

## PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 21, 2024

NEW ISSUE-BOOK-ENTRY ONLY

**RATING:** Moody's: "Aa2" (Underlying)  
(See "RATING" herein)

*In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. See "TAX MATTERS" herein.*

**\$10,585,000\***

### **Methacton School District (Montgomery County, Pennsylvania) General Obligation Bonds, Series of 2024**

**Dated:** Date of Delivery

**Principal Due:** September 15 (as shown on inside cover)

**Interest Due:** March 15 and September 15

**First Interest Payment:** March 15, 2025

The General Obligation Bonds, Series of 2024 (the "Bonds"), in the aggregate principal amount of \$10,585,000\* will be issued in registered form in denominations of \$5,000 or any integral multiple thereof, and will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York, under its book-entry only system maintained through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on such Bond. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are general obligations of the Methacton School District, Montgomery County, Pennsylvania (the "School District"), payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from the related sinking fund or any other of its revenues or funds the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy an annual ad valorem tax on all taxable real property within the School District, within the limits provided by law. (See "THE BONDS - Security" and "TAXING POWERS OF THE SCHOOL DISTRICT" *infra*).

Interest on each of the Bonds is payable initially on March 15, 2025, and thereafter semiannually on March 15 and September 15 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity and has been duly called for redemption, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The School District has appointed Manufacturers and Traders Trust Company (the "Paying Agent"), as paying agent and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its corporate trust office in Harrisburg, Pennsylvania, or at any other of its offices as the Paying Agent may designate (or any successor paying agent at its designated office(s)), and interest on such Bond will be payable by check and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See "THE BONDS," *infra*).

***The Bonds are subject to redemption prior to maturity as more fully described herein.***

The Bonds are being issued to refund all or a portion of the School District's outstanding (i) General Obligation Bonds, Series of 2018 (the "Refunded 2018 Bonds"), (ii) General Obligation Bonds, Series of 2019 (the "Refunded 2019 Bonds"), and (iii) General Obligation Bonds, Series A of 2019 (the "Refunded 2019A Bonds"), and to pay the costs and expenses of issuing the Bonds.

#### **MATURITIES, AMOUNTS, RATES, INITIAL OFFERING YIELD AND CUSIPS** See Inside Front Cover

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Eckert Seamans Cherin & Mellott, LLC, of Harrisburg, Pennsylvania, Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Wisler Pearlstine, LLP, of Blue Bell, Pennsylvania, School District Solicitor and for Raymond James & Associates, Inc. of Lancaster, Pennsylvania, Underwriter, by Stevens & Lee, P.C., of Reading, Pennsylvania, as Limited Scope Underwriter's Counsel. PFM Financial Advisors LLC, of Harrisburg, Pennsylvania, serves as Financial Advisor to the School District in connection with the Bonds. It is expected that the Bonds will be available for delivery through DTC, on or about December \_\_, 2024.

**RAYMOND JAMES®**

Dated:

\*Estimated, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

**\$10,585,000\***  
**Methacton School District**  
**(Montgomery County, Pennsylvania)**  
**General Obligation Bonds, Series of 2024**

**Dated:** Date of Delivery  
**Interest Due:** March 15 and September 15

**Principal Due:** September 15 (as shown below)  
**First Interest Payment:** March 15, 2025

| Year of Maturity<br>(September 15) | Principal Maturity<br>Amount | Interest<br>Rate | Initial Offering<br>Yields | CUSIP No. <sup>(1)</sup> |
|------------------------------------|------------------------------|------------------|----------------------------|--------------------------|
| 2025                               |                              |                  |                            |                          |
| 2026                               |                              |                  |                            |                          |
| 2027                               |                              |                  |                            |                          |
| 2028                               |                              |                  |                            |                          |
| 2029                               |                              |                  |                            |                          |
| 2030                               |                              |                  |                            |                          |
| 2031                               |                              |                  |                            |                          |
| 2032                               |                              |                  |                            |                          |
| 2033                               |                              |                  |                            |                          |

<sup>(1)</sup>The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the School District nor the Underwriter has agreed to, and there is no duty or obligation to, update this Preliminary Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

\*Estimated, subject to change.

**METHACTON SCHOOL DISTRICT**  
Montgomery County, Pennsylvania

**BOARD OF SCHOOL DIRECTORS**

---

|                       |                |
|-----------------------|----------------|
| Jen Cancro.....       | President      |
| Semira Perdue.....    | Vice-President |
| Elizabeth Alston..... | Member         |
| Pooja Chanda.....     | Member         |
| Cathy Cleary.....     | Member         |
| Kate Graf.....        | Member         |
| Glenn Mersky.....     | Member         |
| Kathleen Thiel.....   | Member         |
| Paul Winters.....     | Member         |
| Danielle Penza.....   | Treasurer*     |
| Beth Rutledge.....    | Secretary*     |

---

\*Non-voting Member

**SUPERINTENDENT**  
DR. DAVID A. ZERBE

**INTERIM DIRECTOR OF BUSINESS SERVICES**  
DANIELLE PENZA

**SCHOOL DISTRICT SOLICITOR**  
WISLER PEARLSTINE LLP  
Blue Bell, Pennsylvania

**BOND COUNSEL**  
ECKERT SEAMANS CHERIN & MELLOTT, LLC  
Harrisburg, Pennsylvania

**FINANCIAL ADVISOR**  
PFM FINANCIAL ADVISORS LLC  
Harrisburg, Pennsylvania

**PAYING AGENT**  
MANUFACTURERS AND TRADERS TRUST COMPANY  
Harrisburg, Pennsylvania and Buffalo, New York

**UNDERWRITER**  
RAYMOND JAMES & ASSOCIATES, INC.  
Lancaster, Pennsylvania

**LIMITED SCOPE UNDERWRITER'S COUNSEL**  
STEVENS & LEE, P.C.  
Reading, Pennsylvania

**SCHOOL DISTRICT ADDRESS**  
1001 Kriebel Mill Road  
Eagleville, Pennsylvania 19403-1047

No dealer, broker, salesman or other person has been authorized by the School District to give information or to make any representations, other than those contained in this Preliminary Official Statement, and if given or made, such other information or representations must not be relied upon. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the School District and from other sources which are believed to be reliable but the School District does not guarantee the accuracy or completeness of information from sources other than the School District. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS PRELIMINARY OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS PRELIMINARY OFFICIAL STATEMENT PURSUANT TO ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS OR THE RESOLUTION IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF CERTAIN STATES, IF ANY, IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS PRELIMINARY OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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# PRELIMINARY OFFICIAL STATEMENT

**\$10,585,000\***

## **Methacton School District** **(Montgomery County, Pennsylvania)** **General Obligation Bonds, Series of 2024**

### INTRODUCTION

This Preliminary Official Statement, including the cover and inside cover pages hereof and Appendices hereto, is furnished by Methacton School District (the "School District"), a public school district located in Montgomery County, Pennsylvania, in connection with the offering of \$10,585,000\* aggregate principal amount of General Obligation Bonds, Series of 2024 (the "Bonds") dated December     , 2024 (the "Delivery Date"). The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District adopted on March 26, 2024 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth" or "State"), 53 Pa. C.S. Chs. 80-82 (the "Debt Act").

### PURPOSE OF THE ISSUE

The Bonds are being issued to refund all or a portion of the School District's outstanding (i) General Obligation Bonds, Series of 2018 (the "Refunded 2018 Bonds"), (ii) General Obligation Bonds, Series of 2019 (the "Refunded 2019 Bonds"), and (iii) General Obligation Bonds, Series A of 2019 (the "Refunded 2019A Bonds"), and to pay the costs and expenses of issuing the Bonds.

Upon issuance of the Bonds, a portion of the proceeds of the Bonds will be deposited into escrow accounts (each, an "Escrow Fund") for each of the Refunded 2018 Bonds, Refunded 2019 Bonds and Refunded 2019A Bonds with Manufacturers and Traders Trust Company as paying agent for the Refunded 2018 Bonds, Refunded 2019 Bonds and Refunded 2019A Bonds (the "Escrow Agent") under Bond Retirement Agreements by and between the School District and the Escrow Agent (each, an "Escrow Agreement"), and such proceeds will be held in cash and/or invested in direct obligations of the United States of America, the principal of which, together with cash and any investment earnings thereon, will be in an amount sufficient to provide fully for the payment of principal and interest due on the Refunded 2018 Bonds, Refunded 2019 Bonds and Refunded 2019A Bonds on March 3, 2025, at a redemption price of 100% of principal amount of the Refunded 2018 Bonds, Refunded 2019 Bonds and Refunded 2019A Bonds plus accrued interest thereon, pursuant to the optional redemption provisions of the Refunded 2018 Bonds, Refunded 2019 Bonds and Refunded 2019A Bonds.

### Sources and Uses of Bond Proceeds

The following is a summary of the sources and uses of the proceeds from the issuance of the Bonds.

| <b>Source of Funds</b>                                 |       |
|--|-------|
| Bond Proceeds.....                                     | _____ |
| Net Original Issue Premium/(Discount).....             | _____ |
| <i>Total Source of Funds</i> .....                     | ===== |
| <b>Use of Funds</b>                                    |       |
| Deposit to Escrow Fund for Refunded 2018 Bonds .....   | _____ |
| Deposit to Escrow Fund for Refunded 2019 Bonds .....   | _____ |
| Deposit to Escrow Fund for Refunded 2019 A Bonds ..... | _____ |
| Costs of Issuance <sup>(1)</sup> .....                 | _____ |
| <i>Total Use of Funds</i> .....                        | ===== |

<sup>(1)</sup>Includes legal, financial advisor, printing, rating, underwriter's discount, CUSIP, paying agent, escrow agent, and miscellaneous costs.

\*Estimated, subject to change.

## THE BONDS

### Description

The Bonds will be issued in registered form, without coupons, in denominations of \$5,000 principal amount and integral multiples thereof, will be in the aggregate principal amount of \$10,585,000\* and will be dated as of the dated date, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover of this Preliminary Official Statement. Interest on each of the Bonds will be payable initially on March 15, 2025, and thereafter semiannually on March 15 and September 15 of each year until the maturity date of such Bond, or if such Bond is subject to redemption prior to maturity and has been duly called for redemption, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

*When issued, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York. Purchasers of the Bonds (the “Beneficial Owners”) will not receive any physical delivery of Bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. See “BOOK – ENTRY ONLY SYSTEM” herein.*

### Payment of Principal and Interest

*So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of, redemption premium, if any, and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal, redemption premium, if any, and interest so paid. If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, Bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal, redemption premium, if any, and interest on the Bonds shall be made as described in the following paragraphs:*

The principal of certificated Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of the Bonds to Manufacturers and Traders Trust Company (the “Paying Agent”), acting as paying agent and sinking fund depository for the Bonds, at its corporate trust office in Harrisburg, Pennsylvania and Buffalo, New York, or at any other of its offices as the Paying Agent may designate (or to any successor paying agent at its designated office(s)).

Interest on the Bonds will be payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of such Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding March 15, 2025, in which event such Bond shall bear interest from the Dated Date, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on each Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the 15<sup>th</sup> day (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the “Record Date”), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (5<sup>th</sup>) day preceding the date of mailing.

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

### Transfer, Exchange and Registration of Bonds

*Subject to the provisions described below under “Book-Entry Only System,” each of the Bonds is transferable or exchangeable by the registered owner thereof upon surrender of such Bond to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered Bond of authorized denominations of the same series, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.*

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\*Estimated, subject to change.

The School District and the Paying Agent shall not be required (a) to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15<sup>th</sup>) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is mailed or (b) to register the transfer of or exchange any portion of any Bond selected for redemption until after the redemption date. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity and interest rate.

### **Commonwealth Enforcement of Debt Service Payments**

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 154 of 1998 (the “Public School Code”), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness at date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the Bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depository for such bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers’ salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors’ rights generally. See “**Pennsylvania Budget Adoption**” hereinafter.

### **Pennsylvania Budget Adoption**

The budget for the 2018-19 and the 2019-20 fiscal years were adopted timely.

Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the governor passed a five-month stopgap budget for the fiscal year 2020-21. This budget provided five months of flat funding for most state programs and a full twelve months of flat funding for public education. On November 20, 2020, the General Assembly passed Senate Bill 1350 and House Bill 2536, which included the 2020-21 Supplemental Budget to fund the Commonwealth through the remaining seven-months of fiscal year 2020-21. On November 23, 2020, the Governor approved the 2020-21 Supplemental Budget. The 2020-21 Supplemental Budget included mostly flat funding for public education similar to the stopgap budget adopted for the first five months of the 2020-21 fiscal year.

The Governor timely signed the state’s 2021-2022 fiscal year budget on June 30, 2021. That budget included an increase of \$300 million for basic education, with \$100 million of that targeted to the 100 historically underfunded school districts that included some in both urban and rural areas of the state. Special education received a \$50 million increase, boosting that budget line to \$1.24 billion, while preschool and Head Start programs received a \$30 million increase, to \$311.5 million. All told, funding for K-12 schools reached a record high of \$13.55 billion in the 2021-2022 budget.

After a week’s delay and intense negotiations, a \$42.7 billion budget for the state’s 2022-2023 fiscal year was signed by then Governor Tom Wolf on July 8, 2022, which included \$7.6 billion for the basic education funding appropriation and \$225 million to supplement school districts with a higher at risk student population. The total amount was a \$525 million increase over the 2021-2022 fiscal year appropriation.

After over a month delay, a \$44.9 billion budget for the state’s 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included \$7.87 billion for the basic education funding appropriation. The total amount was a \$567 million increase over the 2022-2023 fiscal year appropriation. The budget also provided \$50 million in additional aid to school districts for special education services for a total of \$1.4 billion. Certain funds authorized within the 2023-24 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023 multiple code bills were passed finalizing the 2023-24 Budget for education.

Governor Josh Shapiro signed the state’s budget for the 2024-25 fiscal year 11 days late on July 11, 2024. The \$47.6 billion budget includes \$8.097 billion for the basic education funding appropriation. The total amount is a \$225 million increase over the 2023-2024 fiscal year appropriation. The budget also provides \$100 million in additional aid to school districts for special education services for a total of \$1.487 billion and \$100 million for cyber charter school tuition reimbursement. 348 school districts (including the School District) will receive additional funding totaling \$493.8 million under a new Adequacy Supplement. 182 school districts will receive an additional \$60 million in total of Hold Harmless Relief Supplement as a component of their basic education funding.

*During a state budget impasse, school districts in Pennsylvania cannot be certain when state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon reimbursements, and certain block grants, among many others. Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the School Code, however recent legislation included in Act 85 of 2016 has attempted to address the timeliness of the withholding provisions of Section 633 of the School Code during any future budget impasses. See “**Act 85 of 2016**” hereinafter.*

## **Act 85 of 2016**

On July 13, 2016, the Governor of the Commonwealth signed into law Act No. 85 of 2016, (P.L. 664, No. 85) (“Act 85 of 2016”), an amendment to the Act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code (“Fiscal Code”). Act 85 of 2016 adds to the Fiscal Code Article XVII-E.4, entitled “School District Intercepts for the Payment of Debt Service During Budget Impasse”, which provides for intercept of subsidy payments by the Pennsylvania Department of Education (“PDE”) to a school district subject to an intercept statute or an intercept agreement in the event of a Commonwealth budget impasse in any fiscal year.

Act 85 of 2016 includes in the definition of “intercept statutes” Section 633 of the Public School Code. The School District's general obligation Bonds, including the Bonds, are subject to Section 633 of the Public School Code.

Act 85 of 2016 provides that the amounts that may be necessary for PDE to comply with the provisions of the applicable intercept statute or intercept agreement “shall be appropriated” to PDE from the General Fund of the Commonwealth after PDE submits justification to the majority and minority chairs of the appropriations committees of the Pennsylvania Senate and House of Representatives allowing ten (10) calendar days for their review and comment, if, in any fiscal year:

- (1) annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue not to be enacted when a payment is due;
- (2) the conditions under which PDE is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring PDE to withhold payments which would otherwise be due to school districts; and
- (3) the Secretary of PDE, in consultation with the Secretary of the Budget, determines that there are no payments or allocations due to be paid to the applicable school districts from which PDE may withhold money as required by the applicable intercept statute or intercept agreement.

The necessary amounts shall be appropriated and paid to the paying agent on the day the scheduled payment for principal and interest is due on the expiration of the tenth (10th) day following submission of the justification described above to the majority and minority chairs of the appropriations committees, who may comment on the justification but cannot prevent the effectiveness of the appropriation.

The total of all intercept payments under Article XVII-E.4 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

Act 85 of 2016 requires that each school district with Bonds or notes subject to an intercept statute or intercept agreement must deliver to PDE, in such format as PDE may direct, a copy of the final Official Statement for the relevant Bonds or notes or the loan documents relating to the obligations, within thirty (30) days of receipt of the proceeds of the obligations. The School District intends on submitting this information with respect to the Bonds to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

The provisions of Act 85 of 2016 are not part of any contract with the holders of the Bonds and may be amended or repealed by future legislation.

## **Security**

The Bonds will be general obligations of the School District, payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy an ad valorem tax on all taxable real property within the School District, within the limits provided by law (see “Taxing Powers of the School District” herein). The Act presently provides for enforcement of debt service payments as hereinafter described (see “Defaults and Remedies” herein), and the Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see “Commonwealth Enforcement of Debt Service Payments” herein).



## **Sinking Fund**

A sinking fund for the payment of debt service on the Bonds, created under the Resolution, shall be held by the Paying Agent as sinking fund depository (collectively, the "Sinking Fund"). The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay in full interest and/or principal then due on the Bonds.

The Sinking Fund shall be held by the Paying Agent, as sinking fund depository, and funds deposited therein will be invested by the Paying Agent in such securities or shall be deposited in such funds or accounts as are authorized by law, upon direction of the School District. Such deposits and securities shall be in the name of the School District, but subject to withdrawal or collection only by the Paying Agent, as sinking fund depository, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

The Paying Agent, as sinking fund depository, is authorized without further order from the School District to pay from the Sinking Fund the principal of and interest on the Bonds, as and when due and payable.

### **BOOK-ENTRY ONLY SYSTEM**

*The information in this section has been obtained from materials provided by DTC for such purpose. The School District (herein referred to as the "Issuer") and the Underwriter do not guaranty the accuracy or completeness of such information, and such information is not to be construed as a representation of the School District or the Underwriter.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds of a particular maturity of such series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of interest, redemption premium, if any, and principal on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of interest, redemption premium, if any, and principal with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

NEITHER THE ISSUER NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY TO ANY BENEFICIAL OWNER BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER AND NOTEHOLDER.

*The Issuer and the Paying Agent cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Bonds paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Preliminary Official Statement.*

## REDEMPTION OF BONDS

### Mandatory Redemption

The Bonds stated to mature on September 15, \_\_\_\_, are subject to mandatory sinking fund redemptions prior to maturity as required by the Resolution, in the amounts and on September 15 of the years shown below, from money deposited in the Mandatory Sinking Fund created pursuant to the Resolution, upon payment of 100% of the principal amount thereof together with interest accrued to the date fixed for redemption.

***Bonds stated to mature September 15, 20\_\_:***

                      
\*Final Maturity

In lieu of such Mandatory Redemption, the Paying Agent, on behalf of the School District, may purchase from money in the Sinking Fund, at a price not to exceed the principal amount plus accrued interest, or the School District may tender to the Paying Agent, all or part of the Bonds subject to being drawn for redemption in any such year.

In the case of any prior, optional redemption in part of a Bond that is subject to future mandatory redemption, the School District shall be entitled to designate whether the principal amount of such Bond redeemed upon optional redemption shall be credited against the principal amount of such Bond to be paid by the School District at the stated maturity of such Bond or Note credited against the principal amount of such Bond scheduled to be called for mandatory sinking fund redemption on any particular date or dates, in each case in an integral multiple of \$5,000 principal amount.

### **Optional Redemption**

The Bonds stated to mature after September 15, 20\_\_ are subject to redemption prior to maturity, at the option of the School District, as a whole or, from time to time, in part, on \_\_\_\_\_, or on any date thereafter, upon payment of a redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption. If less than all Bonds of any maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Paying Agent.

### **Notice of Redemption**

*So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, however, the School District and the Paying Agent shall send redemption notices only to Cede & Co. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding conveyance of notices to Beneficial Owners.*

Notice of any redemption shall be given by depositing a copy of the redemption notice in first class mail not less than thirty (30) days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

If at the time of mailing the notice of redemption the School District has not deposited with the Paying Agent money sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that it is subject to the deposit of the redemption money with the Paying Agent no later than the opening of business on the redemption date, and such notice shall be of no effect unless such money is so deposited.

### **Manner of Redemption**

*So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payment of the redemption price shall be made to Cede & Co. in accordance with the existing arrangements by and among the School District, the Paying Agent and DTC and, if less than all Bonds of any particular maturity are to be redeemed, the amount of the interest of each DTC Participant, Indirect Participant and Beneficial Owner in such Bonds to be redeemed shall be determined by the governing arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding redemption of Bonds registered in the name of Cede & Co.*

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing the number of Bonds that is equal to the principal amount thereof divided by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of a certificated Bond in exchange for a Bond or Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized or required by law or executive order to close, then the date for payment of the principal, premium, if any, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

## THE SCHOOL DISTRICT

### Introduction

The School District is located in Montgomery County, Pennsylvania, and consists of the Township of Lower Providence and the Township of Worcester. The School District was formed July 1, 1969, as a result of Act 150 of the 1968 Pennsylvania Legislature which required the consolidation of school districts. Two school districts formerly served the area: the Lower Providence School District and the Worcester School District. These two school districts formed a jointure, Lower Providence-Worcester Joint System, before the consolidation.

The School District occupies approximately 32 square miles in the south central portion of Montgomery County. The School District is bounded on the south by Valley Forge National Park and Chester County; on the west by Upper Providence Township, the Borough of Collegetown, Skippack Township and Towamencin Township; on the north by Towamencin Township and Upper Gwynedd Township; and on the east by Whitpain Township, East Norriton Township, and West Norriton Township.

### Administration

The School District is governed by a nine member Board of School Directors (the "School Board"), elected for four-year terms. The superintendent is the chief administrative officer of the School District, with overall responsibility for all aspects of operations, including education and finance. The business administrator is responsible for budget and financial operations. Both of these officials are selected by the School Board.

### School Facilities

The School District presently owns six elementary schools, one junior-senior high school complex, and an intermediate school, all as described in the following table. Students in grades 10-12 also attend the North Montco Area Vocational Technical School.

**TABLE 1  
METHACTON SCHOOL DISTRICT  
SCHOOL FACILITIES**

| <b>Buildings</b>               | <b>Original<br/>Construction<br/>Date</b> | <b>Addition<br/>Renovation<br/>Date</b> | <b>Modular<br/>Classrooms</b> | <b>Grades</b> | <b>Number<br/>of<br/>Classrooms</b> | <b>Rated<br/>Pupil<br/>Capacity</b> | <b>2024-25<br/>Enrollment</b> |
|--------------------------------|---|---|-------------------------------|---------------|-------------------------------------|-------------------------------------|-------------------------------|
| <i>Elementary:</i>             |   |   |                               |               |                                     |                                     |                               |
| Audubon <sup>(1)</sup> .....   | 1928                                      | 1980/1995                               | 5                             | K-4           | 20                                  | 550                                 | 0                             |
| Eagleville.....                | 2002                                      | ---                                     | ---                           | K-4           | 20                                  | 550                                 | 398                           |
| Woodland.....                  | 1968                                      | 2009                                    | 3                             | K-4           | 20                                  | 550                                 | 434                           |
| Arrowhead <sup>(2)</sup> ..... | 1975                                      | 2022                                    | 6                             | K-4           | 19                                  | 525                                 | 426                           |
| Worcester.....                 | 1999                                      | ---                                     | ---                           | K-4           | 20                                  | 550                                 | 434                           |
| Skyview Upper.....             | 2010                                      | ---                                     | ---                           | 5-6           | 64                                  | 950                                 | 697                           |
| <i>Secondary:</i>              |   |   |                               |               |                                     |                                     |                               |
| Methacton Senior High          | 1961                                      | 2000/2004                               | 1                             | 9-12          | 93                                  | 2,230                               | 1,493                         |
| Arcola Intermediate....        | 1973                                      | 1994/1995/2002/2010                     | ---                           | 7-8           | 79                                  | 1,878                               | 686                           |

<sup>(1)</sup>Building was closed and the School District is discussing future options.

