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**INTERBORO SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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INTERBORO SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

December 21, 2023

Board of School Directors  
Interboro School District  
Prospect Park, 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 Interboro School District ("the District"), Prospect Park, 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 Interboro School District, Prospect Park, Pennsylvania, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the general fund budgetary comparison statement 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.

### 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.

Board of School Directors  
Interboro School District

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 1 and 19 to the financial statements, the Interboro 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 subscription arrangements as an asset and liabilities for those arrangements. As a result, the District has restated its 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, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated December 21, 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 5 through 13, and schedule of the District's proportionate share of the net pension liability - PSERS, schedule of District pension contributions - PSERS, schedule of the District's proportionate share of the net OPEB liability - PSERS, schedule of District OPEB contributions - PSERS, and schedule of the District's OPEB liability and related ratios - single employer plan on pages 60 through 64 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,

Board of School Directors  
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*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**INTERBORO SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2023**

## **INTRODUCTION**

Our discussion and analysis of the Interboro School District's ("the District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023.

## **FINANCIAL HIGHLIGHTS**

- The liabilities and deferred inflows of resources of the District's governmental activities exceeded its assets and deferred outflows of resources at the close of the 2023 fiscal year by \$87,892,478 (negative net position). Total current assets exceed current liabilities by \$47,097,396. This compares with negative net position of \$96,545,722 (negative net position) and current assets exceeding current liabilities by \$19,296,548 at the close of the 2022 fiscal year. The negative net position is the result of recording the District's proportionate share of net pension liability and deferred pension amounts in accordance with GASB Statement No. 68, and recording the District's postemployment benefits other than pensions liability and proportionate share of cost-sharing postemployment benefits other than pensions liability and deferred amounts in accordance with GASB Statement No. 75.
- As of the close of the current fiscal year, total fund balance for the general fund was \$14,056,029, of which \$5,402,018 is committed for various capital improvement projects. In addition, \$503,438 of the total fund balance is nonspendable for inventory and prepaid expenditures, while \$203,003 is restricted to special education and local contributions. The remaining unassigned fund balance is \$7,947,570. Total fund balance for the general fund at the end of the 2022 fiscal year was \$10,577,821.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues

**INTERBORO SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2023**

and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general operations of public education.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and the bond fund, which are considered to be major funds. Data for the other fund is presented as a non-major fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary Funds** – The District maintains one proprietary fund, which is food service. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service function.

**INTERBORO SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2023**

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's governmental activities had negative net position \$88,732,143 at the close of the fiscal year ended June 30, 2023 and negative net position of \$97,148,546 at the close of the fiscal year ended June 30, 2022.

The following table reflects the current and prior year's information:

**INTERBORO SCHOOL DISTRICT'S  
NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 62,234,093	\$ 32,130,884	\$ 407,619	\$ 282,685	\$ 62,641,712	\$ 32,413,569
Capital assets	54,999,626	51,939,557	506,295	421,149	55,505,921	52,360,706
Total assets	<u>117,233,719</u>	<u>84,070,441</u>	<u>913,914</u>	<u>703,834</u>	<u>118,147,633</u>	<u>84,774,275</u>
Deferred outflows of resources	<u>18,085,533</u>	<u>19,617,289</u>	<u>-</u>	<u>-</u>	<u>18,085,533</u>	<u>19,617,289</u>
Liabilities:						
Long-term liabilities outstanding	195,118,157	160,926,418	-	-	195,118,157	160,926,418
Other liabilities	15,208,697	12,868,222	74,249	101,010	15,282,946	12,969,232
Total Liabilities	<u>210,326,854</u>	<u>173,794,640</u>	<u>74,249</u>	<u>101,010</u>	<u>210,401,103</u>	<u>173,895,650</u>
Deferred inflows of resources	<u>13,724,541</u>	<u>27,041,636</u>	<u>-</u>	<u>-</u>	<u>13,724,541</u>	<u>27,041,636</u>
Net Position:						
Net investment in capital assets	1,164,526	673,874	506,295	421,149	1,670,821	1,095,023
Restricted	215,962	136,192	-	-	215,962	136,192
Unrestricted (deficit)	<u>(90,112,631)</u>	<u>(97,958,612)</u>	<u>333,370</u>	<u>181,675</u>	<u>(89,779,261)</u>	<u>(97,776,937)</u>
Total Net Position	<u>\$ (88,732,143)</u>	<u>\$ (97,148,546)</u>	<u>\$ 839,665</u>	<u>\$ 602,824</u>	<u>\$ (87,892,478)</u>	<u>\$ (96,545,722)</u>

**INTERBORO SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2023**

**Governmental Activities**

Governmental activities increased the District's net position by \$8,416,403 for the year ended June 30, 2023 and increased net position by \$12,753,728 for the year ended June 30, 2022. Key elements of this increase/decrease are displayed below.

**Business-type Activities**

Business-type activities, comprised of the District's food service fund, increased the District's net position by \$236,841 for the year ended June 30, 2023 and increased the District's net position by \$434,852 for the year ended June 30, 2022.

**INTERBORO SCHOOL DISTRICT'S  
CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 54,520	\$ 49,505	\$ 159,356	\$ 128,507	\$ 213,876	\$ 178,012
Operating grants	17,670,858	18,708,898	1,900,293	1,884,548	19,571,151	20,593,446
General Revenues:						
Property taxes	46,842,591	45,345,993	-	-	46,842,591	45,345,993
Other taxes	1,478,106	1,763,244	-	-	1,478,106	1,763,244
Grants, not restricted to specific programs	11,195,015	9,916,641	-	-	11,195,015	9,916,641
Investment income	635,820	20,249	-	-	635,820	20,249
Miscellaneous income	821,803	670,191	-	-	821,803	670,191
<b>TOTAL REVENUES</b>	<b>78,698,713</b>	<b>76,474,721</b>	<b>2,059,649</b>	<b>2,013,055</b>	<b>80,758,362</b>	<b>78,487,776</b>
<b>EXPENSES</b>						
Instruction	46,019,956	39,494,957	-	-	46,019,956	39,494,957
Instructional support services	2,276,491	4,128,655	-	-	2,276,491	4,128,655
Administrative and financial support services	7,932,146	7,588,567	-	-	7,932,146	7,588,567
Operation and maintenance of plant services	6,805,425	7,244,149	-	-	6,805,425	7,244,149
Pupil transportation	3,217,193	2,791,188	-	-	3,217,193	2,791,188
Student activities	1,086,495	920,607	-	-	1,086,495	920,607
Community services	125,404	134,479	-	-	125,404	134,479
Interest on long-term debt	2,819,200	1,418,391	-	-	2,819,200	1,418,391
Food service	-	-	1,822,808	1,578,203	1,822,808	1,578,203
<b>TOTAL EXPENSES</b>	<b>70,282,310</b>	<b>63,720,993</b>	<b>1,822,808</b>	<b>1,578,203</b>	<b>72,105,118</b>	<b>65,299,196</b>
<b>CHANGE IN NET POSITION</b>	<b>8,416,403</b>	<b>12,753,728</b>	<b>236,841</b>	<b>434,852</b>	<b>8,653,244</b>	<b>13,188,580</b>
<b>BEGINNING NET POSITION</b>	<b>(97,148,546)</b>	<b>(109,902,274)</b>	<b>602,824</b>	<b>167,972</b>	<b>(96,545,722)</b>	<b>(109,734,302)</b>
<b>ENDING NET POSITION</b>	<b><u>\$ (88,732,143)</u></b>	<b><u>\$ (97,148,546)</u></b>	<b><u>\$ 839,665</u></b>	<b><u>\$ 602,824</u></b>	<b><u>\$ (87,892,478)</u></b>	<b><u>\$ (96,545,722)</u></b>

**INTERBORO SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the District utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the District. As of June 30, 2023, and 2022, the fund balance of the District's general fund was \$14,056,029 and \$10,577,821, respectively.

General fund revenues and other financing sources of the District came from three basic sources. The largest source was provided by local funding (including other financing sources) totaling \$47,549,072 (60.2%) and \$46,028,923 (60.1%) for the years ended June 30, 2023 and 2022, respectively, of which \$42,735,991 and \$42,052,717 were tax revenues. State funding amounted to \$27,731,704 (35.1%) and \$25,284,116 (32.9%); federal funding amounted to \$3,685,843 (4.7%) and \$5,339,112 (7.0%) for the years ended June 30, 2023 and 2022, respectively.

State and federal funding continue to provide a relatively small percentage (39.8%) of total District revenue. Despite the increase in various federal grants (COVID-19 related), the District is compelled to rely primarily on the local tax levying powers provided by the Pennsylvania Public School Code and the Local Tax Enabling Act (Act 511 of 1965) to fund the revenue shortfall in order to operate the District.

General fund expenditures and other financing uses of the District fall into six major categories and are summarized below for the years ended June 30, 2023 and 2022:

	2023		2022	
	<u>Expenditures</u>	<u>%</u>	<u>Expenditures</u>	<u>%</u>
Instruction	\$ 49,287,104	65.3%	\$ 43,659,294	59.8%
Support service	20,034,474	26.5%	23,083,198	31.6%
Non-instructional	1,232,481	1.6%	1,090,483	1.5%
Capital outlay	433,752	0.6%	500,213	0.7%
Refund prior years' revenue	57,835	0.1%	361,905	0.5%
Debt service	<u>4,442,765</u>	<u>5.9%</u>	<u>4,259,795</u>	<u>5.8%</u>
TOTAL	<u>\$ 75,488,411</u>	<u>100.0%</u>	<u>\$ 72,954,888</u>	<u>100.0%</u>

**INTERBORO SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2023**

Capital Projects Funds

The capital projects funds (the Bond Fund and the Capital Reserve Fund, a nonmajor fund) have total fund balances of \$36,484,858 and \$10,933,961 as of June 30, 2023 and 2022, respectively.

Proprietary Fund

The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The proprietary fund has net position of \$839,665 and \$602,824 as of June 30, 2023, and 2022, respectively.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's expenditures and other financing uses for the fiscal year ended June 30, 2023 of \$75,488,411 was greater than the adopted final budget of \$74,955,904 by a total \$532,508. Significant variances for the 2022-2023 budget compared to actual was the boiler replacement at the Norwood and Tinicum schools at a cost of \$155,620. The boiler replacement was an emergency purchase. Two used buses and two used maintenance vans were purchased at a total cost of \$171,800. The buses were needed for additional special education student transportation, and the maintenance vans were needed to replace older vans that could not continue to be repaired. These vehicles were not budgeted for, as the District was trying to get another year out of them before being replaced in 2023-2024. Other significant variances were due to the purchase of security cameras for a total of \$109,922. Software for the District's virtual academy was not purchased in 2022-2023; however, the budget for this was \$119,900. The software could be purchased in later years, as needed, based on enrollment. The cost of professional education services was approximately \$137,560 over budget due to increased services for special education students entering the District in 2022-2023. Charter school tuition costs were approximately \$118,680 under budget as more students attending charter schools were returning to the District or leaving the District as residents. Supplies in the amount of \$197,999 budgeted for ESSER ARP funding were deferred to the 2023-2024 fiscal year. As part of GASB Statement No. 87, total operating lease payments (current leases) will need to be shown as an expenditure which resulted in Principal/Subscriptions – Right-to-use expenditure being \$425,303 over budget.

