects	26,500	59,500	49,184	10,316
Total	7,626,723	7,844,487	7,263,173	581,314

KENNETT CONSOLIDATED SCHOOL DISTRICT
General Fund
Schedule of Expenditures – Budget to Actual – continued
For the Year Ended June 30, 2023

EXPENDITURES	Original Budget	Final Budget	Actual	Variance with Final Budget
Student Transportation				
Salaries	147,300	165,992	164,448	1,544
Employee Benefits	109,530	114,530	107,525	7,005
Purchased Professional & Technical Services	2,000	4,136	4,135	1
Purchased Property Services	2,500	3,176	1,192	1,984
Other Purchased Services	5,418,005	5,535,122	4,960,165	574,957
Supplies	34,395	40,695	36,790	3,905
Property	25,000	19,687	-	19,687
Other Objects	1,500	2,201	1,502	699
Total	5,740,230	5,885,539	5,275,757	609,782
Support Services-Central				
Salaries	1,000,685	1,071,648	1,050,447	21,201
Employee Benefits	684,297	714,296	660,580	53,716
Purchased Professional & Technical Services	190,000	298,019	345,378	(47,359)
Purchased Property Services	-	-	(494)	494
Other Purchased Services	170,499	198,999	150,983	48,016
Supplies	408,528	482,528	462,248	20,280
Property	546,376	451,376	298,012	153,364
Other Objects	3,500	4,032	1,828	2,204
Total	3,003,885	3,220,898	2,968,982	251,916
Other Support Services				
Other Purchased Services	37,551	37,551	33,289	4,262
Total	37,551	37,551	33,289	4,262
Student Activities				
Salaries	785,340	1,215,629	1,106,421	109,209
Employee Benefits	311,389	495,839	494,065	1,775
Purchased Professional & Technical Services	108,500	120,200	111,309	8,891
Purchased Property Services	1,000	1,000	180	820
Other Purchased Services	144,964	147,615	161,708	(14,093)
Supplies	93,595	41,966	84,735	(42,769)
Property	29,111	13,786	11,997	1,789
Other Objects	38,286	79,913	74,867	5,046
Total	1,512,185	2,115,948	2,045,281	70,667
Community Services				
Salaries	-	8,868	8,505	363
Employee Benefits	-	5,522	3,669	1,853
Purchased Professional & Technical Services	-	58,898	51,440	7,458
Total	-	73,288	63,614	9,674
Facilities Acquisition, Construction & Improvement Services				
Purchased Property Services	200,000	200,000	159,580	40,420
Total	200,000	200,000	159,580	40,420
Other Expenditures & Financing Uses				
Debt Service Interest	743,801	738,637	786,386	(47,749)
Debt Service Principal	6,426,000	6,526,000	6,726,000	(200,000)
Fund Transfers	250,000	-	7,312,673	(7,312,673)
Budgetary Reserve	90,000	250,000	-	250,000
Total	7,509,801	7,514,637	14,825,059	(7,310,422)
Total Expenditures	**$ 94,304,631**	**$ 96,862,788**	**$ 99,611,470**	**$ (2,748,682)**

KENNETT CONSOLIDATED SCHOOL DISTRICT

Other Supplementary Information
Individual Fund Schedule

Custodial Funds-Student Activities Funds

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

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KENNETT CONSOLIDATED SCHOOL DISTRICT

Custodial Funds-Student Activities Fund
Statement of Net Position
Fiscal Period Ended June 30, 2023

	2023	2022
ASSETS		
Cash and Cash Equivalents	$ 79,845	$ 80,924
TOTAL ASSETS	$ 79,845	$ 80,924
LIABILITIES AND NET POSITION		
LIABILITIES:		
Other Current Liabilities	$ -	$ -
NET POSITION:		
Restricted for Trust	79,845	80,924
TOTAL LIABILITIES AND NET POSITION	$ 79,845	$ 80,924

KENNETT CONSOLIDATED SCHOOL DISTRICT

Custodial Funds-Student Activities Fund
Statement of Changes in Net Position
Fiscal Period Ended June 30, 2023

	2023	2022
ADDITIONS		
Local Contributions	$ 111,759	$ 135,065
TOTAL ADDITIONS	111,759	135,065
DEDUCTIONS		
Fees Paid	112,838	129,530
CHANGES IN NET POSITON	(1,079)	5,535
NET POSITION, BEGINNING OF YEAR	80,924	75,389
NET POSITION, END OF YEAR	$ 79,845	$ 80,924

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents **Pages**

Financial Trends 99-108

These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.

Revenue Capacity 109-116

The information in this section will help the reader assess the property tax revenue for the District, which is the Government's most significant source of local revenue.

Debt Capacity 117-122

These schedules present information that display the District's ability to afford the current levels of outstanding debt as well as the Government's ability to issue more debt in the future.

Demographic and Economic Information 123-125

Demographic and economic indicators help the reader better understand the environment within which the Government's financial activities take place.

Operating Information 126-134

These schedules contain data to help the reader understand and relate information of other sections of the ACFR to the services provided and activities performed.

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

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KENNETT CONSOLIDATED SCHOOL DISTRICT

Net Position by Component
Last Ten Fiscal Years

	Fiscal Year Ending June 30				
	2023	2022	2021	2020	2019
Governmental Activities					
Net Investment in capital assets	$ 71,012,121	$ 65,269,705	$ 58,874,686	$ 52,132,965	$ 47,352,086
Restricted	34,753,472	23,911,027	21,797,368	14,762,937	11,014,624
Unrestricted (deficit)	(96,924,423)	(98,359,835)	(102,610,939)	(102,820,094)	(103,022,901)
Total Net Position (Deficit)	8,841,170	(9,179,103)	(21,938,885)	(35,924,192)	(44,656,191)
Business-type Activities					
Net Investment in capital assets	613,426	638,236	647,431	601,047	640,948
Unrestricted (deficit)	684,977	684,977	(289,051)	(284,453)	(334,261)
Total Net Position	1,298,403	1,323,213	358,380	316,594	306,687
Total Primary Government					
Net Investment in capital assets	71,625,547	65,907,941	59,522,117	52,734,012	47,993,034
Restricted	34,753,472	23,911,027	21,797,368	14,762,937	11,014,624
Unrestricted (deficit)	(96,239,446)	(97,674,858)	(102,899,990)	(103,104,547)	(103,357,162)
Total Net Position (Deficit)	$ 10,139,573	$ (7,855,890)	$ (21,580,505)	$ (35,607,598)	$ (44,349,504)

Source: District Audited Financial Statements

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

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

KENNETT CONSOLIDATED SCHOOL DISTRICT

Net Position by Component - continued
Last Ten Fiscal Years

	Fiscal Year Ending June 30				
	2018	2017	2016	2015	2014
Governmental Activities					
Net Investment in capital assets	$ 44,364,140	$ 41,619,899	$ 36,394,244	$ 33,432,135	$ 29,177,881
Restricted	9,233,980	6,426,725	8,474,047	8,912,438	9,471,432
Unrestricted	(104,512,774)	(90,220,849)	(90,014,965)	(90,647,267)	(89,481,724)
Total Net Position	(50,914,654)	(42,174,225)	(45,146,674)	(48,302,694)	(50,832,411)
Business-type Activities					
Net Investment in capital assets	681,923	723,127	756,764	807,942	830,369
Unrestricted	(362,615)	(172,533)	(141,247)	(163,191)	(174,188)
Total Net Position	319,308	550,594	615,517	644,751	656,181
Total Primary Government					
Net Investment in capital assets	45,046,063	42,343,026	37,151,008	34,240,077	30,008,250
Restricted	9,233,980	6,426,725	8,474,047	8,912,438	9,471,432
Unrestricted	(104,875,389)	(90,393,382)	(90,156,212)	(90,810,458)	(89,655,912)
Total Net Position	$ (50,595,346)	$ (41,623,631)	$ (44,531,157)	$ (47,657,943)	$ (50,176,230)