<sup>(2)</sup>Building was demolished and a new building was re-built.

Source: School District officials.

## Enrollment Trends

The following table presents recent trends in school enrollment for the next five years and projections of enrollment for the next five years, as prepared by School District officials.

**TABLE 2  
METHACTON SCHOOL DISTRICT  
ENROLLMENT TRENDS**

| Actual Enrollments |            |           |       | Projected Enrollments |            |           |       |
|--------------------|------------|-----------|-------|-----------------------|------------|-----------|-------|
| School Year        | Elementary | Secondary | Total | School Year           | Elementary | Secondary | Total |
| 2020-21            | 2,307      | 2,314     | 4,621 | 2025-26               | 2,272      | 2,100     | 4,372 |
| 2021-22            | 2,258      | 2,338     | 4,596 | 2026-27               | 2,272      | 2,067     | 4,339 |
| 2022-23            | 2,351      | 2,232     | 4,583 | 2027-28               | 2,283      | 2,026     | 4,309 |
| 2023-24            | 2,434      | 2,187     | 4,621 | 2028-29               | 2,297      | 2,015     | 4,312 |
| 2024-25            | 2,389      | 2,179     | 4,568 | 2029-30               | 2,331      | 2,021     | 4,352 |

Source: Actual enrollments as provided by School District officials. Projected enrollments are in accordance with the PA Department of Education Enrollment Projections.

## SCHOOL DISTRICT FINANCES

### Financial Reporting

The financial statements of the School District are prepared in accordance with accounting principles generally accepted in the United States of America. The School District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The government wide statements report using the economic resources measurement focus and the accrual basis of accounting generally, including the reclassification or elimination of internal activity (between or within funds). The School District's financial statements are audited annually by an independent certified public accountant, as required by Commonwealth law. The firm of Gorman & Associates, P.C. of Northampton, Pennsylvania, serves as School District auditor.

The School District's auditor has not been engaged to perform, and has not performed, since the date of its report included in an Appendix to this Preliminary Official Statement, any procedure on the financial statements addressed in that report. Such auditor also has not performed any procedures relating to this Preliminary Official Statement.

### Budgeting Process in School Districts under The Taxpayer Relief Act (Act 1)

In General. School districts budget and expend funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by school district administrative officials on a uniform form furnished by such Department and submitted to the board of school directors for approval prior to the beginning of the fiscal year on July 1.

Procedures for Adoption of the Annual Budget. Under The Taxpayer Relief Act (Act 1), all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days' public notice of its intent to adopt the final budget.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to the Pennsylvania Department of Education (PDE) no later than 85 days prior to the date of the election immediately preceding the fiscal year. PDE is to compare the proposed percentage increase in the rate of any tax with the school district's Index (see "The Taxpayer Relief Act (Act 1)" herein) and within 10 days, but not later than 75 days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one of the referendum exceptions authorized under The Taxpayer Relief Act.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required (see "The Taxpayer Relief Act (Act 1)" herein), the school district must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to PDE and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by the Taxpayer Relief Act to rule on the school district's request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district's request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

If a school district seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one of the referendum exceptions available under The Taxpayer Relief Act (Act 1), and the referendum question is not approved by a majority of the voters voting on the question, the board of school directors may not approve an increase in the tax rate greater than the applicable Index.

Simplified Procedures in Certain Cases. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, The Taxpayer Relief Act (Act 1) requires only that the proposed annual budget be prepared at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least ten (10) days' public notice be given of the board's intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

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**Summary and Discussion of Financial Results**

The School District staff prepares annual fund balance analyses for discussion and approval by the Board. The Board’s objective is to provide sufficient funds to pay current expenditures and to maintain a fund balance that will provide financial stability.

A summary of general fund balance sheet and changes in fund balances is presented in Tables 3 and 4. Table 5 shows revenues and expenditures for the past 4 audited years, estimated 2023-24 and the 2024-25 Budget as adopted May 30, 2024.

**TABLE 3  
METHACTON SCHOOL DISTRICT  
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET  
(Years ending June 30)**

| <b>ASSETS</b>  | <b>2019</b>         | <b>2020</b>         | <b>2021</b>         | <b>2022</b>         | <b>2023</b>         |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Cash and Cash Equivalents .....  | \$21,849,236        | \$27,205,864        | \$29,178,758        | \$26,635,237        | \$22,153,843        |
| Taxes Receivable .....   | 2,092,234           | 1,984,774           | 1,420,971           | 1,287,526           | 1,262,962           |
| Interfund Receivables.....   | 375,087             | 375,087             | 0                   | 0                   | 371,098             |
| Intergovernmental Receivables .....  | 4,186,234           | 3,249,322           | 3,004,044           | 3,775,696           | 3,893,761           |
| Other Receivables .....  | 96,106              | 35,603              | 48,171              | 154,594             | 42,617              |
| Prepaid Expenses .....   | 1,604,086           | 1,670,562           | 1,727,731           | 1,636,648           | 1,826,892           |
| <b>TOTAL ASSETS</b> .....  | <b>\$30,202,983</b> | <b>\$34,521,212</b> | <b>\$35,379,675</b> | <b>\$33,489,701</b> | <b>\$29,551,173</b> |
| <b>LIABILITIES</b>   |                     |                     |                     |                     |                     |
| Due to Other Funds .....   | \$10,947            | \$16,998            | \$12,257            | \$4,535,645         | \$4,202,583         |
| Accounts Payable.....  | 1,672,125           | 1,558,072           | 1,894,086           | 1,805,751           | 2,764,093           |
| Accrued Salaries and Benefits.....   | 3,960,787           | 4,618,174           | 4,634,367           | 4,906,657           | 5,371,934           |
| Payroll Deducts & Withholdings .....   | 4,638,379           | 4,616,998           | 4,809,762           | 4,716,582           | 5,023,335           |
| Deferred Revenues .....  | 93,568              | 57,754              | 458,536             | 114,122             | 339,943             |
| Curr. Port. of Long-Term Debt .....  | 136,476             | 149,313             | 163,413             | 155,462             | 155,083             |
| Compensated Absences.....  | 0                   | 0                   | 0                   | 0                   | 0                   |
| Other Liabilities .....  | 4,848,804           | 5,618,084           | 6,400,672           | 32,917              | 44,863              |
| <b>TOTAL LIABILITIES</b> .....   | <b>\$15,361,086</b> | <b>\$16,635,393</b> | <b>\$18,373,093</b> | <b>\$16,267,136</b> | <b>\$17,901,834</b> |
| <i>Deferred Inflows of Resources</i> .....   | \$1,488,557         | \$1,355,386         | \$814,875           | \$925,658           | \$821,241           |
| <b>FUND EQUITIES</b>   |                     |                     |                     |                     |                     |
| Nonspendable Fund Balance.....   | \$1,604,086         | \$1,670,562         | \$1,727,731         | \$1,670,498         | \$1,967,140         |
| Committed Fund Balance.....  | 3,918,801           | 7,034,557           | 6,456,491           | 6,305,570           | 0                   |
| Unassigned Fund Balance .....  | 7,830,453           | 7,825,314           | 8,007,485           | 8,320,839           | 8,860,958           |
| <b>TOTAL FUND EQUITIES</b> .....   | <b>\$13,353,340</b> | <b>\$16,530,433</b> | <b>\$16,191,707</b> | <b>\$16,296,907</b> | <b>\$10,828,098</b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES, AND FUND EQUITIES</b> ..... | <b>\$30,202,983</b> | <b>\$34,521,212</b> | <b>\$35,379,675</b> | <b>\$33,489,701</b> | <b>\$29,551,173</b> |

Source: School District Annual Financial Reports.

**TABLE 4  
METHACTON SCHOOL DISTRICT GENERAL FUND  
SUMMARY OF CHANGES IN FUND BALANCE\***

|  | <b>Actual</b>       |                     |                     |                     | <b>Estimated</b>          | <b>Budgeted</b>           |
|--|---------------------|---------------------|---------------------|---------------------|---------------------------|---------------------------|
|  | <b>2020</b>         | <b>2021</b>         | <b>2022</b>         | <b>2023</b>         | <b>2024<sup>(1)</sup></b> | <b>2025<sup>(2)</sup></b> |
| <b>Beginning Fund Balance</b>                  | \$13,353,339        | \$16,623,206        | \$16,191,707        | \$16,296,907        | \$10,828,098              | \$12,406,097              |
| Surplus (Deficit) of Revenue over Expenditures | 3,177,094           | (431,499)           | (493,542)           | (5,468,809)         | 1,577,999                 | 0                         |
| Prior Period Adjustments                       | 0                   | 0                   | 598,742             | 0                   | 0                         | 0                         |
| <b>Ending General Fund Balance</b>             | <b>\$16,530,433</b> | <b>\$16,191,707</b> | <b>\$16,296,907</b> | <b>\$10,828,098</b> | <b>\$12,406,097</b>       | <b>\$12,406,097</b>       |

\*Totals may not add due to rounding.

<sup>(1)</sup> Estimated, subject to change and final audit.

<sup>(2)</sup> Budget, as adopted May 30, 2024.

Source: School District Annual Financial Reports and Budget.

The School District received an estimated \$132,762,079 in revenue in 2023-24 and has budgeted revenue of \$134,105,665 in 2024-25. Local sources decreased as a share of total revenue in the past five years from 77.8 percent in 2019-20 to an estimated 77.4 percent in 2023-24. Revenue from Commonwealth sources decreased as a share of total revenue of 21.6 percent in 2019-20 to an estimated 21.4 percent in 2023-24. Revenue from federal and other sources increased as a share of total revenue from 0.6 percent in 2019-20 to an estimated 1.8 percent in 2023-24.

**TABLE 5**  
**METHACTON SCHOOL DISTRICT**  
**SUMMARY OF SCHOOL DISTRICT GENERAL FUND**  
**REVENUES AND EXPENDITURES\***  
**(For years ending June 30)**