The District's revenues and other financing sources of \$78,966,619 for the fiscal year ended June 30, 2023 were greater than the adopted final budget by \$3,877,071. Significant variances were the actual real estate transfer taxes collected, which were approximately \$95,157 more than budgeted due to the sale of several large commercial properties. Interim taxes were \$98,580 more than budgeted as there was an increase in positive commercial tax assessment appeals, while delinquent tax collections from the county were \$117,060 less than budgeted as real estate tax liens were down in 2022-2023 in comparison to 2021-2022. In addition, parking lot taxes were \$429,826 more than budgeted; this was mainly due to the Philadelphia Airport closing a large portion of its long-term parking lots during a majority of the 2022-2023 year as well as air travel continuing to increase post COVID-19. Investment earnings were \$450,315 more than budgeted, as the average balance in the general fund savings account was greater in 2022-2023 resulting in an increase in investment earnings. Other significant variances concerning revenues was the increase in the basic education and the special education subsidies resulting in the actual subsidy payments being \$1,947,323 and \$260,768, respectively, more

**INTERBORO SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2023**

than budgeted. The final increase (approved state budget) for the subsidies for 2022-2023 was not known until after the District budget process. It is believed that future increases in state subsidy funding for the District could be minimal. The state reallocated funds for the Ready-To-Learn grant resulting in an additional \$500,000 for 2022-2023. Regarding the COVID-19 ESSER funds, the District used approximately \$386,000 less than budgeted for 2022-2023 due in part to material shortages and delays in shipping various items; therefore, the ESSER funds will be carried over to the 2023-2024 fiscal year revenues. As part of GASB Statement No. 87, total operating lease payments (current leases) will need to be shown as both an other financing source and an expenditure. The other financing source concerning the current operating leases of approximately \$425,300 was not budgeted for during the 2022-2023 budget process; however, it was budgeted in the 2023-2024 fiscal year. It should be noted that the collection rate for school real estate taxes for 2022-2023 was 95.62%, resulting in total school real estate taxes collected being \$221,193 under budget. The \$221,193 represents .5% of the total \$42,957,192 school real estate taxes budgeted.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

The District's investment in capital assets for its governmental activities, net of accumulated depreciation/amortization, amounts to \$54,999,626 and \$51,939,557 as of June 30, 2023 and 2022, respectively.

The investment in capital assets includes land, buildings, improvements, furniture, and equipment.

**INTERBORO SCHOOL DISTRICT'S  
CAPITAL ASSETS**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land and improvements	\$ 1,774,131	\$ 1,674,131	\$ -	\$ -	\$ 1,774,131	\$ 1,674,131
Buildings and improvements	94,827,523	89,360,683	-	-	94,827,523	89,360,683
Machinery and equipment	25,445,250	24,921,240	1,095,781	973,549	26,541,031	25,894,789
Right-to-use asset	2,386,358	1,961,055	-	-	2,386,358	1,961,055
Accumulated depreciation	(69,433,636)	(65,977,552)	(589,486)	(552,400)	(70,023,122)	(66,529,952)
	<u>\$54,999,626</u>	<u>\$51,939,557</u>	<u>\$ 506,295</u>	<u>\$ 421,149</u>	<u>\$55,505,921</u>	<u>\$52,360,706</u>

More detailed information about the District's capital assets can be found in footnotes to the financial statements section of this report.

Long-term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$88,725,000. The District maintains an A rating from Standard and Poor's for general obligation debt.

**INTERBORO SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2023**

Additional information on the District's long-term debt can be found in the footnotes to the financial statements section of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District began the year with \$10,577,821 in its fund balance for the general fund. Increases in revenues such as real estate taxes (2.35 % increase in tax index), parking lot taxes, transfer taxes, and state subsidies, along with deferred spending concerning ESSER grants attributed to an increase in the total fund balance of \$3,478,208 at June 30, 2023. The fund balance is projected to be approximately \$15.1 million at June 30, 2024. The fund balance provides the District with better flexibility to meet unexpected costs, the ability to manage future tax increases, and provides opportunities to define, plan, and meet future objectives, particularly regarding capital improvements.

With the need for additional improvements continuing to rise combined with future minimal increases in state subsidies and federal grants (outside of the COVID-19 relief grants), the District's ability to keep pace without additional sources of funds could be greatly reduced. Based on an independent feasibility study performed in the summer and fall of 2016, the following major projects are recommended to be performed over the next ten years: life safety and security systems for all buildings; elevator replacement at the Prospect Park School; courtyard infill for the Kindergarten Academy and the Glenolden School; door, locks, and hardware replacement at all buildings; and window replacement in five of the six buildings and the South Avenue sports complex. Without the potential issuance of general obligation bonds, these projects would currently be funded 100% from the general fund's fund balance. The downside of issuing general obligation bonds is that the principal and interest payments would affect the fund balance usage. In addition to capital improvements district-wide, there is a line item in the budget for computer equipment replacement cycle which is every five years. In addition, as of June 30, 2023, \$136,192 is being restricted in the fund balance for capital improvements to the Tinicum School as part of the airport CEP agreement. There is an addition/renovation project to the high school that is currently underway, with a total cost of approximately \$81,186,000 with an estimated completion date of August 2026. This will be funded through the issuance of general obligation bonds and funding from the Redevelopment Assistance Capital Program Funding (RACP) of \$4,000,000. In addition, the District has purchased a building (which includes the land) and is renovating it for use as the new Administration building. The cost of this project is approximately \$6,152,000 with an estimated completion date of December 2023. This project will also be funded through the issuance of general obligation bonds.

Inflationary conditions and supply shortages have placed and will place in the future a burden on the District as well as other districts across the state. It should be noted that the COVID-19 relief funds are only temporary, leaving local funding sources to make up the difference. The balance between the educational needs of the students and the community's ability to pay has always been a constant battle faced by the District.

There was a reassessment done of all properties in Delaware County in 2020. The reassessments took effect for the 2021-2022 fiscal year. This resulted in a surge in assessment appeals that have impacted the District both positively and negatively which could affect the District's ability to maintain its current



**INTERBORO SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2023**

level of real estate tax revenue for future fiscal years. The Capacity Enhancement Program of the Philadelphia Airport includes the acquisition of various taxable parcels that may increase the District's real estate taxes as the assessed values of the respective parcels in the agreement would increase per the terms of the CEP agreement.

Certain state funding such as the basic education and special education subsidies saw significant increases in 2022-2023 due to a "level-up" funding adjustment for the District. As for future fiscal years, basic education and special education funding will see minimal increases. Despite a significant increase in 2022-2023, the state subsidy funding for the annual special education costs has not kept up with the actual expenditures incurred by the District for special education. The federal COVID-19 relief funding is only temporary and will be gone by September 2024. On the expenditure side of the financial statements, the State's inability to address the underfunded Pennsylvania State Education Retirement System (PSERS) places an additional burden on the District. The portion that the District must pay is projected to increase from 34% (2023-2024) to 36.67% (2027-2028). These increases could add hundreds of thousands of dollars to the District's budget each year. In addition, the District must plan for future contractual increases in salary and wages.

As in previous years, the State continues to push more and more of its funding responsibility onto the District and its community. The District's experience was far less extreme than many of the Districts in the surrounding area, in part due to fiscal policies of the Board and Administration. In July 2006, Act 1 - The Taxpayer Relief Act, was passed by the Pennsylvania State Legislature. Act 1 prevents tax increases, unless approved by the community, above an index calculated by the State. However, certain allowances to this provision may be granted by the State. In addition, Act 1 provides for tax relief to the community which is to be funded by gambling revenues. Over the last ten years, the tax increases have been held at or below 3.2%, with a maximum of 3.2% in 2017-2018 and a minimum increase of 1.5% in 2023-2024. During this time, the District has not increased real estate taxes above the adjusted index. The adjusted index for 2023-2024 is 5.4%, and the District used an index of 1.5% when preparing the budget for 2023-2024.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Interboro School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Interboro School District, Director of Finance, 900 Washington Avenue, Prospect Park, PA 19076.

## **BASIC FINANCIAL STATEMENTS**

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

	Governmental Activities	Business-type Activities	Totals	
			2023	2022*
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 56,204,442	\$ 305,377	\$ 56,509,819	\$ 23,469,702
Investments	55,074	-	55,074	68,033
Taxes receivable, net of allowance	1,994,681	-	1,994,681	1,992,513
Internal balances	(48,512)	48,512	-	-
Due from other governments	2,789,458	53,730	2,843,188	5,928,349
Other receivables	262,766	-	262,766	215,621
Other assets	472,746	-	472,746	420,573
Inventories	2,040	-	2,040	3,614
Prepaid expenses	501,398	-	501,398	315,164
Land	1,774,131	-	1,774,131	1,674,131
Construction in progress	7,025,169	-	7,025,169	1,641,767
Land improvements	2,914,932	-	2,914,932	2,914,932
Buildings and improvements	84,887,422	-	84,887,422	84,803,984
Furniture and equipment	25,445,250	1,095,781	26,541,031	25,894,789
Right-to-use asset	2,216,838	-	2,216,838	1,791,535
Right-to-use subscription	169,520	-	169,520	169,520
Accumulated depreciation/amortization	(69,433,636)	(589,486)	(70,023,122)	(66,529,952)
<b>TOTAL ASSETS</b>	<b>117,233,719</b>	<b>913,914</b>	<b>118,147,633</b>	<b>84,774,275</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred pension expenses	15,606,203	-	15,606,203	16,602,800
Deferred OPEB expenses	2,479,330	-	2,479,330	3,005,776
Deferred amount of refunding	-	-	-	8,713
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>18,085,533</b>	<b>-</b>	<b>18,085,533</b>	<b>19,617,289</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$135,319,252</b>	<b>\$ 913,914</b>	<b>\$136,233,166</b>	<b>\$104,391,564</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 2,429,254	\$ 53,420	\$ 2,482,674	\$ 1,181,127
Accrued salaries, payroll withholdings, and benefits	6,831,770	-	6,831,770	7,058,763
Accrued interest payable	1,959,663	-	1,959,663	634,045
Unearned revenues	278,147	20,829	298,976	359,162
Other current liabilities	-	-	-	8,356
<b>Long-term liabilities:</b>				
Portion due or payable within one year:				
Bonds payable, net	3,074,210	-	3,074,210	3,028,962
Lease payable	307,507	-	307,507	442,881
Subscription payable	34,096	-	34,096	33,886
Accumulated compensated absences	222,050	-	222,050	222,050
Portion due or payable after one year:				
Bonds payable, net	86,777,250	-	86,777,250	58,476,376
Lease payable	160,145	-	160,145	191,498
Subscription payable	-	-	-	34,096
Accumulated compensated absences	1,512,207	-	1,512,207	1,165,759
Net pension liability	99,232,000	-	99,232,000	91,433,000
Net OPEB liability	7,508,555	-	7,508,555	9,625,689
<b>TOTAL LIABILITIES</b>	<b>210,326,854</b>	<b>74,249</b>	<b>210,401,103</b>	<b>173,895,650</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred pension expenses	3,720,000	-	3,720,000	17,902,000
Deferred OPEB expenses	10,004,541	-	10,004,541	9,139,636
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>13,724,541</b>	<b>-</b>	<b>13,724,541</b>	<b>27,041,636</b>
<b>NET POSITION (DEFICIT):</b>				
Net investment in capital assets	1,130,430	506,295	1,636,725	1,095,023
Restricted - local contributions	215,962	-	215,962	136,192
Unrestricted (deficit)	(90,078,535)	333,370	(89,745,165)	(97,776,937)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>(88,732,143)</b>	<b>839,665</b>	<b>(87,892,478)</b>	<b>(96,545,722)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)</b>	<b>\$135,319,252</b>	<b>\$ 913,914</b>	<b>\$136,233,166</b>	<b>\$104,391,564</b>