Source: District Audited Financial Statements

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

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

KENNETT CONSOLIDATED SCHOOL DISTRICT

Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2023	2022	2021	2020	2019
Expenses					
Governmental Activities:					
Instruction	$ 51,597,513	$ 50,892,253	$ 46,813,431	$ 49,837,619	$ 50,186,950
Instructional Student Support	7,746,635	7,385,864	7,096,212	6,215,217	5,925,093
Administrative & Financial Support Services	9,029,867	8,781,647	9,779,418	8,271,628	8,470,982
Operation & Maintenance of Plant Services	7,753,879	7,781,479	7,209,934	7,059,482	7,774,911
Pupil Transportation	5,266,399	4,929,799	4,474,412	4,644,457	5,127,163
Student Activities	1,942,278	1,477,450	1,310,612	1,539,068	1,630,125
Community Services	-	-	-	-	-
Interest on Long-term Debt	566,880	848,916	784,698	1,116,683	695,184
Unallocated Depreciation Expense	1,192,888	1,170,592	1,143,879	1,199,562	1,195,367
Total Governmental Activities Expense	85,096,339	83,268,000	78,612,596	79,883,716	81,005,775
Business-type Activities:					
Food Services	1,872,910	2,030,464	1,371,523	1,712,584	1,771,765
Total Primary Government Expenses	86,969,249	85,298,464	79,984,119	81,596,300	82,777,540
Program Revenues					
Governmental Activities:					
Charges for Service	198,401	154,843	32,095	223,589	267,495
Operating Grants and Contributions	16,278,359	14,641,188	14,435,880	12,815,632	12,281,923
Capital Grants and Contributions	-	-	-	-	-
Total Governmental Program Revenue	16,476,760	14,796,031	14,467,975	13,039,221	12,549,418
Business-type Activities					
Charges for Service	572,325	134,615	39,028	493,146	663,913
Operating Grants and Contributions	1,487,370	2,590,603	1,374,281	1,192,918	1,076,612
Total Business-type Program Revenues	2,059,695	2,725,218	1,413,309	1,686,064	1,740,525
Total Primary Government Program Revenues	18,536,455	17,521,249	15,881,284	14,725,285	14,289,943
Net Revenues (Expenses)					
Governmental Activities	(68,619,579)	(68,471,969)	(64,144,621)	(66,844,495)	(68,456,357)
Business-type Activities	186,785	694,754	41,786	(26,520)	(31,240)
Total Primary Government	$ (68,432,794)	$ (67,777,215)	$ (64,102,835)	$ (66,871,015)	$ (68,487,597)

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

Changes in Net Position-continued
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2018	2017	2016	2015	2014
Expenses					
Governmental Activities:					
Instruction	$49,295,717	$50,130,855	$ 47,394,610	$ 45,847,083	$ 42,797,572
Instructional Student Support	5,809,112	4,765,349	5,357,520	4,953,537	4,943,339
Administrative & Financial Support Services	8,116,912	7,958,298	7,709,518	6,833,294	6,422,488
Operation & Maintenance of Plant Services	7,173,418	7,280,812	6,942,484	6,776,493	6,749,110
Pupil Transportation	5,017,352	4,965,476	5,054,747	5,018,670	4,753,709
Student Activities	1,516,007	1,471,939	1,254,487	1,226,738	1,189,028
Community Services	-	-	-	-	108,225
Interest on Long-term Debt	1,371,272	1,445,831	1,781,169	1,939,805	2,144,350
Unallocated Depreciation Expense	1,192,020	1,137,857	1,112,243	1,066,578	1,037,914
Total Governmental Activities Expense	79,491,810	79,156,417	76,606,778	73,662,198	70,145,735
Business-type Activities:					
Food Services	1,817,583	1,877,620	1,825,470	1,781,548	1,797,999
Total Primary Government Expenses	81,309,393	81,034,037	78,432,248	75,443,746	71,943,734
Program Revenues					
Governmental Activities:					
Charges for Service	219,992	261,483	200,969	205,253	176,484
Operating Grants and Contributions	11,943,111	11,290,760	10,462,025	9,675,484	8,637,648
Capital Grants and Contributions	-	-	-	-	-
Total Governmental Program Revenue	12,163,103	11,552,243	10,662,994	9,880,737	8,814,132
Business-type Activities					
Charges for Service	702,816	692,442	714,040	752,780	723,032
Operating Grants and Contributions	1,078,068	1,115,248	1,075,411	1,016,523	1,032,266
Total Business-type Program Revenues	1,780,884	1,807,690	1,789,451	1,769,303	1,755,298
Total Primary Government Program Revenues	13,943,987	13,359,933	12,452,445	11,650,040	10,569,430
Net Revenues (Expenses)					
Governmental Activities	(67,328,707)	(67,604,174)	(65,943,784)	(63,781,461)	(61,331,603)
Business-type Activities	(36,699)	(69,930)	(36,019)	(12,245)	(42,701)
Total Primary Government	$ (67,365,406)	$ (67,674,104)	$ (65,979,803)	$ (63,793,706)	$ (61,374,304)

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

Changes in Net Position-continued
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2023	2022	2021	2020	2019
Net Revenues (Expenses)					
Governmental Activities	$(68,619,579)	$(68,471,969)	$(64,144,621)	$(66,844,495)	$(68,456,357)
Business-Type Activities	186,785	694,754	41,786	(26,520)	(31,240)
Total Primary Government	(68,432,794)	(67,777,215)	(64,102,835)	(66,871,015)	(68,487,597)
GENERAL REVENUES					
Governmental Activities					
Taxes:					
Property Taxes Levied for General Purposes, net	67,474,016	65,884,585	63,341,726	61,952,996	60,487,878
Public Utility Realty, Earned Income & Mercantile Taxes Levied for General Purposes, net	7,342,937	7,612,572	7,177,382	5,194,529	5,766,195
Grants, Subsidies, & Contributions Not Restricted	9,156,877	7,839,226	7,407,361	7,405,840	7,237,240
Investment Earnings	2,191,264	34,145	34,724	840,354	1,013,328
Miscellaneous Income	205,451	129,651	168,735	214,233	210,179
Total Government Activities	86,370,545	81,500,179	78,129,928	75,607,952	74,714,820
Business-type Activities					
Investment Earnings	57,712	772	-	9,698	18,619
Total Business-type Activities	57,712	772	-	9,698	18,619
Total Primary Government	86,428,257	81,500,951	78,129,928	75,617,650	74,733,439
Excess (Deficiency) of Revenues Over Expenditures					
Governmental Activities	17,750,966	13,028,210	13,985,307	8,763,457	6,258,463
Business-type Activities	244,497	695,526	41,786	(16,822)	(12,621)
Other Financing Sources (Uses)					
Governmental Activities-Transfers Out	-	-	-	(26,729)	-
Business-type Activities-Transfers In	-	-	-	26,729	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Change in Net Position					
Governmental Activities	17,750,966	13,028,210	13,985,307	8,736,728	6,258,463
Business-type Activities	244,497	695,526	41,786	9,907	(12,621)
Total Primary Government	$ 17,995,463	$ 13,723,736	$ 14,027,093	$ 8,746,635	$ 6,245,842

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

Changes in Net Position-continued
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2018	2017	2016	2015	2014
Net Revenues (Expenses)					
Governmental Activities	$ (67,328,707)	($67,604,174)	$ (65,943,784)	$ (63,781,461)	$ (61,331,603)
Business-Type Activities	(36,699)	(69,930)	(36,019)	(12,245)	(42,701)
Total Primary Government	(67,365,406)	(67,674,104)	(65,979,803)	(63,793,706)	(61,374,304)
GENERAL REVENUES					
Governmental Activities					
Taxes:					
Property Taxes Levied for General Purposes, net	58,782,626	57,336,108	56,516,864	54,590,123	53,427,263
Public Utility Realty, Earned Income & Mercantile Taxes Levied for General Purposes, net	5,548,666	5,789,265	5,475,062	4,902,057	4,935,324
Grants, Subsidies, & Contributions Not Restricted	7,088,002	7,010,842	6,714,900	6,494,554	6,509,788
Investment Earnings	549,069	177,099	100,433	52,014	103,203
Miscellaneous Income	158,670	263,309	297,469	272,430	250,180
Total Government Activities	72,127,033	70,576,623	69,104,728	66,311,178	65,225,758
Business-type Activities					
Investment Earnings	11,063	5,007	1,861	815	750
Total Business-type Activities	11,063	5,007	1,861	815	750
Total Primary Government	72,138,096	70,581,630	69,106,589	66,311,993	65,226,508
Excess (Deficiency) of Revenues Over Expenditures					
Governmental Activities	4,798,326	2,972,449	3,160,944	2,529,717	3,894,155
Business-type Activities	(25,636)	(64,923)	(34,158)	(11,430)	(41,951)
Other Financing Sources (Uses)					
Governmental Activities-Transfers Out	-	-	(4,924)	-	(8,843)
Business-type Activities-Transfers In	-	-	4,924	-	8,843
Total Other Financing Sources (Uses)	-	-	-	-	-
Change in Net Position					
Governmental Activities	4,798,326	2,972,449	3,156,020	2,529,717	3,885,312
Business-type Activities	(25,636)	(64,923)	(29,234)	(11,430)	(33,108)
Total Primary Government	$ 4,772,690	$2,907,526	$ 3,126,786	$ 2,518,287	$ 3,852,204

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

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

	Fiscal Year Ending June 30,				
	2023	2022	2021	2020	2019
General Fund					
Nonspendable	$ 2,433	$ -	$ 11,323	$ 22,792	$ 11,564
Restricted	-	-	-	-	-
Committed	2,050,000	-	-	-	-
Unassigned	7,791,029	7,450,067	7,207,585	7,033,210	7,044,804
Total General Fund	$ 9,843,462	$ 7,450,067	$ 7,218,908	$ 7,056,002	$ 7,056,368
All Other Governmental Funds					
Capital Projects					
Restricted	$ 34,753,472	$ 23,911,027	$ 21,797,368	$ 14,762,937	$ 11,014,624
Total All Other Governmental Funds	$ 34,753,472	$ 23,911,027	$ 21,797,368	$ 14,762,937	$ 11,014,624