| REVENUE:  | Actual               |                      |                      |                      | Estimated            | Budgeted             |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2020                 | 2021                 | 2022                 | 2023                 | 2024 <sup>(1)</sup>  | 2025 <sup>(2)</sup>  |
| <b>Local Sources:</b>                                   |                      |                      |                      |                      |                      |                      |
| Real Estate Taxes (Current)                             | \$73,889,330         | \$75,661,147         | \$78,044,317         | \$79,860,387         | \$83,967,960         | \$88,025,329         |
| Interim Real Estate Taxes                               | 448,144              | 866,771              | 1,101,897            | 1,215,272            | 636,613              | 1,061,313            |
| Payment in Lieu of Taxes                                | 60,218               | 61,126               | 61,911               | 62,652               | 64,557               | 61,911               |
| Total Act 511 Taxes                                     | 8,566,838            | 9,170,402            | 10,179,059           | 10,650,357           | 10,759,798           | 11,252,735           |
| Per Capita (Sec. 679) Tax                               | 60,066               | 50,364               | 0                    | 0                    | 0                    | 0                    |
| Public Utility Tax                                      | 74,768               | 81,474               | 84,157               | 84,826               | 86,687               | 83,486               |
| Delinquencies Taxes                                     | 1,377,646            | 1,515,178            | 7,584,442            | 1,383,524            | 1,211,940            | 1,098,903            |
| Earnings on Investments                                 | 753,528              | 273,270              | 161,372              | 1,614,964            | 2,309,047            | 1,886,377            |
| Federal/Other Local Government Units                    | 804,845              | 1,096,449            | 1,175,426            | 1,005,181            | 378,009              | 7,660                |
| Fed. IDEA - Stimulus Funds                              | 0                    | 0                    | 0                    | 0                    | 882,005              | 914,540              |
| Revenues from District Activities                       | 159,721              | 48,306               | 170,638              | 440,432              | 132,368              | 144,807              |
| Rentals   | 88,748               | 65,813               | 138,354              | 129,154              | 412,721              | 0                    |
| Contributions & Donations                               | 1,887                | (70)                 | 333,019              | 201,790              | 241,537              | 111,107              |
| E-Rate Reimbursement - Refund-Prior Years' Expenditures | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| Receipts from Other LEAS in PA-Education                | 305,915              | 343,023              | 628,877              | 303,275              | 307,711              | 0                    |
| Refund of Prior Year Expenditure                        | 53,073               | 30,310               | 155,400              | 72,411               | 187,121              | 0                    |
| Tuition   | 141,929              | 55,132               | 139,309              | 162,272              | 33,435               | 457,933              |
| Miscellaneous Income                                    | 39,030               | 45,613               | 52,403               | 20,203               | 21,603               | 0                    |
| Other Sources   | 7,789                | 10,829               | 23,173               | 24,586               | 440,354              | 106,383              |
| <b>Total Local Sources</b>                              | <b>\$86,833,474</b>  | <b>\$89,375,138</b>  | <b>\$100,033,753</b> | <b>\$97,231,286</b>  | <b>\$102,073,466</b> | <b>\$105,212,484</b> |
| <b>State Sources:</b>                                   |                      |                      |                      |                      |                      |                      |
| Instructional Subsidy                                   | \$6,986,868          | \$6,986,862          | \$7,233,555          | \$7,881,757          | \$8,614,350          | \$8,614,773          |
| Tuition for Orphans and Children                        | 101,262              | 97,643               | 53,997               | 82,052               | 86,015               | 45,000               |
| Special Education                                       | 2,643,688            | 2,619,149            | 2,671,609            | 2,730,392            | 2,735,490            | 2,682,395            |
| Transportation  | 2,034,820            | 1,758,900            | 1,757,351            | 1,929,953            | 2,039,265            | 2,039,265            |
| Rentals and Sinking Fund Payments                       | 672,223              | 627,668              | 677,665              | 527,309              | 885,659              | 400,000              |
| Health Services   | 88,388               | 86,155               | 83,790               | 84,041               | 84,054               | 84,054               |
| State Property Tax Reduction Allocation                 | 2,051,094            | 2,121,064            | 2,106,751            | 2,519,919            | 2,540,604            | 3,012,835            |
| Revenue for Social Security Payments                    | 1,593,365            | 1,589,431            | 1,605,798            | 1,709,273            | 1,825,340            | 2,093,202            |
| Revenue for Retirement Contributions                    | 7,668,783            | 7,650,281            | 7,955,082            | 8,485,367            | 8,712,995            | 9,251,906            |
| Safe Schools  | 0                    | 0                    | 0                    | 0                    | 337,664              | 0                    |
| PA Accountability Grant                                 | 0                    | 0                    | 0                    | 0                    | 252,829              | 0                    |
| Extra Grants/Technology Grants                          | 252,829              | 252,829              | 474,199              | 252,829              | 107,529              | 252,829              |
| Other Sources   | 0                    | 0                    | 107,500              | 137,471              | 0                    | 0                    |
| <b>Total State Sources</b>                              | <b>\$24,093,321</b>  | <b>\$23,789,982</b>  | <b>\$24,727,297</b>  | <b>\$26,340,363</b>  | <b>\$28,221,793</b>  | <b>\$28,476,259</b>  |
| <b>Total Federal Sources</b>                            | <b>\$676,509</b>     | <b>\$1,102,399</b>   | <b>\$987,491</b>     | <b>\$1,021,009</b>   | <b>\$1,498,302</b>   | <b>\$416,922</b>     |
| <b>Total Other Sources</b>                              | <b>\$12,440</b>      | <b>\$23,167</b>      | <b>\$1,670,990</b>   | <b>\$237,608</b>     | <b>\$968,518</b>     | <b>\$0</b>           |
| <b>TOTAL REVENUE</b>                                    | <b>\$111,615,744</b> | <b>\$114,290,685</b> | <b>\$127,419,531</b> | <b>\$124,830,266</b> | <b>\$132,762,079</b> | <b>\$134,105,665</b> |
| <b>EXPENDITURES:</b>                                    |                      |                      |                      |                      |                      |                      |
| Total Instruction                                       | \$61,766,043         | \$65,450,363         | \$66,556,764         | \$69,694,362         | \$75,979,741         | \$76,150,837         |
| Pupil Personnel   | 5,412,668            | 5,181,863            | 6,037,946            | 6,111,282            | 6,721,620            | 6,577,840            |
| Instructional Staff                                     | 3,311,362            | 3,017,392            | 3,363,353            | 3,474,554            | 3,708,692            | 3,968,357            |
| Administration  | 6,650,157            | 7,870,141            | 7,095,230            | 6,902,752            | 7,267,090            | 7,467,474            |
| Pupil Health  | 1,877,746            | 1,906,219            | 2,151,086            | 2,220,952            | 2,306,353            | 2,169,088            |
| Business  | 1,095,613            | 993,365              | 1,091,258            | 1,169,873            | 1,275,807            | 1,326,547            |
| Operation and Maintenance                               | 8,596,342            | 8,780,816            | 9,370,282            | 9,423,559            | 9,278,571            | 10,516,162           |
| Student Transportation                                  | 6,003,125            | 4,602,745            | 6,536,305            | 7,308,889            | 7,997,210            | 8,193,290            |
| Central & Other Support Services                        | 1,760,107            | 2,020,687            | 2,216,016            | 2,527,178            | 3,057,034            | 2,910,655            |
| Student Activities                                      | 0                    | 0                    | 0                    | 0                    | 1,764,172            | 0                    |
| Community Services                                      | 0                    | 0                    | 0                    | 0                    | 31,974               | 0                    |
| Fac. Acq., Const., and Imp.                             | 0                    | 0                    | 0                    | 0                    | 659,199              | 0                    |
| Other Support   | 67,743               | 66,624               | 66,209               | 66,373               | 0                    | 73,293               |
| Noninstructional Services                               | 1,529,132            | 1,527,459            | 1,549,356            | 1,640,830            | 0                    | 1,945,379            |
| Debt Service  | 10,368,612           | 12,141,368           | 10,397,960           | 10,870,595           | 10,613,036           | 11,181,743           |
| Fund Transfers  | 0                    | 838,909              | 11,330,389           | 4,303,889            | 523,580              | 1,625,000            |
| Refund of Prior Year Receipts                           | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| Budgetary Reserve                                       | 0                    | 324,234              | 150,920              | 4,583,989            | 0                    | 0                    |
| <b>TOTAL EXPENDITURES</b>                               | <b>\$108,438,651</b> | <b>\$114,722,184</b> | <b>\$127,913,073</b> | <b>\$130,299,075</b> | <b>\$131,184,081</b> | <b>\$134,105,665</b> |
| <b>SURPLUS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>  | <b>\$3,177,093</b>   | <b>(\$431,499)</b>   | <b>(\$493,542)</b>   | <b>(\$5,468,809)</b> | <b>\$1,577,999</b>   | <b>\$0</b>           |

\*Totals may not add due to rounding.

<sup>(1)</sup> Estimated, subject to change and final audit.

<sup>(2)</sup> Budget, as adopted May 30, 2024.

Source: School District Annual Financial Reports and Budget.



## TAXING POWERS OF THE SCHOOL DISTRICT

### In General

*Subject to certain limitations imposed by the Taxpayer Relief Act, Act No. 1 of the Special Session of 2006, as amended (see “The Taxpayer Relief Act (Act 1)” herein), the School District is empowered by the School Code and other statutes to levy the following taxes:*

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
  - a. for minimum salaries and increments of the teaching and supervisory staff;
  - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
  - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
  - d. to pay for the amortization of a Bond issue which provided a school building prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended (“The Local Tax Enabling Act”). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer taxes, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – “STEB”) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

### The Taxpayer Relief Act (Act 1)

Under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (“The Taxpayer Tax Relief Act” or “Act 1”), a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, levy any tax for the support of the public schools which was not levied in the 2006-2007 fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act (Act 511), or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions summarized below is applicable and the use of such exception is approved by the Pennsylvania Department of Education (PDE):

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004, or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 of 2004; to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances; and
3. to make payments into the State Public School Employees’ Retirement System when the increase in the estimated payments between the current year and the upcoming year is greater than the Index, as determined by PDE in accordance with the provisions of Act 1.

Any revenue derived from an increase in the rate of any tax allowed under the exception numbered 1 above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to any other exception enumerated above may not exceed the rate increase required, as determined by PDE. If a school district's petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

The Index (to be determined and reported by PDE by September of each year for application to the following fiscal year) is the average of the percentage increase in the statewide average weekly wage, as determined by the State Department of Labor and Industry for the preceding calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor Statistics for the preceding 12-month period beginning July 1 and ending June 30. If and when a school district has a Market Value/Income Aid Ratio greater than 0.40 for the prior school year, however, the Index is adjusted upward by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio.

The Index applicable to the School District for the current, and previous fiscal years (not including exceptions) is as follows:

| <b>Fiscal Year</b> | <b>Index %</b> |
|--------------------|----------------|
| 2024-25            | 5.3            |
| 2023-24            | 4.1            |
| 2022-23            | 3.4            |
| 2021-22            | 3.0            |
| 2020-21            | 2.6            |

Source: Pennsylvania Department of Education website.

In accordance with the Act, the School District put a referendum question on the ballot at the May 15, 2007 primary election seeking voter approval allowing the school district to levy (or increase the rate of) earned income and net profits tax ("EIT") or a personal income tax ("PIT") and use the proceeds to reduce local real estate taxes by a homestead and farmstead exclusion.

The electors in the School District did not approve the referendum question on the May 15, 2007 primary election.

A board of school directors may submit, but is not required to submit, a further referendum question to the voters at a municipal election in any later year seeking approval to levy or increase the rate of an EIT or a PIT for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate which is required to provide the maximum homestead and farmstead exclusions allowable under law.

*This summary is not intended to be an exhaustive discussion of the provisions of Act 1 nor a legal interpretation of any provisions of Act 1, and a prospective purchaser of the Bonds should review the full text of Act 1 as a part of any decision to purchase the Bonds.*

### **Status of the Bonds Under Act 1**

No exceptions to the Act 1 taxing limits are expected to apply to the Bonds.

### **Act 130 of 2008**

Act 130 of 2008 of the Commonwealth amended the Local Tax Enabling Act so as to authorize school districts levying an occupation tax to replace that occupation tax with an increased earned income tax or, if the school district has implemented a personal income tax in accordance with the Taxpayer Relief Act, an increased personal income tax, in a revenue neutral manner. To so replace an occupation tax, the board of school directors must first hold at least one public hearing on the matter and then place a binding referendum question on the ballot at a general or municipal election for approval by the voters.

The School District has not scheduled a public hearing or taken other action to conduct a referendum under Act 130 of 2008.

SET FORTH ABOVE IS A SUMMARY OF PORTIONS OF ACT 130. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 130 NOR A LEGAL INTERPRETATION OF ANY PROVISION OF ACT 130. A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 130 AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

**Act 48 of 2003 – Limitation on Fund Balances**

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes for the school year 2005-2006 or any subsequent school year, unless the school district has adopted a budget for such school year that includes an estimated ending unreserved undesignated fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

| <u>Total Budgeted Expenditures</u>    | <u>Estimated Ending Unreserved Undesignated Fund Balance<br/>as a Percentage of Total Budgeted Expenditures</u> |
|---------------------------------------|---|
| Less than or equal to \$11,999,999    | 12.0%   |
| Between \$12,000,000 and \$12,999,999 | 11.5%   |
| Between \$13,000,000 and \$13,999,999 | 11.0%   |
| Between \$14,000,000 and \$14,999,999 | 10.5%   |
| Between \$15,000,000 and \$15,999,999 | 10.0%   |
| Between \$16,000,000 and \$16,999,999 | 9.5%  |
| Between \$17,000,000 and \$17,999,999 | 9.0%  |
| Between \$18,000,000 and \$18,999,999 | 8.5%  |
| Greater than or equal to \$19,000,000 | 8.0%  |

“Estimated ending unreserved fund balance” is defined in Act 2003-48 as that portion of the fund balance which is appropriate for expenditure or not legally or otherwise segregated for a specific or tentative future use, projected for the close of the school year for which a school district’s budget was adopted and held in the general fund accounts of the school district.