\*- Restated

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

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

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
							2023	2022
GOVERNMENTAL ACTIVITIES:								
Instruction	\$46,019,956	\$ 21,315	\$14,663,296	\$ -	\$(31,335,345)	\$ -	\$(31,335,345)	\$(24,286,816)
Instructional student support	2,276,491	-	512,289	-	(1,764,202)	-	(1,764,202)	(3,264,675)
Administrative and financial support services	7,932,146	-	751,734	-	(7,180,412)	-	(7,180,412)	(6,620,009)
Operation and maintenance of plant services	6,805,425	-	413,951	-	(6,391,474)	-	(6,391,474)	(6,821,453)
Pupil transportation	3,217,193	-	772,270	-	(2,444,923)	-	(2,444,923)	(2,091,198)
Student activities	1,086,495	33,205	122,883	-	(930,407)	-	(930,407)	(818,581)
Community services	125,404	-	4,750	-	(120,654)	-	(120,654)	(92,799)
Interest on long-term debt	2,819,200	-	429,685	-	(2,389,515)	-	(2,389,515)	(967,059)
TOTAL GOVERNMENTAL ACTIVITIES	<u>70,282,310</u>	<u>54,520</u>	<u>17,670,858</u>	<u>-</u>	<u>(52,556,932)</u>	<u>-</u>	<u>(52,556,932)</u>	<u>(44,962,590)</u>
BUSINESS-TYPE ACTIVITIES:								
Food service	1,822,808	159,356	1,900,293	-	-	236,841	236,841	434,852
TOTAL BUSINESS-TYPE ACTIVITIES	<u>1,822,808</u>	<u>159,356</u>	<u>1,900,293</u>	<u>-</u>	<u>-</u>	<u>236,841</u>	<u>236,841</u>	<u>434,852</u>
TOTAL PRIMARY GOVERNMENT	<u>\$72,105,118</u>	<u>\$ 213,876</u>	<u>\$19,571,151</u>	<u>\$ -</u>	<u>(52,556,932)</u>	<u>236,841</u>	<u>(52,320,091)</u>	<u>(44,527,738)</u>
GENERAL REVENUES								
Property taxes levied for general purposes					46,842,591	-	46,842,591	45,345,993
Taxes levied for specific purposes					1,478,106	-	1,478,106	1,763,244
Grants and entitlements not restricted to specific programs					11,195,015	-	11,195,015	9,916,641
Investment earnings					635,820	-	635,820	20,249
Miscellaneous					821,803	-	821,803	670,191
TOTAL GENERAL REVENUES					<u>60,973,335</u>	<u>-</u>	<u>60,973,335</u>	<u>57,716,318</u>
CHANGE IN NET POSITION (DEFICIT)					8,416,403	236,841	8,653,244	13,188,580
NET POSITION (DEFICIT), BEGINNING OF YEAR, RESTATED					<u>(97,148,546)</u>	<u>602,824</u>	<u>(96,545,722)</u>	<u>(109,734,302)</u>
NET POSITION (DEFICIT), END OF YEAR					<u>\$(88,732,143)</u>	<u>\$ 839,665</u>	<u>\$(87,892,478)</u>	<u>\$(96,545,722)</u>

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

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

	Major Funds		Nonmajor Fund	Totals	
	General Fund	Bond Fund		2023	2022
<b>ASSETS</b>					
Cash and cash equivalents	\$ 18,406,914	\$ 37,796,682	\$ 846	\$ 56,204,442	\$ 23,268,259
Investments	55,074	-	-	55,074	68,033
Taxes receivable	1,994,681	-	-	1,994,681	1,992,513
Due from other funds	-	-	-	-	1,794
Due from other governments	2,789,458	-	-	2,789,458	5,845,535
Inventory	2,040	-	-	2,040	3,392
Other receivables	262,077	-	-	262,077	215,621
Prepaid expenditures	501,398	-	-	501,398	315,164
<b>TOTAL ASSETS</b>	<u>\$ 24,011,642</u>	<u>\$ 37,796,682</u>	<u>\$ 846</u>	<u>\$ 61,809,170</u>	<u>\$ 31,710,311</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 1,116,584	\$ 1,312,670	\$ -	\$ 2,429,254	\$ 1,104,081
Accrued salaries, payroll withholdings, and benefits	6,831,770	-	-	6,831,770	7,058,763
Other liabilities	-	-	-	-	8,356
Unearned revenue - other	278,147	-	-	278,147	335,198
Due to other funds	47,823	-	-	47,823	-
<b>TOTAL LIABILITIES</b>	<u>8,274,324</u>	<u>1,312,670</u>	<u>-</u>	<u>9,586,994</u>	<u>8,506,398</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenues - delinquent taxes	1,681,289	-	-	1,681,289	1,692,131
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,681,289</u>	<u>-</u>	<u>-</u>	<u>1,681,289</u>	<u>1,692,131</u>
<b>FUND BALANCES:</b>					
Nonspendable	503,438	-	-	503,438	318,556
Restricted	203,003	36,484,012	-	36,687,015	11,069,321
Committed	5,402,018	-	-	5,402,018	25,000
Assigned	-	-	846	846	832
Unassigned	7,947,570	-	-	7,947,570	10,098,073
<b>TOTAL FUND BALANCES</b>	<u>14,056,029</u>	<u>36,484,012</u>	<u>846</u>	<u>50,540,887</u>	<u>21,511,782</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 24,011,642</u>	<u>\$ 37,796,682</u>	<u>\$ 846</u>	<u>\$ 61,809,170</u>	<u>\$ 31,710,311</u>

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

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

TOTAL GOVERNMENTAL FUND BALANCES	\$ 50,540,887
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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	\$ 1,774,131	
Construction in progress	7,025,169	
Land improvements	2,914,932	
Buildings and improvements	84,887,422	
Furniture and equipment	25,445,250	
Right-to-use asset	2,216,838	
Right-to-use subscription	169,520	
Accumulated depreciation/amortization	<u>(69,433,636)</u>	54,999,626

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, net	(89,851,460)	
Subscription payable	(467,652)	
Lease payable	(34,096)	
Accumulated compensated absences	(1,734,257)	
Accrued interest payable	(1,959,663)	
Net pension liability	(99,232,000)	
Net OPEB liability	<u>(7,508,555)</u>	(200,787,683)

Long-term receivables are not recorded in the funds.	472,746
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Deferred inflows and outflows of resources related to the District's pension plan do not represent current resources or uses of resources and, therefore, are not reported in the funds. Deferred inflows and outflows of resources consist of the following:

Deferred outflows of resources:		
Deferred amounts related to pension	15,606,203	
Deferred inflows of resources:		
Deferred amounts related to pension	<u>(3,720,000)</u>	11,886,203

Deferred inflows and outflows of resources related to the District's OPEB plan do not represent current resources or uses of resources and, therefore, are not reported in the funds. Deferred inflows and outflows of resources consist of the following:

Deferred outflows of resources:		
Deferred amounts related to OPEB	2,479,330	
Deferred inflows of resources:		
Deferred amounts related to OPEB	<u>(10,004,541)</u>	(7,525,211)

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.	<u>1,681,289</u>
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NET DEFICIT OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (88,732,143)</u></u>
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These accompanying notes are an integral part of these financial statements.

**INTERBORO 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)**

	Major Funds		Nonmajor	Totals	
	General Fund	Bond Fund	Fund	2023	2022
REVENUES					
Local sources	\$ 46,993,471	\$ 153,596	\$ 14	\$ 47,147,081	\$ 46,029,333
State sources	27,731,704	-	-	27,731,704	25,284,116
Federal sources	3,685,843	-	-	3,685,843	5,339,112
TOTAL REVENUES	<u>78,411,018</u>	<u>153,596</u>	<u>14</u>	<u>78,564,628</u>	<u>76,652,561</u>
EXPENDITURES					
Current:					
Instruction	49,287,104	-	-	49,287,104	43,659,294
Support services	20,034,474	421,587	-	20,456,061	23,083,198
Operation of noninstructional services	1,232,481	-	-	1,232,481	1,090,483
Capital outlays	433,752	5,485,144	-	5,918,896	3,187,087
Debt service	<u>4,442,765</u>	<u>96,717</u>	<u>-</u>	<u>4,539,482</u>	<u>4,263,623</u>
TOTAL EXPENDITURES	<u>75,430,576</u>	<u>6,003,448</u>	<u>-</u>	<u>81,434,024</u>	<u>75,283,685</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,980,442</u>	<u>(5,849,852)</u>	<u>14</u>	<u>(2,869,396)</u>	<u>1,368,876</u>
OTHER FINANCING SOURCES (USES)					
Refund of prior year expenditures	130,298	-	-	130,298	256,270
Refund of prior year revenues	(57,835)	-	-	(57,835)	(361,905)
Issuance of debt	-	31,940,000	-	31,940,000	9,950,000
Proceeds from lease	425,303	-	-	425,303	499,613
Bond discounts	-	(539,265)	-	(539,265)	49,912
TOTAL OTHER FINANCING SOURCES	<u>497,766</u>	<u>31,400,735</u>	<u>-</u>	<u>31,898,501</u>	<u>10,393,890</u>
NET CHANGE IN FUND BALANCES	3,478,208	25,550,883	14	29,029,105	11,762,766
FUND BALANCES, BEGINNING OF YEAR	<u>10,577,821</u>	<u>10,933,129</u>	<u>832</u>	<u>21,511,782</u>	<u>9,749,016</u>
FUND BALANCES, END OF YEAR	<u>\$ 14,056,029</u>	<u>\$ 36,484,012</u>	<u>\$ 846</u>	<u>\$ 50,540,887</u>	<u>\$ 21,511,782</u>