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

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

	Fiscal Year Ending June 30,				
	2018	2017	2016	2015	2014
General Fund					
Nonspendable	$7,586	$52,578	$ 22,038	$ -	$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	6,888,627	6,710,812	6,496,902	6,311,786	6,071,743
Total General Fund	$6,896,213	$6,763,390	$ 6,518,940	$ 6,311,786	$ 6,071,743
All Other Governmental Funds					
Capital Projects					
Restricted	$9,233,980	$6,426,725	$ 8,474,047	$ 8,912,438	$ 9,471,432
Total All Other Governmental Funds	$9,233,980	$6,426,725	$ 8,474,047	$ 8,912,438	$ 9,471,432

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

Governmental Funds – Changes in Fund Balance
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2023	2022	2021	2020	2019
REVENUES:					
Local Sources	$ 77,225,753	$ 74,036,433	$ 70,957,340	$ 68,135,833	$ 68,086,375
State Sources	21,653,784	18,511,530	18,246,339	18,292,080	17,844,931
Federal Sources	3,781,450	3,968,882	3,434,935	1,929,393	1,674,233
TOTAL REVENUES	102,660,987	96,516,845	92,638,614	88,357,306	87,605,539
EXPENDITURES:					
Current:					
Instruction	52,667,153	50,023,454	47,409,087	47,470,067	48,981,965
Support Services	29,914,494	29,210,085	27,107,618	24,819,143	26,437,352
Operation of Non-Instructional Services	2,223,880	1,596,541	1,285,333	1,525,931	1,524,325
Total Current Expenditures	84,805,527	80,830,080	75,802,038	73,815,141	76,943,642
Capital Outlay					
Facilities Acq, Construction & Imprvmnt Servs	6,918,144	5,836,120	2,475,778	3,249,952	1,841,714
Total Capital Outlay	6,918,144	5,836,120	2,475,778	3,249,952	1,841,714
Debt Services					
Principal	6,723,750	6,516,000	6,040,000	6,015,000	5,975,000
Interest and Fiscal Charges	783,801	989,827	1,237,687	1,506,737	1,163,003
Total Debt Service	7,507,551	7,505,827	7,277,687	7,521,737	7,138,003
TOTAL EXPENDITURES	99,231,222	94,172,027	85,555,503	84,586,830	85,923,359
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,429,765	2,344,818	7,083,111	3,770,476	1,682,180
OTHER FINANCING SOURCES (USES):					
Issuance of Refunding Debt		-	10,000,000	-	19,785,000
Issuance of Bond Proceeds	9,995,000	-	-	-	-
Payment to Refunded Debt Escrow	-	-	(9,894,099)	-	(20,376,515)
Bond Discount	(200,865)	-	-	-	-
Bond Premium	-	-	-	-	842,574
Sale of Capital Assets	11,940	-	8,325	4,200	7,560
Transfers In	7,312,673	7,707,841	9,372,732	6,596,054	3,393,081
Transfers Out	(7,312,673)	(7,707,841)	(9,372,732)	(6,622,783)	(3,393,081)
TOTAL OTHER FINANCING SOURCES (USES)	9,806,075	-	114,226	(22,529)	258,619
NET CHANGE IN FUND BALANCES	$ 13,235,840	$ 2,344,818	$ 7,197,337	$ 3,747,947	$ 1,940,799
Debt Service as a percentage of noncapital expenditures	8.08%	8.26%	8.96%	9.18%	8.43%

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

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

	Fiscal Year Ending June 30,				
	2018	2017	2016	2015	2014
REVENUES:					
Local Sources	$65,350,648	$63,857,789	$62,338,405	$60,070,213	$58,950,195
State Sources	17,382,556	16,734,075	15,655,262	14,759,517	13,471,522
Federal Sources	1,648,557	1,558,249	1,521,663	1,405,253	1,675,914
TOTAL REVENUES	84,381,761	82,150,113	79,515,330	76,234,983	74,097,631
EXPENDITURES:					
Current:					
Instruction	47,215,650	48,798,636	46,141,491	43,645,410	41,173,135
Support Services	24,822,962	23,990,869	23,698,137	22,017,365	21,322,424
Operation of Non Instructional Services	1,403,425	1,439,536	1,265,038	1,224,276	1,297,851
Total Current Expenditures	73,442,037	74,229,041	71,104,666	66,887,051	63,793,410
Capital Outlay					
Facilities Acq, Construction & Imprvmnt Servs	863,115	2,370,355	1,438,564	1,829,352	1,361,293
Total Capital Outlay	863,115	2,370,355	1,438,564	1,829,352	1,361,293
Debt Services					
Principal	5,790,000	5,675,000	5,600,000	5,695,000	5,395,000
Interest and Fiscal Charges	1,546,199	1,678,589	2,251,193	2,142,531	2,302,816
Total Debt Service	7,336,199	7,353,589	7,851,193	7,837,531	7,697,816
TOTAL EXPENDITURES	81,641,351	83,952,985	80,394,423	76,553,934	72,852,519
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,740,410	(1,802,872)	(879,093)	(318,951)	1,245,112
OTHER FINANCING SOURCES (USES):					
Issuance of Refunding Debt	11,425,000	-	17,795,000	-	-
Issuance of Bond Proceeds	-	-	-	-	-
Payment to Refunded Debt Escrow	(12,166,894)	-	(17,605,000)	-	-
Bond Discount	-	-	-	-	-
Bond Premium	934,662	-	462,780	-	-
Sale of Capital Assets	6,900	-	-	-	-
Transfers In	3,485,877	299,498	1,082,595	1,201,675	2,387,477
Transfers Out	(3,485,877)	(299,498)	(1,087,519)	(1,201,675)	(2,396,320)
TOTAL OTHER FINANCING SOURCES (USES)	199,668	-	647,856	-	(8,843)
NET CHANGE IN FUND BALANCES	$ 2,940,078	($1,802,872)	$ (231,237)	$ (318,951)	$1,236,269
Debt Service as a percentage of noncapital expenditures	9.10%	9.10%	9.92%	10.51%	10.73%

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

General Fund Revenues by Source
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2023	2022	2021	2020	2019
LOCAL SOURCES:					
Real Estate Taxes (Current)	$ 64,583,038	$62,325,367	$60,622,360	$59,768,574	$58,419,762
Interim Real Estate Taxes	917,582	1,780,331	761,053	593,037	468,408
Earned Income Taxes (Current)	5,982,036	5,713,018	5,533,174	3,968,816	4,534,772
Transfer Taxes	1,292,374	1,832,832	1,578,951	1,166,477	1,166,938
Delinquent Taxes	1,803,959	1,979,103	2,001,167	1,372,252	2,032,321
Earnings from Investments	1,518,407	27,588	31,232	593,415	814,344
Utility Taxes	68,527	66,722	65,257	59,237	64,485
Other Sources	387,030	284,481	362,796	437,841	477,674
Total Local Sources	76,552,953	74,009,442	70,955,990	67,959,649	67,978,704
STATE SOURCES:					
Basic Education	7,359,223	6,362,413	5,949,342	5,949,350	5,798,084
Special Education	2,020,347	1,836,694	1,918,262	1,922,312	1,840,497
Transportation	1,201,744	1,010,458	1,349,456	1,400,222	1,399,877
Rental & Sinking Fund Payments	477,694	526,803	455,797	500,678	511,954
State Property Tax Allocation	1,797,652	1,476,813	1,458,019	1,456,490	1,439,156
Social Security Subsidy	1,285,282	1,202,126	1,168,409	1,159,972	1,141,674
Retirement Subsidy	6,194,664	5,612,146	5,454,572	5,346,630	5,181,277
Other Sources	1,317,178	484,077	492,482	556,426	532,412
Total State Sources	21,653,784	18,511,530	18,246,339	18,292,080	17,844,931
FEDERAL SOURCES:					
Total Federal Sources	3,781,450	3,968,882	3,434,935	1,929,393	1,674,233
TOTAL REVENUES	$ 101,988,187	$96,489,854	$92,637,264	$88,181,122	$87,497,868

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

General Fund Revenues by Source - continued
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2018	2017	2016	2015	2014
LOCAL SOURCES:					
Real Estate Taxes (Current)	$56,609,086	$55,409,613	$53,935,825	$ 52,224,846	$51,522,506
Interim Real Estate Taxes	234,855	219,503	364,777	293,621	176,233
Earned Income Taxes (Current)	4,568,266	4,619,000	4,428,024	4,059,485	4,077,297
Transfer Taxes	916,919	1,103,477	979,140	771,018	788,695
Delinquent Taxes	2,071,464	1,727,732	1,929,914	2,114,722	1,786,340
Earnings from Investments	415,193	153,564	81,791	41,794	54,727
Utility Taxes	63,481	66,788	67,897	71,554	69,332
Other Sources	378,662	534,577	532,395	482,954	425,164
Total Local Sources	65,257,926	63,834,254	62,319,763	60,059,994	58,900,294
STATE SOURCES:					
Basic Education	5,651,648	5,553,453	5,304,197	5,115,498	5,130,732
Special Education	1,850,375	1,812,011	1,796,196	1,734,045	1,642,179
Transportation	1,480,781	1,503,572	1,477,298	1,388,565	1,386,207
Rental & Sinking Fund Payments	486,728	438,141	478,304	771,363	458,439
State Property Tax Allocation	1,436,354	1,457,389	1,410,703	1,379,058	1,379,054
Social Security Subsidy	1,102,443	1,082,919	1,061,348	1,045,973	994,567
Retirement Subsidy	4,857,630	4,374,018	3,617,746	2,919,016	2,254,194
Other Sources	516,597	512,572	509,470	405,999	226,150
Total State Sources	17,382,556	16,734,075	15,655,262	14,759,517	13,471,522
FEDERAL SOURCES:					
Total Federal Sources	1,648,557	1,558,249	1,521,663	1,405,253	1,675,914
TOTAL REVENUES	$84,289,039	$82,126,578	$79,496,688	$ 76,224,764	$74,047,730