SET FORTH ABOVE IS A SUMMARY OF PORTIONS OF ACT 48. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 48 NOR A LEGAL INTERPRETATION OF ANY PROVISIONS OF ACT 48. A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 48 AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

**Tax Levy Trends**

Table 6 shows the recent trend of tax rates levied by the School District. Table 7 shows the comparative trend of real property tax rates for the School District, Montgomery County and the municipalities within the School District.

**TABLE 6  
METHACTON SCHOOL DISTRICT TAX RATES**

| <b>Fiscal Year</b> | <b>Real Estate<br/>(mills)</b> | <b>Real Estate<br/>Transfer<sup>(1)</sup><br/>(%)</b> | <b>Earned<br/>Income<sup>(1)</sup><br/>(%)</b> | <b>Local<br/>Services<br/>(\$)</b> | <b>Amusement<br/>(%)</b> | <b>Per Capita<sup>(2)</sup><br/>(%)</b> |
|--------------------|--------------------------------|---|--|------------------------------------|--------------------------|---|
| 2020-21            | 30.8534                        | 1.00  | 1.00   | 10.00                              | 5.00                     | 15.00                                   |
| 2021-22            | 31.2645                        | 1.00  | 1.00   | 10.00                              | 5.00                     | 15.00                                   |
| 2022-23            | 31.6522                        | 1.00  | 1.00   | 10.00                              | 5.00                     | 15.00                                   |
| 2023-24            | 32.6492                        | 1.00  | 1.00   | 10.00                              | 5.00                     | 15.00                                   |
| 2024-25            | 34.2000                        | 1.00  | 1.00   | 10.00                              | 5.00                     | 15.00                                   |

<sup>(1)</sup>Subject to sharing with the municipalities within the School District.

<sup>(2)</sup>Includes School Code and Act 511 taxes.

Source: School District Financial Reports.

**TABLE 7  
METHACTON SCHOOL DISTRICT  
COMPARATIVE REAL PROPERTY TAX RATES  
(Mills on Assessed Value)**

|  | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24</u> | <u>2024-25</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| <i>Methacton School District</i> ..... | 30.8534        | 31.2645        | 31.6522        | 32.6492        | 34.2000        |
|  | <u>2020</u>    | <u>2021</u>    | <u>2022</u>    | <u>2023</u>    | <u>2024</u>    |
| Lower Providence Township.....         | 2.0870         | 2.3075         | 2.5875         | 2.9593         | 3.4724         |
| Worcester Township.....                | 0.5000         | 0.5000         | 0.5000         | 0.5000         | 0.0500         |
| Montgomery County.....                 | 3.4590         | 3.6320         | 3.9230         | 4.2370         | 4.7880         |

Source: Local Government website.

**Real Property Tax**

The real property tax (excluding delinquent collections) produced and estimated \$83,967,960 in 2023-24, approximately 63.7% of overall revenue. The tax is levied on July 1 of each year. Taxpayers who remit within 60 days receive a 2% discount, and those who remit subsequent to 120 days after July 1 are assessed a 10% penalty.

The following table summarizes recent trends of assessed and market valuations of real property and real property tax collection data. The last County-wide reassessment became effective January 1, 1998.

**TABLE 8  
METHACTON SCHOOL DISTRICT  
REAL PROPERTY ASSESSMENT DATA**

| <b>Year</b>                   | <b>Market Value</b> | <b>Assessed Value</b> | <b>Ratio</b> |
|-------------------------------|---------------------|-----------------------|--------------|
| 2019-20.....                  | \$3,983,601,844     | \$2,598,678,107       | 65.23%       |
| 2020-21.....                  | 4,169,535,938       | 2,613,122,401         | 62.67%       |
| 2021-22.....                  | 4,206,663,050       | 2,636,010,659         | 62.66%       |
| 2022-23.....                  | 4,568,940,086       | 2,671,819,112         | 58.48%       |
| 2023-24.....                  | 4,651,319,467       | 2,713,377,850         | 58.34%       |
| Average Annual % Change ..... | 3.15%               | 0.87%                 |              |

Source: PA State Tax Equalization Board (STEB)/Tax Equalization Division (TED)

**TABLE 9  
METHACTON SCHOOL DISTRICT  
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

|  | <b>2022<br/>Market Value</b> | <b>2022<br/>Assessed Value</b> | <b>2023<br/>Market Value</b> | <b>2023<br/>Assessed Value</b> |
|--|------------------------------|--------------------------------|------------------------------|--------------------------------|
| <i>Methacton School District</i> ..... | \$4,568,940,086              | \$2,671,819,112                | \$4,651,319,467              | \$2,713,377,850                |
| Lower Providence Township.....         | 2,896,239,138                | 1,673,459,616                  | 2,916,211,152                | 1,683,102,936                  |
| Worcester Township.....                | 1,672,700,948                | 998,359,496                    | 1,735,108,315                | 1,030,274,914                  |
| Montgomery County.....                 | 111,811,536,551              | 61,967,163,014                 | 112,859,436,067              | 62,456,390,017                 |

Source: PA State Tax Equalization Board (STEB)/Tax Equalization Division (TED)

**TABLE 10  
METHACTON SCHOOL DISTRICT  
ASSESSMENT BY LAND USE**

|                   | <b>2019</b>            | <b>2020</b>            | <b>2021</b>            | <b>2022</b>            | <b>2023</b>            |
|-------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Residential       | \$2,021,297,009        | \$2,026,664,779        | \$2,046,169,199        | \$2,086,876,044        | \$2,125,079,422        |
| Trailers          | 6,564,184              | 6,546,964              | 6,601,814              | 6,611,404              | 6,719,384              |
| Lots              | 13,335,285             | 14,010,249             | 13,775,559             | 12,782,739             | 12,361,069             |
| Industrial        | 67,838,930             | 68,572,130             | 68,572,130             | 68,572,130             | 68,572,130             |
| Commercial        | 452,178,429            | 457,280,489            | 463,620,897            | 459,386,135            | 463,061,685            |
| Agriculture       | 35,811,140             | 35,617,930             | 35,617,930             | 35,617,930             | 35,611,430             |
| Oil/ Gas/ Mineral | 0                      | 0                      | 0                      | 319,600                | 319,600                |
| Land              | 1,653,130              | 4,429,860              | 1,653,130              | 1,653,130              | 1,653,130              |
| <b>Total</b>      | <b>\$2,598,678,107</b> | <b>\$2,613,122,401</b> | <b>\$2,636,010,659</b> | <b>\$2,671,819,112</b> | <b>\$2,713,377,850</b> |

Source: PA State Tax Equalization Board (STEB)/Tax Equalization Division (TED)

**TABLE 11  
METHACTON SCHOOL DISTRICT  
REAL PROPERTY TAX COLLECTION DATA**

| <b>Fiscal Year</b> | <b>Total Flat<br/>Billing</b> | <b>Total<br/>Adjusted<br/>Flat<br/>Billing<sup>(1)</sup></b> | <b>Current<br/>Year<br/>Collections<br/>(July-June)</b> | <b>Year Collections<br/>as Percent<br/>of Total<br/>Adjusted<br/>Flat Billing</b> | <b>Current<br/>Plus<br/>Delinquent<br/>Collections<sup>(2)</sup></b> | <b>Total Collections<br/>as Percent<br/>of Total<br/>Adjusted<br/>Flat Billing</b> |
|--------------------|-------------------------------|--|---|---|--|--|
| 2019-20            | \$76,976,956                  | \$76,976,956   | \$73,889,330  | 95.99%  | \$75,221,196   | 97.72%   |
| 2020-21            | 78,809,414                    | 78,809,414   | 73,584,649  | 93.37%  | 74,849,921   | 94.98%   |
| 2021-22            | 86,384,495                    | 80,126,485   | 78,044,317  | 97.40%  | 85,618,398   | 106.85%  |
| 2022-23            | 88,975,354                    | 82,117,456   | 79,860,387  | 97.25%  | 81,238,271   | 98.93%   |
| 2023-24            | 93,400,021                    | 86,432,569   | 83,967,960  | 97.15%  | 85,175,298   | 98.55%   |

<sup>(1)</sup>Flat billing plus penalties, less discounts, rebates and exonerations

<sup>(2)</sup>Includes delinquent realty taxes collected only.

Source: School District officials.

The ten largest real property taxpayers, together with their assessed values, are shown in Table 12. The aggregate assessed value of these ten taxpayers totals approximately 6.96 percent of total assessed value.

**TABLE 12  
METHACTON SCHOOL DISTRICT  
TEN LARGEST REAL PROPERTY TAXPAYERS**

| <b>Owner</b>              | <b>2024-25<br/>Assessed Value</b> |
|---------------------------|-----------------------------------|
| MEADOWOOD CORPORATION THE | \$42,223,330                      |
| SWD 101 LLC & WNR 38 LLC  | 39,896,360                        |
| MG ASSOCIATES             | 19,908,200                        |
| SWD 101 LLC & WNR 38 LLC  | 17,340,690                        |
| VV2750 LLC                | 15,400,260                        |
| EAGLE STREAM TRUST        | 12,156,816                        |
| SWD 101 LLC & WNR 38 LLC  | 11,379,010                        |
| ZBL ADAMS AVE LLC         | 10,810,000                        |
| RIDGETOP ASSOCIATES       | 10,214,250                        |
| VFGROUP LLC               | 9,400,170                         |
| <b>Total</b>              | <b>\$188,729,086</b>              |

Source: School District officials.

### Other Taxes

Under Act 511, the School District collected an estimated \$10,759,798 in other taxes in 2023-24. Among the taxes authorized by Act 511, the Real Estate Transfer Tax, Earned Income Tax, Per Capita Tax, Amusement Tax, and Local Services Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property, was \$55,815,833.60.

*Real Estate Transfer.* The School District levies a tax of 1.0% of the value of real estate transfers. In 2023-24, the School District collected an estimated \$1,259,115.18 or less than one percent of total revenue.

*Earned Income Tax.* A tax of .5% of the earned income of residents is levied by the School District. In 2023-24, the School District collected an estimated \$9,363,478.58 or 7.1% of total revenue from this tax.

*Per Capita Tax.* This tax was eliminated for the 2023-24 fiscal year.

*Amusement Tax.* The entity that was paying on this tax was sold for a housing development. The tax remains in place, but the residual amounts total an estimated \$14,791.33 for the 2023-24 year.

### COMMONWEALTH AID TO SCHOOL DISTRICTS

Pennsylvania school districts receive financial assistance from the Commonwealth in a number of forms, all subject to statutory provisions and annual appropriation by the Pennsylvania General Assembly.

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 2014-15 basic educational funding; plus (2) an additional increment determined annually pursuant to statutory formula which adjusts

a school district's average daily membership by a number of factors specific to the composition of the student population as well as the school district's median household income, local tax effort and capacity to generate local revenue. The additional increment as calculated above for any individual school district may be zero.

The School District's Fiscal Year 2014-15 funding amount was \$6,401,295.

Information concerning the calculation of the School District's basic education funding can be found on the Pennsylvania Department of Education's website at <https://www.education.pa.gov>.

School districts may also receive state aid for special education, pupil transportation, vocational education, and health services, among other things.

### **Current Lack of State Appropriations for Debt Service Subsidies**

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the Bonds by the PDE and the School District's permanent Capital Account Reimbursement Fraction ("CARF") (20.80%) or the wealth based Market Value Aid Ratio ("MVAR") currently (20.81%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

*The School District estimates the Bonds will not be subject to reimbursement by the Commonwealth.*

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contains authorization for the Commonwealth Finance Authority ("CFA") to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 15, 2016 and most recently became indefinite with the adoption of Act No. 33 of 2023 on December 13, 2023.