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

**INTERBORO 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	\$ 29,029,105
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/amortization expense. This is the amount by which depreciation/amortization (\$3,456,084) is exceeded by capital outlays (\$6,516,153) in the period.	3,060,069
Because some property taxes 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. Unavailable tax revenues, net of change in allowance decreased by this amount this year.	(10,842)
Debt proceeds are reported as financing sources in the governmental funds and, thus, contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. This is the amount by which debt repayments, net of premiums, discounts, and deferred amounts on refunding exceeds proceeds from debt issuance.	(28,145,509)
In the statement of activities, certain operating expenses – compensated absences (vacations and sick leave) and special termination benefits (early retirement) – 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). This is the amount by which current period amounts paid were less than current period compensated absences earned.	(346,448)
Compensated absences	(346,448)
In the statement of activities, certain operating revenues – split dollar insurance premiums – are measured by the amounts earned during the year. In the governmental funds, however, revenues for these items are measured by the amount of financial resources received (essentially, the amounts actually received). This is the amount by which current period premiums refunded exceeded premiums paid.	52,173
Split dollar premiums receivable	52,173
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(1,325,618)
In the statement of activities, pension expense reflects the change in net pension liability, net of deferrals. In the governmental funds, however, pension expenditures reflect payments made to fund the pension plan. This is the amount by which the change in net pension liability and related deferrals exceeds pension contributions during the year.	5,377,691
In the statement of activities, OPEB expense reflects the change in net OPEB liability, net of deferrals. In the governmental funds, however, OPEB expenditures reflect payments made to fund the OPEB plan. This is the amount by which the change in net OPEB liability and related deferrals exceeds OPEB contributions during the year.	725,782
CHANGE IN NET DEFICIT OF GOVERNMENTAL ACTIVITIES	<u>\$ 8,416,403</u>

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



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

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ 46,364,615	\$ 46,167,266	\$ 46,993,471	\$ 826,205
State sources	24,740,629	24,740,629	27,731,704	2,991,075
Federal sources	3,984,304	3,984,304	3,685,843	(298,461)
<b>TOTAL REVENUES</b>	<b>75,089,548</b>	<b>74,892,199</b>	<b>78,411,018</b>	<b>3,518,819</b>
<b>EXPENDITURES</b>				
Instruction:				
Regular programs	31,782,329	31,764,420	36,927,921	(5,163,501)
Special programs	12,199,238	12,123,127	10,909,349	1,213,778
Vocational programs	827,588	827,588	852,317	(24,729)
Other instructional programs	615,333	412,578	199,711	212,867
Community college education programs	414,146	404,329	397,806	6,523
Pre-Kindergarten	572,541	596,235	-	596,235
Total Instruction	<u>46,411,175</u>	<u>46,128,277</u>	<u>49,287,104</u>	<u>(3,158,827)</u>
Support services:				
Pupil personnel services	3,815,266	3,983,090	2,364,685	1,618,405
Instructional staff services	1,264,886	1,336,011	486,723	849,288
Administrative services	5,893,044	5,852,421	4,357,232	1,495,189
Pupil health	975,280	893,159	830,495	62,664
Business services	905,023	879,034	930,940	(51,906)
Operation and maintenance of plant services	5,042,834	5,143,818	5,376,446	(232,628)
Student transportation services	2,642,455	2,691,067	3,042,872	(351,805)
Central support services	2,416,958	2,433,712	2,606,939	(173,227)
Other support services	37,203	39,555	38,142	1,413
Total Support Services	<u>22,992,949</u>	<u>23,251,867</u>	<u>20,034,474</u>	<u>3,217,393</u>
Operation of noninstructional services:				
Student activities	955,139	976,850	1,107,077	(130,227)
Community services	134,158	138,108	125,404	12,704
Total Operation of Noninstructional Services	<u>1,089,297</u>	<u>1,114,958</u>	<u>1,232,481</u>	<u>(117,523)</u>
Capital outlays	-	1,990	433,752	(431,762)
Debt service	4,444,483	4,444,483	4,442,765	1,718
<b>TOTAL EXPENDITURES</b>	<b>74,937,904</b>	<b>74,941,575</b>	<b>75,430,576</b>	<b>(489,001)</b>
<b>EXCESS (DEFICIENCIES) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>151,644</b>	<b>(49,376)</b>	<b>2,980,442</b>	<b>3,029,818</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refund of prior year revenue	(18,000)	(14,328)	(57,835)	(43,507)
Refund of prior year expenditures	-	197,349	130,298	(67,051)
Proceeds from lease	-	-	425,303	425,303
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(18,000)</b>	<b>183,021</b>	<b>497,766</b>	<b>314,745</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>133,644</b>	<b>133,645</b>	<b>3,478,208</b>	<b>3,344,563</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>10,577,821</b>	<b>10,577,821</b>	<b>10,577,821</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 10,711,465</b>	<b>\$ 10,711,466</b>	<b>\$ 14,056,029</b>	<b>\$ 3,344,563</b>

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

**INTERBORO SCHOOL DISTRICT  
STATEMENTS OF NET POSITION - PROPRIETARY FUND  
JUNE 30, 2023 AND 2022**

	Food Service Fund	
	2023	2022
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 305,377	\$ 201,443
Due from other governments	53,730	82,814
Due from other funds	48,512	-
Inventories	-	222
Furniture and equipment	1,095,781	973,549
Accumulated depreciation	(589,486)	(552,400)
<b>TOTAL ASSETS</b>	<u><u>\$ 913,914</u></u>	<u><u>\$ 705,628</u></u>
<b>LIABILITIES:</b>		
Accounts payable	\$ 53,420	\$ 77,046
Due to other funds	-	1,794
Unearned revenues	20,829	23,964
<b>TOTAL LIABILITIES</b>	<u><u>74,249</u></u>	<u><u>102,804</u></u>
<b>NET POSITION:</b>		
Investment in capital assets	506,295	421,149
Unrestricted	333,370	181,675
<b>TOTAL NET POSITION</b>	<u><u>839,665</u></u>	<u><u>602,824</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u><u>\$ 913,914</u></u>	<u><u>\$ 705,628</u></u>

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

**INTERBORO SCHOOL DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -**  
**PROPRIETARY FUND**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	Food Service Fund	
	2023	2022
OPERATING REVENUES		
Food service revenues	\$ 159,356	\$ 128,507
Total Operating Revenues	<u>159,356</u>	<u>128,507</u>
OPERATING EXPENSES		
Wages and benefits	147,111	136,463
Purchased professional and technical services	1,419,008	1,237,318
Purchased property services	39,962	33,116
Supplies	165,221	127,662
Depreciation	51,506	43,644
Total Operating Expenses	<u>1,822,808</u>	<u>1,578,203</u>
OPERATING INCOME (LOSS)	<u>(1,663,452)</u>	<u>(1,449,696)</u>
NONOPERATING REVENUES (EXPENSES)		
State sources	77,333	47,170
Federal sources	1,822,960	1,837,378
Total Nonoperating Revenues	<u>1,900,293</u>	<u>1,884,548</u>
CHANGE IN NET POSITION	236,841	434,852
NET POSITION, BEGINNING OF YEAR	<u>602,824</u>	<u>167,972</u>
NET POSITION, END OF YEAR	<u>\$ 839,665</u>	<u>\$ 602,824</u>

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

**INTERBORO SCHOOL DISTRICT  
STATEMENTS OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	Food Service Fund	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 156,222	\$ 117,294
Payments to suppliers	(1,546,535)	(1,529,686)
Payments to employees	(147,111)	(136,463)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(1,537,424)</b>	<b>(1,548,855)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
State sources	76,700	51,519
Federal sources	1,701,310	1,802,636
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>1,778,010</b>	<b>1,854,155</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of capital assets	(136,652)	(103,211)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(136,652)</b>	<b>(103,211)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>103,934</b>	<b>202,089</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>201,443</b>	<b>(646)</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 305,377</b>	<b>\$ 201,443</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (1,663,452)	\$ (1,449,696)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	51,506	43,644
Donated commodities	151,367	119,463
(Increase) Decrease in:		
Due from other funds	(48,512)	-
Inventories	222	2,365
Increase (Decrease) in:		
Accounts payable	(23,626)	27,171
Due to other funds	(1,794)	(280,589)
Unearned revenues	(3,135)	(11,213)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (1,537,424)</b>	<b>\$ (1,548,855)</b>
<b><u>SUPPLEMENTAL DISCLOSURE</u></b>		
Noncash noncapital financing activity:		
USDA donated commodities	\$ 151,367	\$ 119,463

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

**INTERBORO SCHOOL DISTRICT  
STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2023**

	Private-purpose Trust Fund <u>Scholarship Fund</u>	Custodial Fund <u>Student Activities Fund</u>
ASSETS		
Cash	\$ 19,793	\$ 100,582
Prepays	-	500
Accounts receivable	<u>-</u>	<u>1,000</u>
TOTAL ASSETS	<u><u>\$ 19,793</u></u>	<u><u>\$ 102,082</u></u>
LIABILITIES AND NET POSITION		
LIABILITIES:		
Accounts payable	<u>\$ -</u>	<u>\$ 6,673</u>
TOTAL LIABILITIES	-	6,673
NET POSITION	<u>19,793</u>	<u>95,409</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 19,793</u></u>	<u><u>\$ 102,082</u></u>

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

**INTERBORO SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Private-purpose Trust Fund Scholarship Fund	Custodial Fund Student Activities Fund
REVENUES		
Contributions	\$ 40,967	\$ 77,277
Total Revenues	<u>40,967</u>	<u>77,277</u>
EXPENSES		
Scholarships	43,800	-
Other expenses	-	65,391
Total Expenses	<u>43,800</u>	<u>65,391</u>
CHANGE IN NET POSITION	(2,833)	11,886
NET POSITION, BEGINNING OF YEAR	<u>22,626</u>	<u>83,523</u>
NET POSITION, END OF YEAR	<u>\$ 19,793</u>	<u>\$ 95,409</u>

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

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Interboro School District ("the District") operates one kindergarten academy, four community schools, and one senior high school to provide education and related services to the residents of the Boroughs of Glenolden, Norwood, and Prospect Park and the Township of Tinicum. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member Board form of government.

The financial statements of the District are prepared in accordance with the accounting system and procedures prescribed for school districts by the Commonwealth of Pennsylvania, Department of Education, which conforms to accounting principles generally accepted in the United States of America as applicable to governmental units.

The most significant of the District's accounting policies are described below:

Financial Reporting Entity

The Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards* ("GASB Codification") established the criteria for determining the activities, organization, and functions of government to be included in the financial statements of the reporting entity. In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be an independent reporting entity and has no component units.