Source: District Audited Financial Statements

KENNETT CONSOLIDATED SCHOOL DISTRICT

Assessed Value
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2023	2022	2021	2020	2019
Residential Property	$1,600,126,030	$1,573,829,040	$1,564,051,010	$1,555,707,760	$1,549,756,500
Industrial Property	32,726,640	33,524,800	33,518,000	33,162,050	32,979,190
Commercial Property	441,382,644	416,147,542	413,157,462	406,117,312	402,078,022
Agricultural Property	36,859,536	37,893,926	39,401,706	38,763,806	39,833,636
Mobile Homes	2,405,550	2,349,090	2,480,990	2,465,680	2,474,310
Direct Tax Rate	32.4348	31.8707	31.4852	30.9497	30.4479
Total Taxable Assessed Property	$2,113,500,400	$2,063,744,398	$2,052,609,168	$2,036,216,608	$2,027,121,658
Common Level Ratio*	39.50	45.00	46.90	49.30	51.30
Total Fair Market Value*	$5,350,633,924	$4,586,098,662	$4,376,565,390	$4,130,256,811	$3,951,504,207

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

Source of data: Chester County Assessment Office

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

KENNETT CONSOLIDATED SCHOOL DISTRICT

Assessed Value - continued
Last Ten Fiscal Years

	Fiscal Year Ending June 30,				
	2018	2017	2016	2015	2014
Residential Property	$1,547,412,240	$1,530,444,750	$1,530,444,750	$1,532,123,690	$1,536,068,450
Industrial Property	33,019,010	33,933,490	33,933,490	34,425,310	34,484,150
Commercial Property	397,228,732	396,376,580	396,376,580	391,897,340	385,430,490
Agricultural Property	41,330,496	44,867,975	44,867,975	42,257,345	41,547,780
Mobile Homes	2,425,870	2,428,990	2,428,990	2,390,100	2,347,390
Direct Tax Rate	29.8789	28.6017	28.6017	27.9406	27.4520
Total Taxable Assessed Property	$2,021,416,348	$2,008,051,785	$2,008,051,785	$2,003,093,785	$1,999,878,260
Common Level Ratio*	52.90	53.80	55.20	57.80	60.20
Total Fair Market Value*	$3,821,202,926	$3,732,438,262	$3,637,774,973	$3,465,560,182	$3,322,056,910

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

Source of data: Chester County Assessment Office

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

KENNETT CONSOLIDATED SCHOOL DISTRICT

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

	Kennett Consolidated School District								
Year	Millage for Debt Service	Millage for General Purposes	Direct Millage Rate	County	New Garden Tow nship	Kennett Tow nship	East Marlborough Tow nship	Kennett Boro	Total
2023	3.6821	28.7537	32.4358	4.5510	1.7200	3.0000	2.1830	10.2500	54.1398
2022	3.7689	28.1018	31.8707	4.5510	1.7200	2.3000	2.1830	6.7500	49.3747
2021	3.6742	27.8110	31.4852	4.5510	1.7200	2.3000	1.0500	6.7500	47.8562
2020	3.8439	27.1058	30.9497	4.3690	1.7200	2.3000	2.1830	6.7500	48.2717
2019	3.6605	26.7874	30.4479	4.3690	1.7200	2.3000	2.1830	6.7500	47.7699
2018	3.7609	26.1180	29.8789	4.3690	1.7200	2.1000	2.1830	6.3500	46.6009
2017	3.7775	25.4633	29.2408	4.3690	1.6200	0.2000	2.1830	6.3500	43.9628
2016	4.0517	24.5500	28.6017	4.1630	1.6200	0.2000	2.1830	6.3500	43.1177
2015	4.0546	23.8860	27.9406	4.1630	1.6200	0.2000	2.0830	5.3500	41.3566
2014	3.9887	23.4633	27.4520	4.1630	1.6200	0.2000	1.9330	5.3500	40.7180

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

Property tax component for all rates listed is real estate.

Source of data: Chester County Assessment Office

KENNETT CONSOLIDATED SCHOOL DISTRICT

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

		July 1, 2022			July 1, 2013		
Name	Type of Property	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value (1)	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value (2)
Kendal Crosslands Communities	Retirement Community	$27,910,400	1	1.32%	$27,896,650	1	1.39%
Hreg Kennett Square LLC	Luxury Apartments	15,902,350	2	0.75%			0.00%
East Marlboro Associates	Retail Shopping Center	13,725,000	3	0.65%	11,382,980	3	0.57%
Marlborough Associates LP	Retail Shopping Center	10,155,200	4	0.48%	11,731,810	4	0.59%
Peco Energy Co	Commercial Offices	9,953,930	5	0.47%			0.00%
Exelon Generation Co LLC	Commercial Offices	9,529,740	6	0.45%			0.00%
Oppy Property LP	Commercial Offices	8,420,470	7	0.40%			0.00%
Modern Mushroom Farms	Agriculture	8,246,170	8	0.39%	8,241,290	6	0.41%
State Street Associates	Professional Offices	7,773,330	9	0.37%	8,440,000	5	0.42%
350 Scarlett Group	Retail Shopping Center	7,695,000	10	0.36%	6,534,970	9	0.33%
Kennett Exec Limiited	Commercial Offices				19,059,480	2	0.95%
Kennett Center LP	Professional Offices				7,572,910	7	0.38%
McFarlan Property LP	Commercial Offices				6,552,980	8	0.33%
Turks Head Health Services	Professional Offices				5,643,640	10	0.28%
		$119,311,590		5.65%	$113,056,710		5.65%

Source of data: Chester County Assessment Office

(1) District's Total Taxable Value - 2022-2023 $2,113,500,400
(2) District's Total Taxable Value - 2013-2014 $1,999,878,260

KENNETT CONSOLIDATED SCHOOL DISTRICT

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

		Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year (1)	Current Amount (2)	% of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2023	$67,299,550	$64,583,038	95.96%	(3)	$64,583,035	95.96%
2022	64,295,928	62,325,367	96.94%	1,803,959	64,129,326	99.74%
2021	63,168,791	60,622,360	95.97%	1,858,480	62,480,840	98.91%
2020	61,563,803	59,768,574	97.08%	1,570,371	61,338,945	99.63%
2019	60,282,442	58,419,762	96.91%	1,830,969	60,250,731	99.95%
2018	58,961,343	56,609,086	96.01%	2,338,546	58,947,632	99.98%
2017	57,529,923	55,409,613	96.31%	2,111,532	57,521,145	99.98%
2016	56,022,992	53,935,825	96.27%	2,083,409	56,019,234	99.99%
2015	54,588,884	52,224,846	95.67%	2,363,169	54,588,015	100.00%
2014	53,521,604	51,522,506	96.26%	1,998,249	53,520,755	100.00%

(1) Beginning in 2008-2009, the amount of the Levy is reduced by the amount of the Homestead/Farmstead exemptions. The Levy shown excludes the amount payable from the Property Tax and Rent Rebate Program funded pursuant to Act 1 of the Commonwealth. The District's state property tax reduction allocation for fiscal 2022-2023 was $1,797,652.

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

(3) Collections in subsequent years not yet available for fiscal year ended June 30, 2023.

Source: School District's records.