To date, the CFA has issued \$1,903,065,000, to provide for PlanCon reimbursements owed to school districts, including the issuance of its Revenue Bonds, Series A of 2016 (Federally Taxable) in the principal amount of \$758,185,000 issued on October 31, 2016, its Revenue Bonds, Series A of 2018 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2018, its Revenues Bonds (Federally Taxable), Series A of 2019 in the total amount of \$388,975,000 issued on May 9, 2019, as well as its Revenue Bonds (Federally Taxable), Series A of 2021 in the total amount of \$343,385,000 issued on June 23, 2021. It is expected that proceeds of these issues have been and will continue to be used to provide PlanCon reimbursement that is owed to the School District for past and current fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be received by PDE as the ability for CFA to issue additional bonds in the future to fund future PlanCon reimbursements owed to school districts may impact the availability of PlanCon reimbursements payable to the School District. Any failure by the Commonwealth to adopt a timely budget and enact necessary spending authorizations could have a material adverse effect upon the School District's anticipated receipt of PlanCon reimbursements.

Act 70 of 2019 was adopted by the State legislature that has modified the PlanCon process. The Act states that on July 1, 2020, a new PlanCon system will go online. However, the legislation does not include any funding nor does it state when the State would start to allow applicants to enter into the new program.

There can be no assurances that the School District will be able to successfully apply for, be awarded, and receive sufficient PlanCon reimbursement for the costs of any current or future projects of the School District. A failure by the School District to receive such reimbursement may have a material adverse effect on the financial resources of the School District to fund other obligations, including payment of debt service on the Bonds.

Legislation has been introduced from time to time in the Pennsylvania legislature containing language that would revise or even abolish the debt service reimbursement program for Pennsylvania school districts. As of the date hereof, and except as described above, none of these proposals have been signed into law. To the extent that any future legislation contains material changes to the PlanCon program as it is structured currently, the amount of PlanCon reimbursement to the School District may be positively or negatively affected, which could materially impact the amount of local funds needed to be raised by the School District to pay debt service on its debt obligations.

**Debt Statement**

Table 13 shows the debt of the Methacton School District as of September 10, 2024, including the issuance of the Bonds.

**TABLE 13  
METHACTON SCHOOL DISTRICT  
DEBT STATEMENT  
(As of September 10, 2024)**

| <b>NONELECTORAL DEBT</b>  | <b>Gross<br/>Outstanding</b> |
|---|------------------------------|
| General Obligation Bonds, Series of 2024 (last maturity 2033)                       | \$10,585,000                 |
| General Obligation Bonds, Series of 2021 (last maturity 2045)                       | 13,100,000                   |
| General Obligation Bonds, Series A of 2020 (last maturity 2045)                     | 15,805,000                   |
| General Obligation Notes, Series of 2020 (last maturity 2027)                       | 5,205,000                    |
| General Obligation Bonds, Series of 2020 (last maturity 2025)                       | 2,240,000                    |
| General Obligation Bonds, Series AA of 2019 (last maturity 2025)                    | 1,575,000                    |
| General Obligation Bonds, Series A of 2019 (last maturity 2033) (remaining portion) | 1,145,000                    |
| General Obligation Bonds, Series of 2019 (last maturity 2033) (remaining portion)   | 790,000                      |
| General Obligation Bonds, Series A of 2018 (last maturity 2025)                     | 5,280,000                    |
| General Obligation Bonds, Series B of 2017 (last maturity 2034)                     | 8,410,000                    |
| <b>TOTAL NONELECTORAL DEBT</b>  | <b>\$64,135,000</b>          |
| <br>  |                              |
| <b>LEASE RENTAL DEBT</b>  |                              |
| School Lease Revenue Bonds, Series of 2015 <sup>(1)</sup>                           | \$689,574                    |
| <b>TOTAL PRINCIPAL OF DIRECT DEBT</b>   | <b>\$64,824,574</b>          |

\*Includes the estimated Bonds offered through this Preliminary Official Statement. Includes the remaining portions of the 2019 and 2019 A Bonds being refunded by the Bonds described herein. Does not include the 2018 Bonds being refunded by the Bonds described herein.

<sup>(1)</sup>Pro rata 15.69% share of State Public School Building Authority's (North Montco Technical Career Center Project), School Lease Revenue Bonds, Series of 2015, outstanding in the principal amount of \$7,325,000.

Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total \$64,824,574. After adjustment for available funds and estimated Commonwealth Aid, the local effort of direct debt will total \$63,683,330.

**TABLE 14**  
**METHACTON SCHOOL DISTRICT**  
**BONDED INDEBTEDNESS AND DEBT RATIOS\***  
**(As of September 10, 2024)**

|  | <b>Gross<br/>Outstanding</b> | <b>Local Effort<br/>or Net of<br/>Available Funds<br/>and Estimated<br/>Commonwealth Aid<sup>(1)</sup></b> |
|--|------------------------------|--|
| <b>DIRECT DEBT</b>   |                              |  |
| Nonelectoral Debt.....                                     | \$64,135,000                 | \$63,280,274   |
| Lease Rental Debt.....                                     | 689,574                      | 403,056  |
| <b>TOTAL DIRECT DEBT</b> .....                             | <b>\$64,824,574</b>          | <b>\$63,683,330</b>  |
| <b>OVERLAPPING DEBT</b>                                    |                              |  |
| Montgomery County, General Obligation <sup>(2)</sup> ..... | \$28,073,435                 | \$28,073,435   |
| Municipal general obligation debt.....                     | 13,106,495                   | 13,106,495   |
| <b>TOTAL OVERLAPPING DEBT</b> .....                        | <b>\$41,179,930</b>          | <b>\$41,179,930</b>  |
| <b>TOTAL DIRECT AND OVERLAPPING DEBT</b> .....             | <b>\$106,004,504</b>         | <b>\$104,863,261</b>   |
| <b>DEBT RATIOS</b>   |                              |  |
| Per Capita.....  | \$2,949.32                   | \$2,917.57   |
| Percent 2020-21 Assessed Value.....                        | 3.91%                        | 3.86%  |
| Percent 2020-21 Market Value.....                          | 2.28%                        | 2.25%  |

\*Includes the estimated Bonds offered through this Preliminary Official Statement. Includes the remaining portions of the 2019 and 2019 A Bonds being refunded by the Bonds described herein. Does not include the 2018 Bonds being refunded by the Bonds described herein.

<sup>(1)</sup>Gives effect to current appropriations for payment of debt service and expected future Commonwealth Reimbursement of School District sinking fund payments based on current Aid Ratio. See “Commonwealth Aid to School Districts.”

<sup>(2)</sup>Pro rata 4.1 percent share of \$681,172,748.56 outstanding.



**Debt Limit and Remaining Borrowing Capacity**

Electoral debt, i.e., debt approved by the voters at a general or special election, may be incurred without limit. Non-electoral debt and lease rental debt are subject to a statutory borrowing limit.

The statutory borrowing limit of the School District under the Debt Act is computed as a percentage of the School District's "Borrowing Base". The "Borrowing Base" is defined as the annual arithmetic average of "Total Revenues" (as defined by the Debt Act), for the three full fiscal years ended next preceding the date of incurring debt. The School District calculates its present borrowing base and borrowing capacity as follows:

|   |                             |
|---|-----------------------------|
| Total Revenue for 2021-22.....                  | \$124,433,868               |
| Total Revenue for 2022-23.....                  | 123,370,998                 |
| Total Revenue for 2023-24 (estimated).....      | <u>130,907,903</u>          |
| <b>Total Revenues, Past Three Years.....</b>    | <b><u>\$378,712,768</u></b> |
| Annual Arithmetic Average (Borrowing Base)..... | <u>\$126,237,589</u>        |

Under the Debt Act as presently in effect, no school district shall incur any nonelectoral debt or lease rental debt, if the aggregate net principal amount of such new debt together with any other net nonelectoral debt and lease rental debt then outstanding, would cause the net nonelectoral debt plus net lease rental debt to exceed 225% of the Borrowing Base. The application of the aforesaid percentage to the School District's Borrowing Base produces the following product:

|   | <b><u>Legal<br/>Limit</u></b> | <b><u>Net Debt<br/>Outstanding*</u></b> | <b><u>Remaining<br/>Borrowing<br/>Capacity</u></b> |
|---|-------------------------------|---|--|
| <b>Net Nonelectoral Debt and Lease Rental Debt Limit:</b> |                               |   |  |
| 225% of Borrowing Base.....                               | \$284,034,576                 | \$64,824,574                            | \$219,210,002                                      |

\*Includes the estimated Bonds offered through this Preliminary Official Statement. Includes the remaining portions of the 2019 and 2019 A Bonds being refunded by the Bonds described herein. Does not include the 2018 Bonds being refunded by the Bonds described herein. Does not reflect credits against gross indebtedness that may be claimed for a portion of principal of debt estimated to be reimbursed by Commonwealth Aid.

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**Debt Service Requirements**

Table 15 presents the debt service requirements on the School District’s outstanding general obligation and lease rental indebtedness, including debt service on the Bonds.

The School District has never defaulted on the payment of debt service.

**TABLE 15  
METHACTON SCHOOL DISTRICT  
DEBT SERVICE REQUIREMENTS**

| <u>Year</u>  | <u>Total<br/>Other<br/>General<br/>Obligation<br/>Debt</u> | <u>2024 Bonds</u> |                 |                 | <u>Total<br/>Obligations</u> |
|--------------|--|-------------------|-----------------|-----------------|------------------------------|
|              |  | <u>Principal</u>  | <u>Interest</u> | <u>Subtotal</u> |                              |
| 2024-25      | \$9,446,401  |                   |                 |                 |                              |
| 2025-26      | 8,733,422  |                   |                 |                 |                              |
| 2026-27      | 8,591,431  |                   |                 |                 |                              |
| 2027-28      | 5,667,772  |                   |                 |                 |                              |
| 2028-29      | 4,779,925  |                   |                 |                 |                              |
| 2029-30      | 4,778,000  |                   |                 |                 |                              |
| 2030-31      | 4,780,838  |                   |                 |                 |                              |
| 2031-32      | 4,782,100  |                   |                 |                 |                              |
| 2032-33      | 4,781,825  |                   |                 |                 |                              |
| 2033-34      | 4,781,450  |                   |                 |                 |                              |
| 2034-35      | 2,222,375  |                   |                 |                 |                              |
| 2035-36      | 2,215,700  |                   |                 |                 |                              |
| 2036-37      | 2,216,300  |                   |                 |                 |                              |
| 2037-38      | 2,219,400  |                   |                 |                 |                              |
| 2038-39      | 2,219,900  |                   |                 |                 |                              |
| 2039-40      | 2,217,800  |                   |                 |                 |                              |
| 2040-41      | 2,218,000  |                   |                 |                 |                              |
| 2041-42      | 2,220,300  |                   |                 |                 |                              |
| 2042-43      | 2,219,600  |                   |                 |                 |                              |
| 2043-44      | 2,220,800  |                   |                 |                 |                              |
| 2044-45      | 2,218,800  |                   |                 |                 |                              |
| 2045-46      | 2,218,500  |                   |                 |                 |                              |
| <b>Total</b> | <b>\$87,750,638</b>  |                   |                 |                 |                              |

\*Totals may not add due to rounding.

Table 16 presents data on the extent to which Commonwealth Aid provides coverage for debt service and lease rental requirements.

**TABLE 16  
METHACTON SCHOOL DISTRICT  
COVERAGE OF DEBT SERVICE AND LEASE RENTAL  
REQUIREMENTS BY COMMONWEALTH AID\***

|  |              |
|--|--------------|
| 2023-24 (estimated) Commonwealth Aid Received .....                                | \$28,221,793 |
| 2023-24 (estimated) Debt Service Requirements.....                                 | 10,548,658   |
| Maximum Future Debt Service Requirements after Issuance of Bonds.....              |              |
| Coverage of 2023-24 (estimated) Debt Service Requirements .....                    | 2.68 times   |
| Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds ..... |              |

\*Assumes current Commonwealth Aid Ratio. See “Commonwealth Aid to School Districts.”