Joint Ventures

The District participates in a joint venture with the other school districts of Delaware County, Pennsylvania in the operation of a Vocational-Technical School Authority ("DCVTSA"). The DCVTSA is governed by seven members. Each member must be a citizen of a school district where the DCVTSA leases a project. The DCVTSA oversees acquiring, holding, constructing, improving, and maintaining the public area vocational-technical school buildings. The financial statements of the Vocational-Technical School Authority are available from the DCVTSA located at 200 Yale Avenue, Morton, Pennsylvania 19070. The District also participates in a joint venture with other school districts of Delaware County, Pennsylvania to support the Delaware County Community College.

Jointly Governed Organization

The District and the other Delaware County school districts are participating members of the Delaware County Intermediate Unit ("the DCIU"). The DCIU is a regional education service

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of school board members from each participating district. The school board of each participating district must approve the annual operating budget of the DCIU, but the participating districts have no ongoing fiduciary interest or responsibility to the DCIU. The DCIU is a self-sustaining organization that provides a broad array of services to participating districts which include curriculum development and instructional improvement, educational planning services, instructional material, continuing professional development, pupil personnel services, management services, and state and federal liaison services.

Basis of Presentation and Accounting

*Government-wide Financial Statements*

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental funds financial statements are prepared. Governmental funds financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Revenues, expenses, gains, losses, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions should be recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions should be recognized in accordance with requirements of the GASB Codification.

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



INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental and proprietary funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for 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 District considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

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 a proprietary fund's principal ongoing operations. The principal operating revenues of the government's proprietary fund are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fiduciary funds are reported using the economic resources measurement focus.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

*Governmental Funds*

Governmental funds are those through which most governmental functions of the District are financed. The District has presented the following major governmental funds:

- General Fund – The general fund is for the general operations of the District and all financial transactions not required to be accounted for in another fund.
- Bond Fund – The bond fund accounts for the proceeds of General Obligation Bonds for capital improvements.

*Proprietary Fund*

- Enterprise (Food Service) Fund – The enterprise fund accounts for the District's food service operations, which is maintained to account for operations that are financed and operated in a manner similar to a private business enterprise. The fund accounts for all revenues, food purchases, costs, and expenses for the food service program on the accrual method of accounting. This method recognizes expenses when incurred and revenues when earned. All proprietary activities are accounted for using GASB pronouncements as established by the GASB Codification.

*Fiduciary Fund Types*

Fiduciary funds account for the assets held by the District as a trustee or agent for individuals, private organizations, and/or governmental units and are, therefore, not available to support the District's own programs.

- Trust Fund – The private-purpose trust fund accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as described by donor stipulations.
- Custodial Fund – The custodial fund accounts for funds held on behalf of the students of the District.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of reporting cash flows for proprietary fund financial statements, cash and cash equivalents include cash on hand, amounts due from banks, and highly liquid investments with original maturities of less than 90 days.

Investments

Investments are stated at amortized cost, which approximates fair value. This method of valuation is in compliance with the GASB Codification.

Intergovernmental Receivables/Payables

During the course of operations, numerous transactions occur between governmental units for payment of services and subsidy payments. These receivables and payables are classified as intergovernmental receivables and payables on the balance sheet.

Inventories

Food service inventory is presented at the lower of cost or market. Cost is determined on a first in, first out basis and is expensed when used.

Compensated Absences

The District's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends.

Capital Assets

Capital assets, which include land, land improvements, buildings and machinery, equipment, vehicles, intangible right-to-use assets, and intangible right-to-use subscriptions are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The District defines capital assets as assets with an initial, individual cost equal to or greater than \$3,000 or composite assets with a cost of more than \$10,000 and an estimated useful life in excess of one year. Depreciation/amortization has been calculated on each class of depreciable/amortizable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	40 years
Land improvements	20 years
Furniture and equipment	5 - 20 years
Right-to-use asset	life of lease/agreement

Unavailable and Unearned Revenues

General fund unavailable revenues represent primarily delinquent taxes not collected within 60 days subsequent to the District's year-end, and unearned revenues represent grant revenue received but not yet earned. It is expected that these receivables will be collected and included in revenues of future fiscal years. The unearned revenues on the government-wide financial statements consist of grant revenue received but not yet earned.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities columns of the statement of net position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds 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, and payment of principal and interest is reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position.

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the financial statements 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/expenditure) until that time. The District currently has four types of items that qualify for reporting in this category. Deferred amounts on the refunding of bonds are reflected as deferred outflows of resources on the entity-wide statement of net position. Delinquent taxes not collected within 60 days of year end and, therefore, not available under modified accrual reporting, are reflected as deferred inflows of resources on the general fund balance sheet. Pension and OPEB contributions made subsequent to the measurement date and, therefore, not reflected in the net pension and OPEB liabilities under full accrual basis reporting, are reported as a deferred outflow of resources on the entity-wide and proprietary fund statements of net position. Certain changes to the net pension and OPEB liabilities 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.

Fund Balance

The GASB Codification establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, the definitions of the general fund, special revenue fund type, debt service fund type, and permanent fund type are clarified by the provisions in this statement. Interpretations of certain items within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types have also been modified for clarity and consistency.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid expenditures or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- *Restricted fund balance* – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal action (Board motion) of the Board of School Directors – the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the School Board removes the specified use by taking the same type of action imposing the commitment.
- *Assigned fund balance* – This classification reflects amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of School Directors has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.
- *Unassigned fund balance* – This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

*Use of Fund Balance*

The restricted fund balance shall be reduced to the extent that the underlying reason for the restriction has been eliminated; then committed, assigned, and unassigned in that order as needed.

Net Position

Net position represents the difference between assets and deferred outflows resources and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Implementation of GASB Statement No. 96

During the year ended June 30, 2023, the District implemented 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 arrangements as assets and liabilities for all such subscription arrangements.

NOTE 2      CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents

Under Act No. 72 enacted by the General Assembly of the Commonwealth of Pennsylvania, the funds deposited with the depository are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit in excess of the Federal Depository Insurance Corporation limit. These may be bonds of the United States of America, any state of the United States of America or bonds of any political subdivision of Pennsylvania, or the general state authority or other authorities created by the General Assembly of the Commonwealth of Pennsylvania or insured by the Federal Deposit Insurance Corporation.

*Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2023, \$56,889,284 of the District's bank balance of \$57,139,284 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the District's name	\$ 56,889,284
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Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest its monies as follows: 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; (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; (d) shares of an investment company registered under the Investment Company Act of 1940; or (e) deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation ("FDIC"), the Federal Savings and Loan Insurance Corporation ("FSLIC"), or the National Credit Union Share Insurance Fund ("NCUSIF") to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 2      CASH, CASH EQUIVALENTS, AND INVESTMENTS (cont'd)

collateral as provided by law is pledged by the depository. All of the District's \$55,074 in investments are invested in the ARC Community Trust of Pennsylvania, a 2a7-like investment pool. The District has no regulatory oversight for the pools, which are governed by the Board of Trustees.

NOTE 3      SCHOOL TAXES

The tax on real estate, as levied by the School Board, was 24.50850 mills (\$24.50850 per \$1,000 of assessed valuation) for fiscal year 2023. Assessed valuation of property is established by the Board of Assessments, and the elected or appointed tax collectors are responsible for collection. Real property in the District for the July 1, 2023 levy was assessed at \$1,878,974,796. 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 value period
November 1 - December 31	–	10% penalty period
February 28	–	Lien date

For government-wide financial statements, the District, in accordance with the GASB Codification, recognized the delinquent and unpaid taxes receivable. The amount which was measurable and available within 60 days was recognized as revenue and the balance deferred in the fund financial statements.

NOTE 4      INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following is a summary of interfund receivables and payables at June 30, 2023:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$       -	\$ 48,512
Proprietary fund	<u>48,512</u>	<u>-</u>
	<u>\$ 48,512</u>	<u>\$ 48,512</u>

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.



INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 5      CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated/ amortized:				
Land	\$ 1,674,131	\$ 100,000	\$ -	\$ 1,774,131
Construction in progress	1,641,767	5,383,402	-	7,025,169
Total Capital Assets Not Being Depreciated/Amortized	3,315,898	5,483,402	-	8,799,300
Capital assets being depreciated/ amortized:				
Land improvements	2,914,932	-	-	2,914,932
Buildings and improvements	84,803,984	83,438	-	84,877,422
Furniture and equipment	24,921,240	524,010	-	25,445,250
Right-to-use subscription	169,520	-	-	169,520
Right-to-use asset	1,791,535	425,303	-	2,216,838
Total Capital Assets Being Depreciated/Amortized	114,601,211	1,032,751	-	115,633,962
Less accumulated depreciation/ amortization for:				
Land improvements	1,880,101	109,418	-	1,989,519
Buildings and improvements	42,321,231	1,745,112	-	44,066,343
Furniture and equipment	20,580,441	935,084	-	21,515,525
Right-to-use subscription	101,712	33,904	-	135,616
Right-to-use asset	1,094,067	638,369	-	1,732,436
Total Accumulated Depreciation/ Amortization	65,977,552	3,456,084	-	69,433,636
Total Capital Assets Being Depreciated/ Amortized, Net	48,623,659	(2,423,333)	-	46,200,326
<b>GOVERNMENTAL ACTIVITIES ASSETS, NET</b>	<u>\$ 51,939,557</u>	<u>\$3,060,069</u>	<u>\$ -</u>	<u>\$ 54,999,626</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets being depreciated:				
Furniture and equipment	\$ 973,549	\$ 136,652	\$ (14,420)	\$ 1,095,781
Less accumulated depreciation	(552,400)	(51,506)	14,420	(589,486)
<b>BUSINESS-TYPE ACTIVITIES, NET</b>	<u>\$ 421,149</u>	<u>\$ 85,146</u>	<u>\$ -</u>	<u>\$ 506,295</u>

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 5      CAPITAL ASSETS (cont'd)

Depreciation/amortization expense was charged to functions/programs of the District as follows:

Governmental Activities:

Instruction	\$ 705,471
Instructional student support	107,307
Administrative and financial support services	278,793
Operation and maintenance of plant services	1,877,171
Pupil transportation	417,295
Student activities	<u>70,047</u>

Total Governmental Activities	<u>\$ 3,456,084</u>
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Business-type Activities:

Food service	<u>\$ 51,506</u>
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NOTE 6      GENERAL LONG-TERM LIABILITIES

The following is a summary of governmental long-term liability activity of the District for the year ending June 30, 2023:

	Outstanding June 30, 2022	Additions	Deletions	Outstanding June 30, 2023	Due within One Year
General Obligation Bond - 2015	\$ 1,515,000	\$ -	\$ 1,515,000	\$ -	\$ -
General Obligation Bond - 2015AAA	315,000	-	315,000	-	-
General Obligation Bond - 2019	6,930,000	-	335,000	6,595,000	680,000
General Obligation Bond - 2020A	10,895,000	-	45,000	10,850,000	50,000
General Obligation Bond - 2020AA	5,230,000	-	40,000	5,190,000	1,665,000
General Obligation Bond - 2020B	18,870,000	-	430,000	18,440,000	435,000
General Obligation Bond - 2021	5,840,000	-	80,000	5,760,000	40,000
General Obligation Bond - 2022	9,950,000	-	-	9,950,000	5,000
General Obligation Bond - 2023	-	31,940,000	-	31,940,000	-
Subtotal	<u>59,545,000</u>	<u>31,940,000</u>	<u>2,760,000</u>	<u>88,725,000</u>	<u>2,875,000</u>
Bond premium/(discount)	<u>1,960,338</u>	<u>(539,265)</u>	<u>294,613</u>	<u>1,126,460</u>	<u>271,210</u>
Bonds, net	<u>61,505,338</u>	<u>31,400,735</u>	<u>3,054,613</u>	<u>89,851,460</u>	<u>3,146,210</u>

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 6 GENERAL LONG-TERM LIABILITIES (cont'd)

	Outstanding June 30, 2022	Additions	Deletions	Outstanding June 30, 2023	Due within One Year
(cont'd)					
Leases payable	634,379	425,303	592,030	467,652	307,507
Subscription payable	67,982	-	33,886	34,096	34,096
Compensated absences	1,387,809	346,448	-	1,734,257	222,050
Net pension liability	91,433,000	7,799,000	-	99,232,000	-
Net OPEB liability	9,625,689	-	2,117,134	7,508,555	-
	<u>\$164,654,197</u>	<u>\$39,971,486</u>	<u>\$ 5,797,663</u>	<u>\$198,828,020</u>	<u>\$3,709,863</u>

The general fund and bond fund have liquidated long-term liabilities in prior years.

Interest expense for the year ended June 30, 2023 was \$2,772,704 for bonds, \$46,496 for leases, and \$132 for subscription arrangements.

Principal and interest payments for bonds payable for the succeeding fiscal years are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 2,875,000	\$ 2,612,884	\$ 5,487,884
2025	2,980,000	2,953,867	5,933,867
2026	3,090,000	2,849,847	5,939,847
2027	2,715,000	2,760,718	5,475,718
2028	2,775,000	2,695,813	5,470,813
2029 - 3033	14,835,000	12,529,842	27,364,842
2034 - 2038	17,605,000	10,181,109	27,786,109
2039 - 2043	6,965,000	8,041,200	15,006,200
2044 - 2048	8,535,000	6,480,706	15,015,706
2049 - 2053	10,480,000	4,526,681	15,006,681
2054 - 2058	12,935,000	2,072,696	15,007,696
2059 - 2063	2,935,000	64,203	2,999,203
	<u>\$ 88,725,000</u>	<u>\$ 57,769,565</u>	<u>\$146,494,565</u>

*General Obligation Bonds*

General Obligation Bond Series of 2019 – Original principal amount of \$7,115,000, maturing through August 15, 2028, bearing interest from 2.0% to 4.0%. Interest is paid semi-annually on February 15 and August 15. The bonds were issued to currently refund the General Obligation Bond Series of 2013A. The principal outstanding is reported including a \$232,222 premium.

\$ 6,827,222

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 6      GENERAL LONG-TERM LIABILITIES (cont'd)

General Obligation Bond Series of 2020A – Original principal amount of \$11,005,000 maturing through August 15, 2038, bearing interest from 3.0% to 4.0%. Interest is paid semi-annually on February 15 and August 15. The bonds were issued to currently refund the General Obligation Bond Series of 2015A. The principal outstanding is reported including a \$1,015,359 premium.

11,865,359

General Obligation Bond Series of 2020AA – Original principal amount of \$5,305,000 maturing through August 15, 2025, bearing interest from 3.0% to 4.0%. Interest is paid semi-annually on February 15 and August 15. The bonds were issued to currently refund the General Obligation Bond Series of 2015AA. The principal outstanding is reported including a \$299,097 premium.

5,489,097

General Obligation Bond Series of 2020B – Original principal amount of \$19,795,000 maturing through August 15, 2037, bearing interest from 3.0% to 4.0%. Interest is paid semi-annually on February 15 and August 15. The bonds were issued to currently refund the General Obligation Bond Series of 2015A.

18,440,000

General Obligation Bond Series of 2021 – Original principal amount of \$5,950,000 maturing through August 15, 2034, bearing interest from 3.0% to 4.0%. Interest is paid semi-annually on February 15 and August 15. The bonds were issued to currently refund the General Obligation Bond Series of 2015AA. The principal outstanding is reported including a \$72,160 premium.

5,832,160

General Obligation Bond Series of 2022 – Original principal amount of \$9,950,000 maturing through August 15, 2057, bearing interest from 2.5% to 4.0%. Interest is paid semi-annually on February 15 and August 15. The principal outstanding is reported including a \$46,169 premium.

9,996,169

General Obligation Bond Series of 2023 – Original principal amount of \$31,940,000 maturing through August 15, 2062, bearing interest from 2.5% to 4.0%. Interest is paid semi-annually on February 15 and August 15. The principal outstanding is reported net of a \$538,547 discount.

31,401,453

TOTAL \$ 89,851,460

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 7      PENSION PLAN

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. The 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, PA, 17108-0125, or by visiting the PSERS website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 ("Act 120") preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E") and Membership Class T-F ("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2.0% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested, and early retirement benefits may be elected. For Class T-E and 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 2% or 2½%, depending upon membership class, of the member's final average salary as defined in the Code multiplied by the number of years of credited service, but not less than one third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for the disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (10

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 7      PENSION PLAN (cont'd)

years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions

*Member Contributions*

Active members who joined the system prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (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% (Membership Class T-C) or at 7.50% (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% (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 Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 that in future fiscal years could cause the Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

*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% of covered payroll, which was comprised of 34.31% for pension contributions, 0.20% for Act 5 defined contribution plan contributions, and 0.75% for healthcare contributions. The District's contribution to PSERS for pension contributions for the year ended June 30, 2023 was \$11,855,305.

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

At June 30, 2023, the District reported a liability of \$99,232,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 7      PENSION PLAN (cont'd)

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 related to the total one-year reported covered payroll. At June 30, 2022, the District's proportion was 0.2232%, which was a decrease of 0.0005% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$6,468,902. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$ 1,683,000
Changes in assumptions	2,963,000	-
Difference between expected and actual experience	45,000	858,000
Changes in proportions	507,000	1,179,000
Difference between employer contributions and proportionate share of total contributions	235,898	-
Contributions subsequent to the date of measurement	<u>11,855,305</u>	<u>-</u>
	<u>\$ 15,606,203</u>	<u>\$ 3,720,000</u>

An amount of \$11,855,305 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2024	\$ 249,522
2025	(113,141)
2026	(2,486,912)
2027	<u>2,381,429</u>
	<u>\$ 30,898</u>

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 7      PENSION PLAN (cont'd)

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

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

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

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



INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 7      PENSION PLAN (cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global public equity	28.0%	5.3%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
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%
	<u>100.0%</u>	

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the 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%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Proportionate share of the net pension liability	\$128,350,000	\$ 99,232,000	\$ 74,683,000

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 7      PENSION PLAN (cont'd)

Pension Plan Fiduciary Net Position

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

NOTE 8      PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

The District contributes to the Health Insurance Premium Assistance Program, which is a governmental cost sharing, multiple-employer other postemployment benefits ("OPEB") plan 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. Benefit terms 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.

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

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 8      PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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. 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](http://www.psers.state.pa.us).

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

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% of covered payroll, which was comprised of 34.31% for pension contributions, 0.20% for Act 5 defined contribution plan contributions, and 0.75% for healthcare contributions. The District's contribution to PSERS for pension contributions for the year ended June 30, 2023 was \$259,151.

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

At June 30, 2023, the District reported a liability of \$4,107,000 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 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 0.2232%, which was a decrease of 0.0005% from its proportion measured as of June 30, 2021.

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 8 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

For the year ended June 30, 2023, the District recognized OPEB expense of \$79,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 11,000	\$ -
Net difference between expected and actual experience	38,000	22,000
Change in assumptions	456,000	970,000
Changes in proportions	42,000	150,000
Difference between employer contributions and proportionate share of total contributions	16,905	-
Contributions subsequent to the date of measurement	<u>259,151</u>	<u>-</u>
	<u>\$ 823,056</u>	<u>\$ 1,142,000</u>

An amount of \$259,151 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2024	\$ (141,912)
2025	(103,459)
2026	(96,263)
2027	(106,510)
2028	<u>(129,951)</u>
	<u>\$ (578,095)</u>

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

- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 4.09%, S&P 20-year Municipal Bond Rate
- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 8 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost method – amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date
- Asset valuation method – market value
- Participation rate – 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

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

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

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 8 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%, an increase from 2.18% 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%, 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:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Proportionate share of the net OPEB liability	\$ 4,106,000	\$ 4,107,000	\$ 4,107,000

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%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 8 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

one percentage point lower (3.09%) or one percentage point higher (5.09%) than the current rate:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
Proportionate share of the net OPEB liability	\$ 4,644,000	\$ 4,107,000	\$ 3,657,000

OPEB Plan Fiduciary Net Position

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

NOTE 9 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS 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 GASB Statement No. 75, 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. A plan report is available in the District office.

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 \$135,998 to plan members eligible for receiving benefits.

Participants

As of July 1, 2022, the plan had 594 participants (574 active, 20 retired).

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 9      SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of July 1, 2022. The total OPEB liability as of July 1, 2022 was determined by rolling forward the system's total OPEB liability as of the July 1, 2021 actuarial valuation to the July 1, 2022 measurement date using the actuarial assumptions noted below.

Discount Rate

The discount rate was 4.06%, based on the S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2022.

Salary

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of 2.5% annually.

Withdrawal

Rates of withdrawal vary by age, gender, and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 22.9% for both men and women and decrease with age and service.

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	4.55%	3.90%
40	1.42%	1.67%
55	3.63%	3.66%

Mortality

Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit plan actuarial valuations.

Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

Disability

No disability was assumed.



INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 9     SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Retirement

One hundred percent of employees hired before July 1, 2011 are assumed to retire when eligible for unreduced benefits under PSERS or the District at the earlier of:

- Age 60 with 30 years of service
- At least 35 years of service
- Age 62 with at least one year of service

One hundred percent of employees hired on or after July 1, 2011 are assumed to retire when eligible for unreduced benefits under PSERS or the District at the earlier of:

- Age 65 with at least three years of service
- Age plus at least 35 years of service equals 92

Percent of Eligible Retirees Electing Coverage in Plan

It is assumed that 100% of future retirees and 50% of spouses will participate in the retiree medical program. All current participating retirees and spouses are assumed to continue participation in the medical program.