KENNETT CONSOLIDATED SCHOOL DISTRICT

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

Fiscal Year Ended June 30,	Property Tax Millage Rate	Current Property Taxes	Other Taxes (1)	Other Revenue (2)	Total
2023	32.4358	$64,583,038	$ 9,995,951	$ 1,957,098	$ 75,536,087
2022	31.8707	62,325,367	11,305,284	378,791	74,009,442
2021	31.4852	60,622,360	9,874,345	459,285	70,955,990
2020	30.9497	59,768,574	7,100,582	1,090,494	67,959,649
2019	30.4479	58,419,792	8,202,439	1,356,473	67,978,704
2018	29.8789	56,609,086	7,791,504	857,336	65,257,926
2017	29.2408	55,409,513	7,669,712	755,029	63,834,254
2016	28.6017	53,935,825	7,701,855	682,083	62,319,763
2015	27.9406	52,224,846	7,238,846	596,302	60,059,994
2014	27.4520	51,522,506	6,828,565	549,223	58,900,294

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

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

Source: District's records

KENNETT CONSOLIDATED SCHOOL DISTRICT

Gross Principal Debt Outstanding
(Unaudited)

Fiscal Year Ending June 30	General Obligation Bonds Series of 2018	General Obligation Bonds Series of 2018A	General Obligation Bonds Series of 2018AA	General Obligation Bonds Series of 2020	General Obligation Bonds Series of 2022	Total Debt Outstanding
2024	585,000	2,640,000	3,405,000	72,000	5,000	6,707,000
2025	675,000	4,195,000	-	2,140,000	5,000	7,015,000
2026	575,000	-	-	3,646,000	5,000	4,226,000
2027	610,000	-	-	-	165,000	775,000
2028	-	-	-	153,500	230,000	383,500
2029-2033	-	-	-	-	1,258,500	1,258,500
2034-2038	-	-	-	-	1,570,000	1,570,000
2039-2043	-	-	-	-	1,915,000	1,915,000
2044-2048	-	-	-	-	2,380,000	2,380,000
2049-2053	-	-	-	-	2,435,000	2,435,000
	$ 2,445,000	$ 6,835,000	$ 3,405,000	$ 6,011,500	$ 9,968,500	$ 28,665,000

SCHEDULED YEARLY PAYMENTS

Fiscal Year Ending June 30	General Obligation Bonds Series of 2018	General Obligation Bonds Series of 2018A	General Obligation Bonds Series of 2018AA	General Obligation Bonds Series of 2020	General Obligation Bonds Series of 2022	Total Debt Payments
2024	668,175	2,892,788	3,534,100	132,549	537,945	7,765,557
2025	735,900	4,297,075	-	2,189,046	431,194	7,653,215
2026	610,900			3,664,959	431,031	4,706,890
2027	622,200	-	-	-	590,869	1,213,069
2028	-	-	-	-	650,506	650,506
2029-2033	-	-	-	-	3,243,330	3,243,330
2034-2038	-	-	-	-	3,248,930	3,248,930
2039-2043	-	-	-	-	3,240,518	3,240,518
2044-2048	-	-	-	-	3,252,688	3,252,688
2049-2053	-	-	-	-	2,728,625	2,728,625
	$ 2,637,175	$ 7,189,863	$ 3,534,100	$ 5,986,554	$ 18,355,636	$ 37,703,328

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

Source: District's records

KENNETT CONSOLIDATED SCHOOL DISTRICT

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

Fiscal Year	Assessed Value (1)	General Obligation Bonds Outstanding	Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Population (2)	Net Bonded Debt Per Capita	Personal Income (3)	Ratio of Net Bonded Debt to Personal Income	Student Enrollment (4)	Net Bonded Debt per Student
2022-23	2,113,500,400	28,876,815	-	28,876,815	1.37%	27,488	1,051	N/A	N/A	3,873	7,456
2021-22	2,063,744,398	26,058,590	-	26,058,590	1.26%	27,488	948	N/A	N/A	3,969	6,566
2020-21	2,052,609,168	32,831,195	-	32,831,195	1.60%	27,488	1,194	N/A	N/A	4,012	8,183
2019-20	2,036,216,608	39,072,674	-	39,072,674	1.92%	27,089	1,442	980,308,094	3.99%	4,156	9,402
2018-19	2,027,121,658	45,387,932	-	45,387,932	2.24%	27,089	1,676	1,050,640,465	4.32%	4,145	10,950
2017-18	2,021,416,348	51,070,956	-	51,070,956	2.53%	27,089	1,885	998,584,842	5.11%	4,176	12,230
2016-17	2,017,294,755	56,817,781	-	56,817,781	2.82%	27,089	2,097	909,148,281	6.25%	4,150	13,691
2015-16	2,008,051,785	62,664,921	-	62,664,921	3.12%	27,089	2,313	970,572,014	6.46%	4,172	15,020
2014-15	2,003,093,785	68,134,790	-	68,134,790	3.40%	27,089	2,515	968,091,475	7.04%	4,207	16,196
2013-14	1,999,878,260	73,957,662	-	73,957,662	3.70%	27,089	2,730	873,016,872	8.47%	4,236	17,459

Sources:

(1) Chester County Board of Assessment Appeals, West Chester, PA.

(2) 2012-2013 to 2019-2020 fiscal years based on results of 2010 U.S. Census. 2020-2021 to 2022-2023 fiscal years based on results of 2020 U.S. Census.

(3) Pennsylvania Department of Education; Years 2020-21, 2021-2022 and 2022-2023 not yet available.

(4) October enrollment for the fiscal year noted.

KENNETT CONSOLIDATED SCHOOL DISTRICT

Total Primary Governmental Debt
Total Governmental Debt, Debt Per Capita and Personal Income
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Obligation Bonds Outstanding	Notes Payable	Leases Payable / Subscription Liability	Total Debt	Population (1)	Total Debt Per Capita	Personal Income (2)	Ratio of Total Debt to Personal Income
2022-23	28,876,815	-	216,210	29,093,025	27,488	1,058	N/A	N/A
2021-22	26,058,590	-	290,497	26,349,087	27,488	959	N/A	N/A
2020-21	32,831,195	-	180,409	33,011,604	27,488	1,201	N/A	N/A
2019-20	39,072,674	-	-	39,072,674	27,089	1,442	980,308,094	3.99%
2018-19	45,387,932	-	-	45,387,932	27,089	1,676	1,050,640,465	4.32%
2017-18	51,070,956	-	-	51,070,956	27,089	1,885	998,584,842	5.11%
2016-17	56,817,781	-	-	56,817,781	27,089	2,097	909,148,281	6.25%
2015-16	62,664,921	-	-	62,664,921	27,089	2,313	970,572,014	6.46%
2014-15	68,134,790	-	-	68,134,790	27,089	2,515	968,091,475	7.04%
2013-14	73,957,662	-	-	73,957,662	27,089	2,730	873,016,872	8.47%

Sources:

(1) 2012-2013 to 2019-2020 fiscal years based on results of 2010 U.S. Census. 2020-2021 to 2022-2023 fiscal years based on results of 2020 U.S. Census.

(2) Pennsylvania Department of Education; Years 2020-21, 2021-2022 and 2022-2023 not yet available.

KENNETT CONSOLIDATED SCHOOL DISTRICT

Schedule of Direct and Overlapping Debt
June 30, 2023
(Unaudited)

Name of Governmental Unit	Gross Debt Outstanding	Percentage Applicable to Governmental Unit	Net Share of Debt
Direct Debt:			
Kennett Consolidated School District (3)	$ 29,093,025	100%	$ 29,093,025
Overlapping Debt:			
East Marlborough Township (2)(4)	6,164,463	27.36%	1,686,717
Kennett Township (2)(4)	4,065,000	100%	4,065,000
New Garden Township (2)(4)	-	100%	-
Borough of Kennett Square (2)(4)	18,035,000	100%	18,035,000
Chester County (1)(2)(4)	566,432,704	5.23%	29,609,220
Total Overlapping Debt	594,697,167	8.98%	53,395,936
Total Direct and Overlapping Debt	$ 623,790,192	13.22%	$ 82,488,961

Method/Computation/Definitions:

- Gross Direct Debt is the total debt of the District, the municipalities that are within the District's boundaries and the County within which the District lies.

- Overlapping Debt is the proportionate share of the debt of local governments located wholly or in part within the limits of the reporting government that must be borne by property within each government. The amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction.

- The direct debt ratios are computed by applying the District's direct debt only.

- The direct and overlapping ratios are computed by applying the net share of direct and overlapping debt.
    1. The District's proportionate share of debt (5.23%) is based on Kennett Consolidated School District's assessed value of $2,113,500,400 as a percentage of Chester County's assessed value of $40,431,857,165.
    2. As of December 31, 2022
    3. As of June 30, 2023
    4. Data Source: Chester County Annual Comprehensive Financial Report, 2022

- There is no other debt for which the Kennett Consolidated School District is legally responsible.