## Future Financing

The School District is considering options and anticipates issuing additional long-term debt in the amount of approximately \$100-\$200 million in the next 5 years.

## LABOR RELATIONS

### School District Employees

There are approximately 650 employees of the School District, including 444 teachers and administrators, and 204 support personnel including secretaries, custodian/maintenance staff, teacher's assistants, and transportation aides.

The School District's teachers are represented by the Methacton Education Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District which expires on June 30, 2026. The custodial and maintenance personnel are represented by the Teamsters Local Union 384, under a contract with the School District which expires June 30, 2025. The secretarial and clerical support staff is represented by the Methacton Education Support Personnel Association, an affiliate of PSEA, under a contract with the School District which expires June 30, 2025.

### Pension Program

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administered by the Commonwealth. The program is formally known as the Public School Employees' Retirement System ("PSERS"), and a percentage of each eligible employee's salary is contributed by the employee, the School District and the Commonwealth. All full-time employees, part-time employees salaried over eighty days per year and hourly employees with over five hundred hours per year participate in the program.

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees' Retirement Code. Members who enrolled prior to January 1, 2002 range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. The PSERS Board of Trustees certified an annual employer contribution rate of 33.9% for the fiscal year 2024-25.

The Commonwealth will reimburse the School District at the rate of 50% of its total contributions with respect to all employees who were hired prior to July 1, 1994. With respect to employees hired after July 1, 1994, and who were not previously employed by another public school system in the Commonwealth, the School District will be reimbursed by the Commonwealth at the rate of the higher of 50% of contributions made by the School District or the current Market Value/Personal Income Aid Ratio. The School District is reimbursed on a quarterly basis.

Under Act 5 of 2017 ("Act 5") PSERS will transition from a traditional defined benefit system and begin to offer defined contribution plans as well. Beginning July 1, 2019, in addition to other transaction rules and options based on members' classifications, certain classes of active members may choose to switch from the current defined benefit plan to one of three new retirement benefit plan options which will be available. Additionally, all active members newly hired on or after July 1, 2019 will be required to select one of those three new retirement benefit plan options and will not be eligible to participate in the current defined benefit plan. The three new plans consist of two hybrid plans, with defined benefit and defined contribution components, along with a stand-alone defined contribution plan.

In addition to its comprehensive change in available plans for active members, Act 5 also made certain changes to the PSERS Board of Trustees and administrative protocols and created the Public Pension Management and Asset Investment Review Commission to study and make recommendations to the General Assembly and the Governor regarding investment performance and strategies.

According to the Independent Fiscal Office, Act 5 is not expected to reduce school district and state contributions to PSERS over the first fifteen years. However, beginning in fiscal 2034-35 through fiscal 2049-50, employer contribution rates are expected to begin to decline due to the lower long-term employer costs of the new benefit plans and will be lower, in the aggregate, over the study period.

Annual School District contributions have been as follows:

|                     |              |
|---------------------|--------------|
| 2019-20             | \$15,448,384 |
| 2020-21             | \$15,498,013 |
| 2021-22             | \$15,910,164 |
| 2022-23             | \$16,970,735 |
| 2023-24 (estimated) | \$17,425,989 |
| 2024-25 (budgeted)  | \$18,503,812 |

At June 30, 2023, the School District reported a liability of \$137,369,483 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2021 to June 30, 2022. The School District's proportion of

the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2023, the School District's proportion as 0.3092% which was a decrease of 0.0086% from its proportion measured as of June 30, 2022.

As of June 30, 2023, the PSERS plan was 61.60% funded, with an unfunded actuarial accrued liability of approximately \$44.0 billion. PSERS' rate of return for fiscal year ended June 30, 2023 was 3.54%. The Fund had plan net assets of \$72.8 billion at June 30, 2023. For more information, visit the PSERS website at [www.psers.pa.gov](http://www.psers.pa.gov), which is not incorporated by specific reference into this Preliminary Official Statement.

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Source: School District Administrative Officials and PSERS.

### **Other Post-Employment Benefits**

The School District provides post-employment healthcare benefits as set forth in the collective bargaining agreement with the Methacton Education Association (MEA) and the Methacton Administrative Organization (MAO).

In the fiscal year ended June 30, 2009, the District implemented Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, for postemployment health care benefits provided by the District. The requirements of this Statement were implemented prospectively, with the actuarially accrued liability for benefits at June 30, 2009, date of transition amortized using a weighted average blended amortization period of 19 years. Accordingly, for financial reporting purposes, no liability is reported for the postemployment health care benefits liability at the date of transition.

For further details regarding "*Plan Description, Funding Policy, Annual OPEB Cost and Net OPEB Obligation, Funded Status and Funding Progress, and Actuarial Methods and Assumptions*" please refer to Appendix C, Annual Financial Statements, Notes to the Basic Financial Statements - No. I.

### **Coronavirus Pandemic**

Certain external events beyond the control of the School District, such as pandemics, could potentially disrupt the School District's ability to conduct its operations. Since early 2020, the School District, along with the rest of the world, has been dealing with the effects of COVID-19 pandemic. The COVID-19 pandemic and the governmental response has had a profound impact on the operations of educational institutions at all levels, including the School District. As the result of the COVID-19 pandemic, the School District has been allocated federal grant funding assistance totaling approximately \$3,991,831.58, all of which has been expended or earmarked for use by September 30, 2024. The School District has addressed and continues to address challenges due to COVID-19. For information on the School District's response to the COVID-19 pandemic and the impact of the COVID-19 pandemic on the School District, please see "SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS" of the School District's audited financial statements for the fiscal year ended June 30, 2023, set forth in Appendix "D" to this Preliminary Official Statement. The future severity of the economic challenges and duration of this and other public health crisis cannot be fully known at this time.

### **CYBER SECURITY RISKS**

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The School District has never had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the School District's current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the School District also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

The School District relies on other entities and service providers in the course of operating the School District, including its accountants, attorneys, the trustee, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the School District and the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

## LITIGATION

As of the date of this Preliminary Official Statement, there is no litigation pending, nor to the best knowledge of the School District and its Solicitor is there any litigation threatened, that seeks to restrain or enjoin the sale, issuance, execution or delivery of the Bonds; questions or contests the power or authority of the School District to issue, sell and deliver the Bonds, the validity of the proceedings of the School District relating to the Bonds, the validity or enforceability of the Bonds, or the School District's power or authority to perform its obligations related to the Bonds; questions or contests the valid existence of the School District or its official boundaries; questions or contests the right of any present member of the Board of School Directors or of any officer of the School District whose signature is to appear on the Bonds to hold office or exercise the powers of such office; or attempting to limit, enjoin or otherwise restrict or prevent the School District from functioning and collecting revenues and other income, or from levying and collecting taxes, for the payment of the principal of and interest on the Bonds, or from pledging its full faith, credit and taxing power for the payment of the principal of and interest on the Bonds.

At the time of settlement for the Bonds, the President or Vice President of the Board of School Directors of the School District and the Solicitor of the School District will deliver a written certification or certifications confirming that no litigation of the type described in the preceding paragraph is then pending or, to the best of their knowledge, is then threatened. If at the time of settlement for the Bonds any such litigation is then pending or threatened, however, in place of all or part of the aforementioned certifications as to the absence of litigation, the Underwriter may accept delivery of the Bonds and pay the purchase price for the Bonds upon receipt of an opinion of counsel satisfactory to the Underwriter to the effect that such pending or threatened litigation is without legal merit.

## DEFAULTS AND REMEDIES

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holders of the Bonds shall be entitled to certain remedies provided by the Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of the county in which the School District is located. The Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Act also provides that upon a default of at least 30 days, holders of at least 25 percent in aggregate principal amount of the Bonds may appoint a trustee to represent them. The Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

## TAX MATTERS

### Federal

#### *Exclusion of Interest from Gross Income*

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering its opinion, Bond Counsel has assumed compliance by the School District with its covenants contained in the Resolution and its representations in the Tax Compliance Certificate executed by the School District on the date of issuance of the Bonds relating to actions to be taken by the School District after issuance of the Bonds necessary to effect or maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes. These covenants and representations relate to, inter alia, the use and investment of proceeds of the Bonds, and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

#### *Other Federal Tax Matters*

Ownership or disposition of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, taxpayers who have an initial basis in the Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including banks, thrift institutions and other financial institutions subject to Section 265 of the Code, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. In addition, ownership or disposition of the Bonds may result in other federal tax consequences to "applicable corporations" (within the meaning of Section 59(k) of the Code enacted as part of the Inflation Reduction Act of 2022) for tax years beginning after December 31, 2022, in that interest on the Bonds may be included in the calculation of the alternative minimum tax imposed on applicable corporations under Section 55(b) of the Code.

**Bond Counsel is not rendering any opinion regarding any federal tax matters other than as described under the caption “Exclusion of Interest From Gross Income” above and expressly stated in the form of the opinion of Bond Counsel included as APPENDIX B. Prospective purchasers of the Bonds should consult their independent tax advisors with regard to all federal tax matters.**

#### **Pennsylvania**

In the opinion of Bond Counsel, under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth, as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth.

**Bond Counsel is not rendering any opinion as to any Commonwealth of Pennsylvania tax matters other than those described under the caption “Pennsylvania” above and expressly stated in the form of the opinion of Bond Counsel included as APPENDIX B hereto.**

**Prospective purchasers of the Bonds should consult their independent tax advisors with regard to all Commonwealth of Pennsylvania tax matters.**

#### **Other**

The Bonds and the interest thereon may be subject to state and local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

**Purchasers of the Bonds should consult their independent tax advisors with regard to all state and local tax matters that may affect them.**

### **CONTINUING DISCLOSURE UNDERTAKING**

In accordance with the requirement of Rule 15-c2-12 (the “Rule”) of the United States Securities and Exchange Commission (the “SEC”), the School District (being an “obligated person” with respect to the Bonds, within the meaning of the Rule), will agree to provide certain financial information and operating data to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB, either directly, or indirectly through a designated agent, as set forth in its Continuing Disclosure Certificate substantially in the form attached hereto as Appendix C.

With respect to the filing of annual financial information and operating data, the School District reserves the right to modify from time to time the specific types of information and data provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the School District or its operations or financial reporting, but the School District will agree that any such modification will be done in a manner consistent with the Rule.

The School District is required to give notice of certain events as set forth in the Continuing Disclosure Certificate (not all of which will be relevant to the School District). The School District may from time to time choose to file notice of other events in addition to those specified in the Continuing Disclosure Certificate.

The School District acknowledges that its undertaking pursuant to the Rule described herein and in the Continuing Disclosure Certificate is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holder and beneficial owner of the Bonds, but the right of the holders and beneficial owners of the Bonds to enforce the provisions of the School District’s continuing disclosure undertaking shall be limited to a right to obtain specific enforcement, and any failure by the School District to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

The School District’s obligations with respect to continuing disclosure described herein shall terminate upon the prior defeasance, redemption or payment in full of all of the Bonds or if and when the School District is no longer an “obligated person” with respect to the Bonds, within the meaning of the Rule.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other defined “obligated persons”) with respect to municipal securities issues) are made available through the MSRB’s Electronic Municipal Market Access (EMMA) System, which may be accessed on the internet at <http://www.emma.msrb.org>.

The School District has previously entered into Continuing Disclosure Agreements with respect to each one of its previously issued bond issues that are currently outstanding. The School District’s filing history of its annual financial and operating information during the past five (5) years is outlined in the following table.

| <b>Fiscal<br/>Year</b> | <b>Filing<br/>Due Date</b> | <b>Filing Dates:</b> |                           |               |
|------------------------|----------------------------|----------------------|---------------------------|---------------|
|                        |                            | <b>Audit</b>         | <b>Operating<br/>Data</b> | <b>Budget</b> |
| 6/30/2023              | 4/1/2024                   | 1/24/2024            | 12/5/2023                 | 6/21/2023     |
| 6/30/2022              | 4/1/2023                   | 1/26/2023            | 12/14/2022                | 6/23/2022     |
| 6/30/2021              | 4/1/2022                   | 11/29/2021           | 11/29/2021                | 6/23/2021     |
| 6/30/2020              | 4/1/2021                   | 12/2/2020            | 11/23/2020                | 6/29/2020     |
| 6/30/2019              | 4/1/2020                   | 12/18/2019           | 12/4/2019                 | 6/19/2019     |

The School District has reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements.