Percent Married at Retirement

Eighty percent of employees are assumed to be married, and fifty percent of employees are assumed to have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial. Wives are assumed to be two years younger than their husbands.

Per Capita Claims Cost

The per capita claims cost for medical and prescription drugs is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender. The resulting costs are as follows:

Age	Medical and Prescription Drug Combined	
	Male	Female
0 - 49	\$ 8,192	\$ 11,830
50 - 54	\$ 10,848	\$ 13,370
55 - 59	\$ 13,213	\$ 13,990
60 - 64	\$ 17,242	\$ 16,071

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 9     SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Retiree Contributions

For employees who retired before July 1, 2007, the District provides 100% of the cost of coverage for the retiree and spouse. Otherwise, the District pays no part of the premium.

For employees who retire on or after July 1, 2007, the employee pays 100% of the premium.

Healthcare Cost Trend Rate

The healthcare cost trend rate was 6.5% for 2022, 6.0% in 2023, and 5.5% in 2024-2025, gradually decreasing from 5.4 in 2026 to 3.9% in 2075.

Actuarial Cost Method – Entry Age Normal

The entry age normal actuarial cost method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. The actuarial present value of the projected benefits allocated to the valuation year is called the service cost. The portion of the actuarial present value of the projected benefits not provided for at the valuation date by the actuarial present value of future service costs is called the total OPEB liability.

Participant Data

Based on census information as of July 2022 and due to the timing of District turnover, the data is believed to be representative of the population for the 2021-2022 school year.

Sensitivity Analysis

The following presents the net OPEB liability, calculated using the valuation discount rate, 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 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Net OPEB liability	\$ 3,703,823	\$ 3,401,555	\$ 3,118,168

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

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

rate that is one percentage point lower each year or one percentage point higher each year than the current rate.

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 2,948,138	\$ 3,401,555	\$ 3,945,040

Changes in Total OPEB Liability

Total OPEB liability as of July 1, 2021	\$ 4,356,689
Service cost	360,495
Interest on OPEB liability	105,735
Change of assumptions	(1,274,285)
Benefit payments	<u>(147,079)</u>
Total OPEB liability as of July 1, 2022	<u>\$ 3,401,555</u>

The amount of OPEB credit for the single employer plan recognized by the District was \$396,636 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differenced between expected and actual experience	\$ -	\$ 6,279,168
Change in assumptions	1,520,276	2,583,373
Contributions subsequent to measurement date	<u>135,998</u>	<u>-</u>
	<u>\$ 1,656,274</u>	<u>\$ 8,862,541</u>

An amount of \$135,998 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024.

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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

<u>Year Ending June 30,</u>	
2024	\$ (864,866)
2025	(864,866)
2026	(864,866)
2027	(503,192)
2028	(519,180)
Thereafter	<u>(3,725,295)</u>
	<u>\$ (7,342,265)</u>

NOTE 10 AGGREGATION OF NET OPEB LIABILITY

The District's reconciliation of the net OPEB liability is as follows:

	PSERS Healthcare Premium Assistance Plan (See Note 8)	District Postemployment Healthcare Benefits Plan (See Note 9)	Total
Deferred outflows related to OPEB	\$ 823,056	\$ 1,656,274	\$ 2,479,330
Net OPEB liability	\$ 4,107,000	\$ 3,401,555	\$ 7,508,555
Deferred inflows related to OPEB	\$ 1,142,000	\$ 8,862,541	\$ 10,004,541

NOTE 11 LEASE AGREEMENTS

On November 19, 2014, the District entered into an eight-year lease agreement for school buses. Payments are made annually. The implicit interest rate is 2.54%. The principal amount of the lease is \$264,000. Additionally, the District has entered various leases for technology equipment with final payments through June 2026. These amounts have been added to capital assets and long-term liabilities in the government-wide financial statements. Amortization expense for the equipment is included in depreciation expense.

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 11 LEASE AGREEMENTS (cont'd)

Principal and interest payments for the succeeding years are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 307,507	\$ 26,034	\$ 333,541
2025	117,015	6,743	123,758
2026	43,130	19	43,149
	<u>\$ 467,652</u>	<u>\$ 32,796</u>	<u>\$ 500,448</u>

NOTE 12 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

On July 10, 2019, the District entered into a five-year agreement for Microsoft Enrollment for Education Solutions. Payments are made annually. The implicit interest rate is 2.44%. The principal amount of the subscription is \$169,520. These amounts have been added to capital assets and long-term liabilities in the government-wide financial statements. Amortization expense for the subscription is included in depreciation expense.

Principal and interest payments for the succeeding year is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 34,096	\$ -	\$ 34,096
	<u>\$ 34,096</u>	<u>\$ -</u>	<u>\$ 34,096</u>

NOTE 13 SELF-INSURANCE

The District self-insures worker's compensation through the Pennsylvania Insurance Consortium for Schools. The Pennsylvania Insurance Consortium for Schools is an association consisting of school districts, intermediate units, and vocational-technical schools of the Commonwealth of Pennsylvania. The District obtained a self-insurance exemption from the Commonwealth of Pennsylvania, Department of Labor and Industry, Bureau of Workers' Compensation, which allows the District to self-insure workers' compensation.

Each year, the District is required to deposit funds into the central fund. The District is then billed monthly for actual claims paid during the previous month up to the level of retention. After the level of retention is reached, claim payments are made from the central fund. At the end of each fiscal year, reserves are established or adjusted on all outstanding claims. Funds in the central fund at the end of the fiscal year are not refunded.

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 13 SELF-INSURANCE (cont'd)

The District does not carry dental or prescription insurance because of its prohibitive cost. The District covers all claim settlements out of its general fund resources. The District currently reports all its risk management activities in the fund financial statements in its general fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

<u>Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2022 - 2023	\$ 302,153	\$ 2,172,303	\$ 2,157,909	\$ 316,547

NOTE 14 CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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:

	<u>Project Amount</u>	<u>Completed as of 06/30/2023</u>	<u>Commitments</u>
High school renovation project	\$ 75,166,850	\$ 4,516,946	\$ 70,649,904
New administration building renovations	5,224,500	2,508,223	2,716,277
Totals	<u>\$ 80,391,350</u>	<u>\$ 7,025,169</u>	<u>\$ 73,366,181</u>

NOTE 15 RISK MANAGEMENT

The District is exposed to various risks of losses 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. There were no significant reductions in insurance coverage for the fiscal year ended June 30, 2023.

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

**NOTE 16     SPLIT-DOLLAR LIFE INSURANCE**

The District entered into Split-Dollar Life Insurance collateral assignment agreements with nine retirees. Pursuant to each collateral assignment agreement, a portion of the death benefit payable upon the death of the insured is "collaterally assigned" to the District in an amount equal to the aggregate sum of the life insurance premiums paid by the District during the life of the insured. The balance of the death benefit is retained by the insured's designated beneficiary. The cumulative premium amount paid and receivable by the District is \$472,746 as of June 30, 2023.

**NOTE 17     EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

General fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2023:

Regular programs	\$ 5,163,501
Vocational programs	\$ 24,729
Business services	\$ 51,906
Operation and maintenance of plant services	\$ 232,628
Student transportation services	\$ 351,805
Central support services	\$ 173,227
Student Activities	\$ 130,227
Capital outlays	\$ 431,762

The excess of expenditures over appropriations was financed by areas in which expenditures did not exceed budgeted projections as well as excesses of revenues over budgeted projections.

**NOTE 18     FUND BALANCES**

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

	General Fund	Bond Fund	Capital Projects Fund (Non-major)	Total Governmental Funds
Nonspendable:				
Prepaid expenditures	\$ 501,398	\$ -	\$ -	\$ 501,398
Inventory	2,040	-	-	2,040
Restricted:				
Local contributions	203,003	-	-	203,003
Capital projects	-	36,484,012	-	36,484,012

INTERBORO SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 18 FUND BALANCES (cont'd)

(cont'd)	General Fund	Bond Fund	Capital Projects Fund (Non-major)	Total Governmental Funds
Committed:				
Band uniforms and capital projects	5,402,018	-	-	5,402,018
Assigned:				
Capital projects	-	-	846	846
Unassigned	<u>7,947,570</u>	-	-	<u>7,947,570</u>
Total Fund Balances	<u>\$ 14,056,029</u>	<u>\$ 36,484,012</u>	<u>\$ 846</u>	<u>\$ 50,540,887</u>

NOTE 19 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 subscription assets and subscription liabilities associated with the District's leasing arrangements. The net result of this change is an increase of \$174 in net deficit in its governmental activities.

NOTE 20 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through December 21, 2023, the date the financial statements were available to be issued.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**INTERBORO 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	0.2232%	0.2227%	0.2276%	0.2248%	0.2280%	0.2356%	0.2366%	0.2337%	0.2230%
District's proportion of the net pension liability - dollar value	\$ 99,232,000	\$ 91,433,000	\$112,068,000	\$105,167,000	\$109,451,000	\$116,359,000	\$117,251,000	\$101,228,000	\$ 88,265,000
District's covered employee payroll	\$ 33,097,308	\$ 31,700,122	\$ 32,153,540	\$ 31,293,420	\$ 30,703,506	\$ 30,997,548	\$ 30,166,952	\$ 29,541,375	\$ 28,452,280
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	299.82%	288.43%	348.54%	336.07%	356.48%	375.38%	388.67%	342.67%	310.22%
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%	54.49%

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.

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$11,855,305	\$11,249,775	\$10,622,724	\$10,726,421	\$10,201,655	\$ 9,698,738	\$ 9,051,284	\$ 7,541,738	\$ 6,055,982	\$ 4,455,528
Contributions in relation to the contractually required contribution	<u>11,855,305</u>	<u>11,249,775</u>	<u>10,622,724</u>	<u>10,726,421</u>	<u>10,201,655</u>	<u>9,698,738</u>	<u>9,051,284</u>	<u>7,541,738</u>	<u>6,055,982</u>	<u>4,455,528</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$34,553,498	\$33,097,308	\$31,700,122	\$32,153,540	\$31,293,420	\$30,703,506	\$30,997,548	\$30,166,952	\$29,541,375	\$28,452,280
Contributions as a percentage of covered employee payroll	34.31%	33.99%	33.51%	33.36%	32.60%	31.59%	29.20%	25.00%	20.50%	15.66%

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.

**INTERBORO 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					
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
District's proportion of the net OPEB liability	0.2232%	0.2227%	0.2276%	0.2248%	0.2280%	0.2356%
District's proportion of the net OPEB liability - dollar value	\$ 4,107,000	\$ 5,269,000	\$ 4,907,000	\$ 4,781,000	\$ 4,754,000	\$ 4,800,000
District's covered employee payroll	\$33,097,308	\$31,700,122	\$32,153,540	\$31,293,420	\$30,703,506	\$30,997,548
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	12.41%	16.62%	15.26%	15.28%	15.48%	15.49%
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.