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

KENNETT CONSOLIDATED SCHOOL DISTRICT

Computation of Nonelectoral Debt Margin
Past Ten Years
(Unaudited)

	2023	2022	2021	2020	2019
Total Nonelectoral Debt Limit	$ 217,767,114	$ 207,021,740	$ 200,349,398	$ 194,133,560	$ 189,525,060
Less: Amount of Debt Applicable to Debt Limit	28,876,815	26,058,590	32,831,195	39,072,674	45,387,932
Total Debt Margin	$ 188,890,299	$ 180,963,150	$ 167,518,203	$ 155,060,886	$ 144,137,128
Total Debt Margin Percentage	86.74%	87.41%	83.61%	79.87%	76.05%

	For the Period Ended June 30,		
Formula for Debt Limit	**2021 Audited**	**2022 Audited**	**2023 Audited**
Total Revenues	$ 92,638,614	$ 96,516,845	$ 102,660,987
Less: Required Deductions if Included in Total Revenues			
a. Rental & Sinking Fund Reimbursement	455,797	526,803	477,694
b. Sale of Property & Nonrecurring Items	-	-	-
Net Revenue	$ 92,182,817	$ 95,990,042	$ 102,183,293
Total Net Revenues for Three Years			290,356,152
Borrowing Base - Average Net Revenues for			96,785,384
Calculation of Remaining Borrowing Capacity			
1. Net Non-Electoral Debt and Lease Rental Debt			-
2. Computation of Non-Electoral and Lease			
(a) Debt Limitation - 225% of Borrowing Base			217,767,114
(b) Less: Net Non-electoral and Lease Rental Debt			28,876,815
(c) Current Debt Margin			$ 188,890,299
Total Debt Margin Percentage			86.74%

NOTE

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

Source: District's records

KENNETT CONSOLIDATED SCHOOL DISTRICT

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

	2018	2017	2016	2015	2014
Total Nonelectoral Debt Limit	$183,457,176	$177,094,319	$ 171,020,339	$ 165,062,606	$ 160,033,841
Less: Amount of Debt Applicable to Debt Limit	51,070,956	56,817,781	62,664,921	68,134,790	73,957,662
Total Debt Margin	$132,386,220	$120,276,538	$ 108,355,418	$ 96,927,816	$ 86,076,179
Total Debt Margin Percentage	72.16%	67.92%	63.36%	58.72%	53.79%

NOTE

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

Source: District's records

KENNETT CONSOLIDATED SCHOOL DISTRICT

Demographic and Economic Statistics
(Unaudited)

Fiscal Year Ended June 30,	Kennett Consolidated School District Population (1)	Kennett Consolidated School District Personal Income (2)	Kennett Consolidated School District Per Capita Personal Income	School Enrollment (3)	Chester County Estimated Population (4)	Pennsylvania Estimated Population (4)	Chester County Per Capita Income (5)	Pennsylvania Per Capita Personal Income (4)	Chester County Unemployment Rate (6)	Pennsylvania Unemployment Rate (6)
2023	27,488	998,308,094	36,318	3,873	N/A	N/A	N/A	N/A	N/A	N/A
2022	27,488	998,308,094	36,318	3,969	545,823	12,970,650	N/A	41,234	2.5%	3.4%
2021	27,488	998,308,094	36,318	4,012	540,864	12,964,056	95,843	35,518	4.1%	4.9%
2020	27,488	998,308,094	36,318	4,156	534,413	13,002,700	91,927	34,352	6.6%	7.1%
2019	27,089	1,050,640,465	38,785	4,145	524,989	12,801,989	87,557	35,804	3.0%	4.1%
2018	27,089	998,584,842	36,863	4,176	522,046	12,807,060	82,846	32,889	3.1%	3.8%
2017	27,089	909,148,281	33,562	4,150	519,293	12,805,537	77,465	31,476	3.5%	4.2%
2016	27,089	970,572,014	35,829	4,172	516,312	12,783,977	75,281	30,137	3.9%	5.4%
2015	27,089	968,091,475	35,737	4,207	515,939	12,802,503	73,803	29,291	3.7%	5.3%
2014	27,089	873,016,872	32,228	4,236	512,784	12,787,209	71,971	29,220	4.3%	5.7%

Data Sources:

(1) U. S. Census Bureau, 2023 information currently not available, 2020 data used as estimate.

(2) Pennsylvania Department of Education, Data for years 2021, 2022, and 2023 not yet available - 2020 data used as estimate.

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

(4) U. S. Census Bureau, 2023 information currently not available.

(5) Chester County Annual Comprehensive Financial Report 2022, Data for years 2022 and 2023 not yet available.

(6) U. S. Department of Labor, Bureau of Labor Statistics, 2023 information currently not available.

KENNETT CONSOLIDATED SCHOOL DISRICT

Principal Employers
Current Year and Nine Years Ago
Unaudited

	2022			2013		
Employer	Rank	Employees	Percentage of Labor Force	Rank	Employees	Percentage of Labor Force
Constellation Energy Generation LLC	1	505	0.17%			
Kennett Consolidated School District	2	497	0.17%	3	645	0.24%
Kaolin Mushroom Farms Inc.	3	479	0.16%	1	724	0.27%
Chatham Financial	4	406	0.14%			
GHC Payroll LLC (Genesis Health Care)	5	383	0.13%	2	694	0.26%
Giant Food Stores	6	364	0.13%	8	237	
Kendal-Crosslands Communities	7	321	0.11%	7	307	
Exelon Generation Co LLC	8	215	0.07%	4	506	0.19%
To-Jo Mushrooms Inc	9	214	0.07%			
The Tri-M Group LLC	10	208	0.07%			
C & C Carriage Mushroom Co.				9	220	0.08%
Exelon Business Services				10	202	0.07%
George Krapf Jr. & Sons						0.00%
Sears						0.00%
W.L. Gore & Associates				5	408	0.15%
YMCA of Brandywine Valley				6	350	0.13%
Total		3,592	1.23%		4,293	1.58%

Chester County Labor Force 2022 (average)	291,025
Chester County Labor Force 2013 (average)	271,750

Source - Keystone Collections Group

Percentage of Labor Force is based on Chester County average labor force per Chester County Comprehensive Annual Financial Report, 2022.

KENNETT CONSOLIDATED SCHOOL DISTRICT

Building Construction
Last Ten Calendar Years
(Unaudited)

Calendar Year	Number of Permits	Commercial	Residential	Total
2023	106	$9,190,130	$15,334,910	$24,525,040
2022	143	17,181,090	23,590,460	40,771,550
2021	148	49,013,030	23,497,030	72,510,060
2020	97	3,383,720	12,332,320	15,716,040
2019	83	3,216,310	10,474,360	13,690,670
2018	63	7,452,340	11,517,700	18,970,040
2017	35	5,220,870	6,739,470	11,960,340
2016	60	657,180	11,259,050	11,916,230
2015	77	3,432,710	16,957,340	20,390,050
2014	32	3,799,060	4,747,240	8,546,300

*Source: Chester County Board of Assessments. Calendar year 2023 is as of November 2023.

KENNETT CONSOLIDATED SCHOOL DISTRICT

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

Fiscal Year Ending June 30,	Total Current Expenditures	Student Enrollment	Current Expenditures Per Pupil	Total Expenditures	Total Expenditures Per Pupil
2023	$84,805,527	3,873	$21,897	$92,313,078	$23,835
2022	80,830,080	3,969	20,365	88,335,907	22,256
2021	75,802,038	4,012	18,894	83,079,725	20,708
2020	73,815,141	4,156	17,761	81,336,878	19,571
2019	76,943,642	4,145	18,563	84,081,645	20,285
2018	73,442,037	4,176	17,587	80,778,236	19,343
2017	74,229,041	4,150	17,887	81,582,630	19,658
2016	71,104,666	4,172	17,043	78,955,859	18,925
2015	66,887,051	4,207	15,899	74,724,582	17,762
2014	63,793,410	4,236	15,060	71,491,226	16,877

Notes:

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

Source: District's records

KENNETT CONSOLIDATED SCHOOL DISTRICT

Personnel Distribution by Function – Full Time Equivalent Employees
June 30, 2023 *(Unaudited)*

Program	Regular Education 1100	Special Education 1200	Pupil Services 2100	Instructional Services 2200	Admin Services 2300	Health Services 2400	Business Office 2500	Maintenance 2600	Transportation 2700	Central Services 2800	Food Services 3100	Student Activities 3200	Total
Administrator													
-Educational				2.00	13.00								15.00
-Support			1.00	2.00			2.00	1.00	1.00	2.00		1.00	10.00
Teachers													
-Elementary	119.00	14.00											133.00
-Secondary	136.00	24.00											160.00
Specialists													
-Library				5.00									5.00
-Psychologist			6.00										6.00
-Guidance			12.00										12.00
-Social Workers			3.00										3.00
-Coordinator		1.00											1.00
-Speech		2.00											2.00
-Nurses						6.00							6.00
Support Staff													
-Supervisor								1.00		1.00	4.00		6.00
-Secretarial			2.00	1.50	8.00		1.00	1.00	1.00	1.00	0.50		16.00
-Clerical			2.00	6.00	7.00		3.00					1.00	19.00
-Custodial								32.00					32.00
-Maintenance								6.00					6.00
-Nurse Assistant						4.00							4.00
-Technology										7.00			7.00
-Therapist		1.00											1.00
Function Total	**255.00**	**42.00**	**26.00**	**16.50**	**28.00**	**10.00**	**6.00**	**41.00**	**2.00**	**11.00**	**4.50**	**2.00**	**444.00**

KENNETT CONSOLIDATED SCHOOL DISTRICT

Salary Data for Classroom Teachers & Specialists
As of June 30, 2023
(Unaudited)

Salary Group	Number of Teachers with B.S.	Number of Teachers with M.Ed.	Number of Teachers with D.Ed.	Total of all Classroom Teachers/Specialists
$100,000 and Over	0.00	31.00	1.00	32.00
$97,000 - $99,999	0.00	18.00	1.00	19.00
$94,000 - $96,999	0.00	21.00	0.00	21.00
$91,000 - $93,999	0.00	2.00	0.00	2.00
$88,000 - $90,999	4.00	14.00	0.00	18.00
$85,000 – $87,999	0.00	4.00	1.00	5.00
$82,000 - $84,999	1.00	5.00	0.00	6.00
$79,000 - $81,999	0.00	19.00	1.00	20.00
$76,000 - $78,999	0.00	13.00	0.00	13.00
$73,000 - $75,999	1.00	6.00	0.00	7.00
$70,000 - $72,999	0.00	84.00	0.00	84.00
$67,000 - $69,999	0.00	4.00	0.00	4.00
$64,000 - $66,999	3.00	24.00	0.00	27.00
$61,000 - $63,999	6.00	18.00	0.00	24.00
$58,000 - $60,999	10.00	0.00	0.00	10.00
$55,000 - $57,999	2.00	8.00	0.00	10.00
$52,000 - $54,999	15.00	0.00	0.00	15.00
$49,000 - $51,999	11.00	0.00	0.00	11.00
Total No. of Teachers	**53.00**	**271.00**	**4.00**	**328.00**

	B.S.	M.Ed	D.Ed.
Highest Salary	$88,250	$105,652	$105,652
Lowest Salary	$51,234	$57,828	$81,793

Total Salaries	$ 25,137,246
Classroom Teachers	328.00
2022-2023 Average	$ 76,638

Source of Data: District Human Resource Department Records

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

KENNETT CONSOLIDATED SCHOOL DISTRICT

Student to Teacher Ratio – By District Building
As of June 30, 2023
(Unaudited)

Building	Full Time Equivalent Teachers	Number of Students	Student/ Teacher Ratio
High School	94.0	1,278	13.60
Middle School	83.0	914	11.01
Bancroft Elementary	40.0	396	9.90
Greenwood Elementary	46.0	552	12.00
Mary D. Lang Kindergarten Center	22.0	267	12.14
New Garden Elementary	43.0	466	10.84
Totals	**328.0**	**3,873**	**11.81**

Source of Data: District's Human Resource Department Records

KENNETT CONSOLIDATED SCHOOL DISTRICT

District Facilities
(Unaudited)

Building	Original Construction	Additions	Square Footage	Building Capacity	Projected Enrollment	Difference
Greenwood Elementary School **420 Greenwood Road** **Kennett Square, PA 19348**	1963	1984	66,897	725	556	169
Kennett High School **100 East South Street** **Kennett Square, PA 19348**	1930	1997 2007	219,763	1,545	1264	281
Mary D. Lang Kindergarten Center **409 Center Street** **Kennett Square, PA 19348**	1971		68,432	550	280	270
New Garden Elementary School **265 New Garden Road** **Toughkenamon, PA 19374**	1955	1960,1966 1989,1994 1998	73,605	650	408	242
Kennett Middle School **195 Sunny Dell Road** **Landenberg, PA 19350**	2002		192,000	1,150	899	251
Bancroft Elementary **181 Bancroft Road** **Kennett Square, PA 19348**	2011		105,172	625	457	168

Source of Data: District's Records
Projected Enrollment is for 2023-2024

KENNETT CONSOLIDATED SCHOOL DISTRICT

Enrollment History and Projections
(Unaudited)

Year	Elementary Schools	Middle School	High School	Total
2005-06	1,969	962	1,133	4,064
2006-07	1,904	985	1,213	4,102
2007-08	1,877	964	1,259	4,100
2008-09	1,877	969	1,226	4,072
2009-10	1,940	989	1,281	4,210
2010-11	1,980	944	1,295	4,219
2011-12	2,025	980	1,271	4,276
2012-13	1,987	1,038	1,256	4,281
2013-14	1,968	1,016	1,252	4,236
2014-15	1,965	979	1,263	4,207
2015-16	1,877	1,009	1,286	4,172
2016-17	1,851	1,010	1,289	4,150
2017-18	1,786	1,056	1,334	4,176
2018-19	1,788	1,012	1,345	4,145
2019-20	1,788	1,006	1,362	4,156
2020-21	1,714	911	1,387	4,012
2021-22	1,712	921	1,336	3,969
2022-23	1,681	914	1,278	3,873
2023-24*	1,701	899	1,264	3,864

Notes:

1. 2023-24 numbers are derived using historical retention ratios.
2. Enrollment for all other years represents September 30th actual.
3. Enrollment figures exclude students enrolled in Charter Schools, Cyber Charter Schools and out-of-district Special Education educational facilities.
4. Enrollment for elementary schools includes kindergarten.
5. Source of Data: District's Records

KENNETT CONSOLIDATED SCHOOL DISTRICT

Enrollment History and Projections
Elementary Schools
(Unaudited)

Year	Bancroft Elementary	Greenwood Elementary	Mary D. Lang Kindergarten Center	New Garden Elementary	Total
2005-06	0	677	437	855	1,969
2006-07	0	646	423	835	1,904
2007-08	0	633	428	816	1,877
2008-09	0	639	459	779	1,877
2009-10	0	682	470	788	1,940
2010-11	0	714	491	775	1,980
2011-12	528	607	334	556	2,025
2012-13	538	619	290	540	1,987
2013-14	538	597	310	523	1,968
2014-15	553	587	304	521	1,965
2015-16	512	592	296	477	1,877
2016-17	486	602	301	462	1,851
2017-18	451	604	279	452	1,786
2018-19	450	581	275	482	1,788
2019-20	438	569	278	503	1,788
2020-21	425	539	269	481	1,714
2021-22	400	558	256	498	1,712
2022-23	396	552	267	466	1,681
2023-24*	457	556	280	408	1,701

Notes:

1. Bancroft Elementary School opened in September, 2011.
2. Mary D. Lang was converted to a Kindergarten Center in September, 2011.
3. 2023-24 numbers are derived using historical retention ratios.
4. Enrollment for all other years represents September 30th actual.
5. Enrollment figures exclude students enrolled in Charter Schools, Cyber Charter Schools and out-of-district Special Education educational facilities.
6. Source of Data: District's Records

KENNETT CONSOLIDATED SCHOOL DISTRICT

Average Daily Attendance Report
Last ten years
(Unaudited)

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Kindergarten										
ADA	284.269	238.930	261.144	266.257	266.632	269.176	288.497	282.277	293.397	299.122
ADM	287.430	257.596	272.228	279.907	276.812	280.802	301.859	294.153	305.484	309.05
% Attendance	98.90%	92.75%	95.93%	95.12%	96.32%	95.86%	95.57%	95.96%	96.04%	96.79%
Elementary										
ADA	1,702.451	1,366.780	1,696.267	1,757.016	1,759.302	1,795.276	1,832.288	1,879.852	1,918.124	1,918.317
ADM	1,721.353	1,457.000	1,735.44	1,897.17	1,811.932	1,859.487	1,890.880	1,915.604	1,982.600	1,975.854
% Attendance	98.90%	93.81%	97.74%	92.61%	97.10%	96.55%	96.90%	98.13%	96.75%	97.09%
Secondary										
ADA	1,871.852	1,994.710	1,872.401	1,833.424	1,835.844	1,830.874	1,797.369	1,760.880	1,760.790	1,770.597
ADM	1,892.649	2,160.430	1,896.746	1,945.663	1,947.082	1,934.656	1,929.244	1,880.262	1,850.050	1,858.416
% Attendance	98.90%	92.33%	98.72%	94.23%	94.29%	94.64%	93.16%	93.65%	95.18%	95.27%
District Total										
ADA	3,858.572	3,600.420	3,829.812	3,856.697	3,861.778	3,895.326	3,918.154	3,923.009	3,972.311	3,988.036
ADM	3,901.432	3,875.026	3,904.413	4,122.743	4,035.826	4,074.945	4,121.983	4,090.019	4,138.134	4,143.320
% Attendance	98.90%	92.91%	98.09%	93.55%	95.69%	95.59%	95.06%	95.92%	95.99%	96.25%

Notes:

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

KENNETT CONSOLIDATED SCHOOL DISTRICT

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

	Percentage of Participation									
	Fiscal Year									
Building	**2022-23**	**2021-22**	**2020-21**	**2019-20**	**2018-19**	**2017-18**	**2016-17**	**2015-16**	**2014-15**	**2013-14**
Bancroft Elementary School										
Free	58.87%	100.00%	100.00%	41.19%	45.03%	49.44%	43.09%	45.26%	43.76%	46.27%
Reduced	5.93%	0.00%	0.00%	8.92%	7.51%	7.57%	7.01%	7.31%	7.78%	8.21%
Greenwood Elementary School										
Free	60.32%	100.00%	100.00%	41.45%	40.31%	45.52%	40.67%	41.67%	33.22%	32.33%
Reduced	3.12%	0.00%	0.00%	3.70%	6.40%	4.82%	5.17%	3.00%	4.60%	4.35%
Kennett High School										
Free	55.60%	100.00%	100.00%	31.94%	34.52%	35.77%	30.19%	30.96%	27.40%	24.76%
Reduced	4.94%	0.00%	0.00%	4.02%	4.24%	3.96%	3.95%	3.13%	5.62%	6.23%
Kennett Middle School										
Free	56.30%	100.00%	100.00%	33.67%	34.59%	36.97%	35.51%	35.39%	32.58%	30.86%
Reduced	5.68%	0.00%	0.00%	4.28%	4.55%	4.64%	4.06%	4.49%	6.23%	6.73%
Mary D. Lang Kindergarten Center										
Free	52.29%	100.00%	100.00%	40.00%	39.07%	47.33%	44.67%	41.22%	42.76%	43.04%
Reduced	4.14%	0.00%	0.00%	3.57%	6.45%	2.85%	5.33%	5.74%	7.89%	7.77%
New Garden Elementary School										
Free	47.75%	100.00%	100.00%	29.53%	33.06%	34.30%	38.26%	37.53%	33.21%	33.52%
Reduced	4.26%	0.00%	0.00%	4.53%	3.12%	3.12%	3.48%	6.50%	4.99%	4.57%

Notes:

Due to COVID-19 pandemic all students were eligible for free meals during 2021-22 and 2020-21. All students were eligible for free breakfast during 2022-23.