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 259,151	\$ 264,400	\$ 259,941	\$ 270,090	\$ 259,735	\$ 253,622
Contributions in relation to the contractually required contribution	<u>259,151</u>	<u>264,400</u>	<u>259,941</u>	<u>270,090</u>	<u>259,735</u>	<u>253,622</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$34,553,498	\$33,097,308	\$31,700,122	\$32,153,540	\$31,293,373	\$30,703,506
Contributions as a percentage of covered employee 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.

**INTERBORO SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS**  
**Single Employer Plan**

	MEASUREMENT DATE					
	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
TOTAL OPEB LIABILITY						
Service cost	\$ 360,495	\$ 255,234	\$ 283,888	\$ 534,672	\$ 590,819	\$ 607,457
Interest on total OPEB liability	105,735	355,525	352,333	445,391	438,982	445,846
Change of benefit terms	-	-	-	195,574	-	-
Differences between expected and actual experience	-	(5,582,896)	-	(2,861,258)	-	(524,116)
Changes in assumptions	(1,274,285)	(411,354)	-	(2,313,398)	-	4,019,360
Benefit payments	(147,079)	(580,140)	(481,247)	(829,321)	(746,901)	(752,895)
NET CHANGE IN TOTAL OPEB LIABILITY	(955,134)	(5,963,631)	154,974	(4,828,340)	282,900	3,795,652
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	4,356,689	10,320,320	10,165,346	14,993,686	14,710,786	10,915,134
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 3,401,555</u>	<u>\$ 4,356,689</u>	<u>\$ 10,320,320</u>	<u>\$ 10,165,346</u>	<u>\$ 14,993,686</u>	<u>\$ 14,710,786</u>
<u>PLAN FIDUCIARY NET POSITION</u>						
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISTRICT'S NET OPEB LIABILITY	<u>\$ 3,401,555</u>	<u>\$ 4,356,689</u>	<u>\$ 10,320,320</u>	<u>\$ 10,165,346</u>	<u>\$ 14,993,686</u>	<u>\$ 14,710,786</u>
Plan's fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$30,645,280	\$30,645,280	\$31,183,223	\$30,422,657	\$31,342,379	\$30,577,931
District's net OPEB liability as a percentage of covered payroll	11.10%	14.22%	33.10%	33.41%	47.84%	48.11%
Expected average remaining years of service of all participants	14	14	14	14	14	14

## **SINGLE AUDIT**



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

December 21, 2023

Board of School Directors  
Interboro School District  
Prospect Park, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Interboro School District ("the District"), Prospect Park, 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 December 21, 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.



Board of School Directors  
Interboro 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

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

  
BARBACANE, THORNTON & COMPANY LLP



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

December 21, 2023

Board of School Directors  
Interboro School District  
Prospect Park, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Interboro 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 the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are 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 Each Major Federal Program

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

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

**INTERBORO 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 7/1/2022	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 6/30/2023	Passed Through to Subrecipients
<b>U.S. DEPARTMENT OF EDUCATION</b>											
Passed Through the Pennsylvania Department of Education											
Title I - Grants to Local Education Agencies	I	84.010	013-22-0197	07/29/21-09/30/22	\$1,039,601	\$ 214,878	\$ 162,604	\$ 52,274	\$ 52,274	\$ -	\$ -
Title I - Grants to Local Education Agencies	I	84.010	013-23-0197	07/07/22-09/30/23	959,221	771,784	-	915,076	915,076	143,292	-
Total ALN 84.010						986,662	162,604	967,350	967,350	143,292	-
Title II - Improving Teacher Quality	I	84.367	020-22-0197	07/29/21-09/30/22	140,794	47,819	30,890	16,929	16,929	-	-
Title II - Improving Teacher Quality	I	84.367	020-23-0197	07/07/22-09/30/23	96,674	88,881	-	96,674	96,674	7,793	-
Total ALN 84.367						136,700	30,890	113,603	113,603	7,793	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-22-0197	07/29/21-09/30/22	39,990	24,003	2,198	21,805	21,805	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-23-0197	07/07/22-09/30/23	81,483	51,748	-	46,529	46,529	(5,219)	-
Total ALN 84.424						75,751	2,198	68,334	68,334	(5,219)	-
Elementary and Secondary School Emergency Relief Fund	I	84.425D	200-21-0197 A	03/13/20-09/30/21	1,963,696	-	(242,698)	242,698	242,698	-	-
Elementary and Secondary School Emergency Relief Fund	I	84.425D	223-21-0197	03/13/20-09/30/24	3,971,988	2,744,282	1,845,945	673,435	673,435	(224,902)	-
ARP ESSER 7% Set Asides	I	84.425D	225-21-0197	03/13/20-09/30/24	308,714	96,480	2,444	91,213	91,213	(2,823)	-
ARP ESSER A-TSI 2.5% Set Aside	I	84.425D	224-21-0197	03/13/20-09/30/24	70,142	62,490	26,449	37,159	37,159	1,118	-
Total ALN 84.425D						2,903,252	1,632,140	1,044,505	1,044,505	(226,607)	-
ARP ESSER Homeless Children and Youth	I	84.425U	181-21-2193	07/01/21-09/30/24	22,164	5,115	1,174	2,675	2,675	(1,266)	-
Total ALN 84.425U						5,115	1,174	2,675	2,675	(1,266)	-
Total ESSER (ALN 84.425D, 84.425U)						2,908,367	1,633,314	1,047,180	1,047,180	(227,873)	-
<b>Subgrant from U.S. Department of Education</b>											
Passed Through the Delaware County Intermediate Unit #25											
IDEA Part B	I	84.027	N/A	07/01/21-06/30/22	825,795	599,616	599,616	-	-	-	-
IDEA Part B	I	84.027	N/A	07/01/22-06/30/23	841,490	622,372	-	841,490	841,490	219,118	-
ESSER ARP Speical Education Grants to States Program	I	84.027	H027X210093	07/01/21-06/30/22	181,173	181,173	181,173	-	-	-	-
Passed Through the Central Susquehanna Intermediate Unit #16											
Save Promise Grant	I	84.027	N/A	07/01/22-06/30/23	25,000	-	(10,741)	-	-	(10,741)	-
Passed Through the Montgomery County Intermediate Unit #23											
Path to Graduation Grant	I	84.027	N/A	07/01/22-06/30/23	10,000	-	(10,000)	5,006	5,006	(4,994)	-
Passed Through the Lancaster-Lebanon Intermediate Unit #13											
School-Based Behavioral Health - Lancaster-Lebanon	I	84.027	062-22-0033	07/01/21-06/30/22	8,000	4,000	4,000	-	-	-	-
Total ALN 84.027						1,407,161	764,048	846,496	846,496	203,383	-
IDEA Preschool	I	84.392	N/A	07/01/21-06/30/22	2,954	2,954	2,954	-	-	-	-
Total ALN 84.392						2,190	-	2,190	2,190	-	-
IDEA Preschool	I	84.392	N/A	07/01/22-06/30/23	2,190	5,144	2,954	2,190	2,190	-	-
Total ALN 84.392						1,412,305	767,002	848,686	848,686	203,383	-
Total Special Education Cluster						1,412,305	767,002	848,686	848,686	203,383	-
<b>TOTAL U.S DEPARTMENT OF EDUCATION</b>						<b>5,519,785</b>	<b>2,596,008</b>	<b>3,045,153</b>	<b>3,045,153</b>	<b>121,376</b>	<b>-</b>

**INTERBORO 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 7/1/2022	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 6/30/2023	Passed Through to Subrecipients
<b>U.S. DEPARTMENT OF THE INTERIOR</b>											
FWS National Wildlife Refuge Fund	D	15.659	N/A	07/01/22-06/30/23	4,645	4,645	-	4,645	4,645	-	-
Total ALN 15.659						4,645	-	4,645	4,645	-	-
<b>TOTAL U.S. DEPARTMENT OF THE INTERIOR</b>						4,645	-	4,645	4,645	-	-
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>											
Passed Through the Pennsylvania Department of Public Welfare											
Medical Assistance Program	I	93.778	N/A	07/01/21-06/30/22	N/A	104,647	104,647	-	-	-	-
Medical Assistance Program	I	93.778	N/A	07/01/22-06/30/23	N/A	493,613	-	574,663	574,663	81,050	-
Total ALN 93.778						598,260	104,647	574,663	574,663	81,050	-
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						598,260	104,647	574,663	574,663	81,050	-
<b>U.S. DEPARTMENT OF AGRICULTURE</b>											
Passed Through the Pennsylvania Department of Agriculture											
National School Lunch Program	I	10.555	N/A	07/01/21-06/30/22	N/A	-	(222)	222	222	-	-
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	151,145	-	151,145	151,145	-	-
						151,145	(222)	151,367	151,367	-	-
Passed Through the Pennsylvania Department of Education											
Supply Chain Assistance	I	10.555	N/A	07/01/22-06/30/23	N/A	92,500	-	92,500	92,500	-	-
National School Lunch Program	I	10.555	N/A	07/01/21-06/30/22	N/A	67,876	67,876	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	1,286,565	-	1,324,790	1,324,790	38,225	-
Total ALN 10.555						1,598,086	67,654	1,568,657	1,568,657	38,225	-
National School Breakfast Program	I	10.553	N/A	07/01/21-06/30/22	N/A	12,642	12,642	-	-	-	-
National School Breakfast Program	I	10.553	N/A	07/01/22-06/30/23	N/A	241,099	-	253,675	253,675	12,576	-
Total ALN 10.553						253,741	12,642	253,675	253,675	12,576	-
Total Child Nutrition Cluster						1,851,827	80,296	1,822,332	1,822,332	50,801	-
Pandemic EBT Administrative Costs	I	10.649	N/A	07/01/22-06/30/23	N/A	628	-	628	628	-	-
<b>TOTAL U.S. Department of Agriculture</b>						1,852,455	80,296	1,822,960	1,822,960	50,801	-
<b>TOTAL FEDERAL AWARDS</b>						<u>\$7,975,145</u>	<u>\$2,780,951</u>	<u>\$5,447,421</u>	<u>\$ 5,447,421</u>	<u>\$ 253,227</u>	<u>\$ -</u>

INTERBORO SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SCOPE OF 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 includes 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% 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 \$61,382.

INTERBORO SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**PART A – SUMMARY OF AUDITOR’S RESULTS**

*Financial Statements*

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

Unmodified

Internal control over financial reporting:

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

*Federal Awards*

Internal control over major programs:

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

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

Unmodified

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

       Yes   X   No

Identification of major programs:

Assistance Listing Numbers

Name of Federal Program or Cluster

84.425D, 84.425U

Education Stabilization Fund

10.555, 10.553

Child Nutrition Cluster

84.027, 84.392

Special Education Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

  X   Yes        No



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

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

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

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

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.