Source: Pennsylvania Department of Education National School Lunch Program

SINGLE AUDIT SECTION

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

November 3, 2023

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kennett Consolidated School District (the District), Kennett Square, Pennsylvania, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 3, 2023.

Report on Internal Control Over Financial Reporting

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

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

Members of the Board
Kennett Consolidated School District

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

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

November 3, 2023

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

Report on Compliance for Major Federal Program

Opinion on Each Major Federal Program

We have audited the Kennett Consolidated School District's (the District) 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 the District's major federal program for the year ended June 30, 2023. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

In our opinion, the District compiled, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2023.

Basis for Opinion on Major Federal Program

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

We are required to be independent of the 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 the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

Members of the Board
Kennett Consolidated School District

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.

Barbacane, Thornton & Company LLP

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KENNETT CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor Project Title	SOURCE CODE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 6/30/2022	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2023	PASSED THROUGH TO SUBRECIPIENTS
U.S. Department of Education											
Passed through Pennsylvania Department of Education											
Title I - Grants to Local Education Agencies	I	84.010	013-22-0210	08/23/21-09/30/22	612,457	$ 218,494	$ 113,894	$ 104,600	$ 104,600	$ -	$ -
Title I - Grants to Local Education Agencies	I	84.010	013-23-0210	08/31/22-09/30/23	548,685	273,728	-	360,794	360,794	87,066	-
Total ALN# 84.010						492,222	113,894	465,394	465,394	87,066	-
Title II - Improving Teacher Quality	I	84.367	020-22-0210	08/23/21-09/30/22	94,723	13,574	13,415	159	159	-	-
Title II - Improving Teacher Quality	I	84.367	020-23-0210	08/31/22-09/30/23	94,437	93,594	-	94,437	94,437	843	-
Total ALN# 84.367						107,168	13,415	94,596	94,596	843	-
Title III - Language Inst LEP	I	84.365	010-22-0210	08/23/21-09/30/22	126,444	55,089	22,278	32,811	32,811	-	-
Title III - Language Inst LEP	I	84.365	010-23-0210	08/31/22-09/30/23	124,304	75,362	-	105,285	105,285	29,923	-
Total ALN# 84.365						130,451	22,278	138,096	138,096	29,923	-
Title IV-Student Support and Academic Enrichment	I	84.424	144-22-0210	08/23/21-09/30/22	48,293	29	-	29	29	-	-
Title IV-Student Support and Academic Enrichment	I	84.424	144-23-0210	08/31/22-09/30/23	47,510	35,561	-	45,387	45,387	9,826	-
Total ALN# 84.424						35,590	-	45,416	45,416	9,826	-
Elementary and Secondary School Emergency Relief Fund II	I	84.425D	200-21-0210	03/13/20-09/30/23	2,371,355	882,443	534,182	653,866	653,866	305,605	-
Elementary and Secondary School Emergency Relief Fund III	I	84.425U	223-21-0210	03/13/20-09/30/24	4,796,565	1,395,364	139,157	1,681,380	1,681,380	425,173	-
Elementary and Secondary School Emergency Relief Fund 7%	I	84.425U	225-21-0210	03/13/20-09/30/24	372,801	94,895	(16,149)	87,278	87,278	(23,766)	-
GEERs CEEG	I	84.425C	253-20-0210	03/13/20-09/30/22	30,216	30,216	-	30,216	30,216	-	-
Total ALN# 84.425						2,402,918	657,190	2,452,740	2,452,740	707,012	-
Subgrant from U.S. Department of Education											
Passed through Chester County Intermediate Unit											
I.D.E.A. Part B	I	84.027	062-22-0024	07/01/21-09/30/22	461,310	276,786	276,786	-	-	-	-
I.D.E.A. Part B	I	84.027	062-23-0024	07/01/22-09/30/23	465,331	248,177	-	465,331	465,331	217,154	-
I.D.E.A. ARP	I	84.027	062-22-0024	07/01/21-06/30/23	111,258	66,755	57,275	9,480	9,480	-	-
Total ALN# 84.027						591,718	334,061	474,811	474,811	217,154	-
I.D.E.A. Part B 619	I	84.173	131-22-0024B	07/01/21-09/30/22	2,223	2,223	2,223	-	-	-	-
	I	84.173	131-23-0024B	07/01/22-09/30/23	2,560	2,560	-	2,560	2,560	-	-
Total ALN# 84.173						4,783	2,223	2,560	2,560	-	-
Total Special Education Cluster						596,501	336,284	477,371	477,371	217,154	-
Total U.S. Department of Education						3,764,850	1,143,061	3,673,613	3,673,613	1,051,824	-
U.S. Department of Agriculture											
Passed through Pennsylvania Department of Agriculture											
Value of U.S.D.A. Donated Commodities	I	10.555	N/A	09/01/22-06/30/23	N/A	168,885	-	168,885	168,885	-	-
Passed through Pennsylvania Department of Education											
Supply Chain Assistance	I	10.555	N/A	09/01/22-06/30/23	N/A	106,866	-	106,866	106,866	-	-
National School Lunch Program	I	10.555	N/A	09/01/21-06/30/22	N/A	67,324	67,324	-	-	-	-
National School Lunch Program	I	10.555	N/A	09/01/22-06/30/23	N/A	896,658	-	896,658	896,658	-	-
Total ALN# 10.555						1,070,848	67,324	1,003,524	1,003,524	-	-

Continued on next page.

KENNETT CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor Project Title	SOURCE CODE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 6/30/2022	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2023	PASSED THROUGH TO SUBRECIPIENTS
(cont'd)											
U.S. Department of Agriculture											
Passed through Pennsylvania Department of Education											
Breakfast Program	I	10.553	N/A	09/01/21-06/30/22	N/A	23,911	23,911	-	-	-	-
	I	10.553	N/A	09/01/22-06/30/23	N/A	150,756	-	150,756	150,756	-	-
Total ALN# 10.553						174,667	23,911	150,756	150,756	-	-
Total Child Nutrition Cluster						1,414,400	91,235	1,323,165	1,323,165	-	-
Pandemic EBT Administrative Costs	I	10.649	N/A	09/01/22-06/30/23	N/A	3,135	-	3,135	3,135	-	-
Total U.S. Department of Agriculture						1,417,535	91,235	1,326,300	1,326,300	-	-
U.S. Department of Health and Human Services											
Passed through Pennsylvania Department of Health and Human Services											
Medical Assistance Program	I	93.778	N/A	07/01/21-06/30/22	21,643	11,441	11,441	-	-	-	-
Medical Assistance Program	I	93.778	N/A	07/01/22-06/30/23	18,481	9,645	-	18,481	18,481	8,836	-
Total ALN# 93.778						21,086	11,441	18,481	18,481	8,836	-
Total U.S. Department of Health and Human Services						21,086	11,441	18,481	18,481	8,836	-
TOTAL FEDERAL AWARDS						$ 5,203,471	$ 1,245,737	$ 5,018,394	$ 5,018,394	$ 1,060,660	$ -

SOURCE CODE:

I = Indirect Funding

KENNETT CONSOLIDATED SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SCOPE OF THIS SCHEDULE

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

NOTE B BASIS OF ACCOUNTING

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

NOTE C NONMONETARY FEDERAL AWARDS - DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under ALN #10.555, National School Lunch Program, include surplus food consumed by the District during the 2022 - 2023 fiscal year.

NOTE D INDIRECT COST RATE

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

NOTE E ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2023 was $89,356.

KENNETT CONSOLIDATED SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	_____ Yes	__X__ No
• Significant deficiency(ies) identified?	_____ Yes	__X__ None reported
• Noncompliance material to financial statements noted?	_____ Yes	__X__ No

Federal Awards

Internal control over major program:

• Material weakness(es) identified?	_____ Yes	__X__ No
• Significant deficiency(ies) identified?	_____ Yes	__X__ None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? _____ Yes __X__ No

Identification of major programs:

Assistance Listing Numbers	*Name of Federal Program or Cluster*
10.555, 10.553	Child Nutrition Cluster
84.425C, 84.425D, 84.425U	Elementary and Secondary School Emergency Relief Fund

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

Auditee qualified as low-risk auditee? __X__ Yes _____ No

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

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