**Continuing Disclosure Filing History**

Under certain of the School District's existing annual disclosure requirements (“Prior Undertakings”) in connection with the outstanding Bonds and other indebtedness of the School District, the School District has agreed to provide updates to certain audited financial statements and financial and operational information relating to the School District. The School District believes that it is in material compliance with its Prior Undertakings pursuant to the Rule within the last five years.

The School District has procedures in place to ensure that future filings of the required annual information and event notices will be accomplished within all required time periods.

**RATING**

Moody’s Investors Service, Inc. has assigned an underlying rating of “Aa2” to the Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following address: Moody’s Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the credit rating will be maintained for any given period of time, or that it may not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such credit rating may have an adverse effect on the market price of the Bonds.

The above ratings are not recommendations to buy, sell, or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds.

**UNDERWRITING**

Raymond James & Associates, Inc. (the “Underwriter”) has agreed, subject to certain conditions, to purchase the Bonds from the School District, subject to certain conditions precedent, and will purchase all of the Bonds if any of such Bonds are purchased.

The Bonds will be purchased by the Underwriter for a purchase price of \$\_\_\_\_\_ equal to the par value of the Bonds less an underwriters’ discount of \$\_\_\_\_\_ plus an original issue premium of \$\_\_\_\_\_ plus accrued interest from the dated date to the date of delivery of the Bonds.

The Underwriter has provided the following information for inclusion in this Official Statement: The Underwriter and their respective affiliates are full service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage and asset management. In the ordinary course of business, the Underwriter and their respective affiliates may actively trade debt and if applicable equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its affiliates may engage in transactions for its own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer. The Underwriter and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer. The Underwriter does not make a market in credit default swaps with respect to municipal securities at this time but may do so in the future.

**LEGAL OPINION**

The Bonds are offered subject to the receipt of the unqualified approving legal opinion of Eckert Seamans Cherin & Mellott, LLC, of Harrisburg, Pennsylvania, Bond Counsel to the School District. Certain legal matters will be passed upon for the School District by Wisler Pearlstine, LLP, of Blue Bell, Pennsylvania, School District Solicitors. Certain legal matters will be passed on for the Underwriter by its Limited Scope Underwriter’s Counsel, Stevens & Lee, P.C., Reading, Pennsylvania.

## **FINANCIAL ADVISOR**

The School District has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania, as financial advisor (the “Financial Advisor”) in connection with the preparation, authorization and issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **MISCELLANEOUS**

This Preliminary Official Statement has been prepared under the direction of the School District by PFM Financial Advisors LLC, Harrisburg, Pennsylvania, in its capacity as Financial Advisor to the School District. The information set forth in this Preliminary Official Statement has been obtained from the School District and from other sources believed to be reliable. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the Bonds, the Resolution, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is hereby made to the complete documents, copies of which will be furnished by the School District or the Financial Advisor upon request. The information assembled in this Preliminary Official Statement is not to be construed as a contract with holders of the Bonds.

Use of the words “shall,” “will,” “must,” or other words of similar import or meaning in summaries of documents or law in this Preliminary Official Statement to describe future events or continuing obligations is not intended as a representation that such event will occur or such obligations will be fulfilled, but only that the document or law requires or contemplates such event to occur or such obligation to be fulfilled.

The School District has authorized the distribution of this Preliminary Official Statement.

METHACTON SCHOOL DISTRICT  
Montgomery County, Pennsylvania

By: \_\_\_\_\_  
President, Board of School Directors



**APPENDIX A**  
**Demographic and Economic Information**  
**Relating to the Methacton School District**

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**Population**

Table A-1 shows recent population trends for the School District, Montgomery County and the Commonwealth. Table A-2 shows the age composition by household families for Montgomery County and the Commonwealth.

**TABLE A-1  
RECENT POPULATION TRENDS**

| <b>Geographic Area</b>          | <b>2020</b>   | <b>2010</b>   | <b>Change: 2010 to 2020</b> |                |
|---------------------------------|---------------|---------------|-----------------------------|----------------|
|                                 | <b>Number</b> | <b>Number</b> | <b>Number</b>               | <b>Percent</b> |
| Lower Providence Township ..... | 25,625        | 25,436        | 189                         | 0.15%          |
| Worcester Township .....        | 10,317        | 9,750         | 567                         | 1.14%          |
| School District .....           | 35,942        | 35,186        | 756                         | 0.43%          |
| <i>Montgomery County</i> .....  | 856,553       | 799,874       | 56,679                      | 1.38%          |
| <i>Pennsylvania</i> .....       | 13,002,700    | 12,702,379    | 300,321                     | 0.47%          |

Source: U.S. Census Bureau, Census 2010-2020.

**TABLE A-2  
AGE COMPOSITION BY HOUSEHOLD FAMILIES**

|                        | <b>Average<br/>Family<br/>Size</b> | <b>Average<br/>Household<br/>Size</b> | <b>Households<br/>with one or<br/>more<br/>Under 18<br/>Years</b> | <b>Households<br/>with one or<br/>more<br/>60 Years<br/>and Over</b> |
|------------------------|------------------------------------|---------------------------------------|---|--|
| Montgomery County..... | 2.53                               | 2.55                                  | 31.7%   | 42.2%  |
| Pennsylvania.....      | 3.02                               | 2.37                                  | 27.9%   | 43.0%  |

Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

**Employment**

Overall employment data are not compiled for the County, but such data are compiled for the Montgomery-Bucks-Chester, PA Metropolitan Division (an area which includes the County) as shown on Table A-3.

**TABLE A-3  
DISTRIBUTION OF EMPLOYMENT BY INDUSTRY  
MONTGOMERY-BUCKS-CHESTER, PA METROPOLITAN DIVISION  
July 2024  
NONFARM JOBS - NOT SEASONALLY ADJUSTED**

| Establishment Data                          | Industry Employment                              |           |           |           | Net Change From: |          |
|---|--|-----------|-----------|-----------|------------------|----------|
|   | Jul 2024   | Jun 2024  | May 2024  | Jul 2023  | Jun 2024         | Jul 2023 |
| TOTAL NONFARM                               | 3,124,500  | 3,143,200 | 3,123,500 | 3,058,300 | -18,700          | 66,200   |
| TOTAL PRIVATE                               | 2,796,400  | 2,798,600 | 2,775,400 | 2,739,100 | -2,200           | 57,300   |
| GOODS PRODUCING                             | 311,900  | 310,400   | 307,700   | 310,700   | 1,500            | 1,200    |
| Construction, Natural Resources, and Mining | 130,100  | 128,000   | 126,200   | 127,600   | 2,100            | 2,500    |
| Manufacturing                               | 181,800  | 182,400   | 181,500   | 183,100   | -600             | -1,300   |
| Durable Goods                               | 93,000   | 93,100    | 92,700    | 93,500    | -100             | -500     |
| Non-Durable Goods                           | 88,800   | 89,300    | 88,800    | 89,600    | -500             | -800     |
| SERVICE-PROVIDING                           | 2,812,600  | 2,832,800 | 2,815,800 | 2,747,600 | -20,200          | 65,000   |
| PRIVATE SERVICE-PROVIDING                   | 2,484,500  | 2,488,200 | 2,467,700 | 2,428,400 | -3,700           | 56,100   |
| Trade, Transportation, and Utilities        | 541,000  | 541,000   | 539,100   | 542,400   | 0                | -1,400   |
| Wholesale Trade                             | 122,100  | 121,800   | 121,600   | 121,900   | 300              | 200      |
| Retail Trade                                | 279,700  | 279,600   | 278,100   | 282,700   | 100              | -3,000   |
| Transportation, Warehousing, and Utilities  | 139,200  | 139,600   | 139,400   | 137,800   | -400             | 1,400    |
| Information                                 | 53,000   | 52,500    | 53,000    | 53,500    | 500              | -500     |
| Financial Activities                        | 233,100  | 233,600   | 231,000   | 231,000   | -500             | 2,100    |
| Finance and insurance                       | 190,400  | 191,100   | 189,300   | 189,200   | -700             | 1,200    |
| Professional and Business Services          | 503,500  | 504,600   | 498,900   | 497,700   | -1,100           | 5,800    |
| Professional and technical services         | 255,400  | 256,100   | 252,900   | 255,000   | -700             | 400      |
| Administrative and waste services           | 178,300  | 179,000   | 177,600   | 173,500   | -700             | 4,800    |
| Education and Health Services               | 723,600  | 726,700   | 732,600   | 689,700   | -3,100           | 33,900   |
| Health care and social assistance           | 600,000  | 600,000   | 594,200   | 570,200   | 0                | 29,800   |
| Hospitals                                   | 145,100  | 145,300   | 143,900   | 141,900   | -200             | 3,200    |
| Leisure and Hospitality                     | 303,300  | 302,000   | 287,700   | 289,700   | 1,300            | 13,600   |
| Accommodation and food services             | 232,900  | 235,700   | 229,100   | 222,300   | -2,800           | 10,600   |
| Other Services                              | 127,000  | 127,800   | 125,400   | 124,400   | -800             | 2,600    |
| Government                                  | 328,100  | 344,600   | 348,100   | 319,200   | -16,500          | 8,900    |
| Federal Government                          | 56,500   | 56,100    | 56,000    | 54,800    | 400              | 1,700    |
| State Government                            | 51,500   | 52,000    | 55,200    | 50,400    | -500             | 1,100    |
| Local Government                            | 220,100  | 236,500   | 236,900   | 214,000   | -16,400          | 6,100    |
| Data benchmarked to March 2023              | ***Data changes of 100 may be due to rounding*** |           |           |           |                  |          |

Source: Center for Workforce Information & Analysis, Pennsylvania Department of Labor & Industry

**Major Employers**

**Montgomery County  
1<sup>st</sup> Quarter 2024**

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Merck Sharp & Dohme Corporation  
 Abington Memorial Hospital  
 Main Line Hospitals Inc.  
 State Government  
 SEI Investments Company  
 Albert Einstein Medical Center  
 SmithKline Beecham Corporation  
 Giant Food Stores LLC  
 Lockheed Martin Corp  
 Montgomery County

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Source: Center for Workforce Information & Analysis

Table A-4 shows recent trends in labor force, employment, and unemployment for Montgomery County and the Commonwealth.

**TABLE A-4  
TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT  
NOT SEASONALLY ADJUSTED**

|                                 | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024<sup>(1)</sup></u> | <u>Rate</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|---------------------------|-------------|
| <b><i>Montgomery County</i></b> |             |             |             |             |             |                           |             |
| Civilian Labor Force (000)      | 456.2       | 443.5       | 443.2       | 460.6       | 474.2       | 479.5                     | 1.00%       |
| Employment (000)                | 441.1       | 409.2       | 421.9       | 445.6       | 462.9       | 463.5                     | 1.00%       |
| Unemployment (000)              | 15.1        | 34.3        | 21.2        | 14.9        | 11.3        | 16.0                      | 1.16%       |
| Unemployment Rate               | 3.3%        | 7.7%        | 4.8%        | 3.2%        | 2.4%        | 3.3%                      |             |
| <b><i>Pennsylvania</i></b>      |             |             |             |             |             |                           |             |
| Civilian Labor Force (000)      | 6,574.0     | 6,515.0     | 6,445.0     | 6,479.0     | 6,485.0     | 6,657.0                   | 0.25%       |
| Employment (000)                | 6,288.0     | 5,933.0     | 6,059.0     | 6,196.0     | 6,296.0     | 6,392.0                   | 0.33%       |
| Unemployment (000)              | 286.0       | 581.0       | 386.0       | 283.0       | 189.0       | 265.0                     | -1.51%      |
| Unemployment Rate               | 4.3%        | 8.9%        | 6.0%        | 4.4%        | 2.9%        | 4.0%                      |             |

<sup>(1)</sup>As of July 2024.

Source: Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis website.

**Income**

Table A-5 shows recent trends in per capita income for the School District, Montgomery County, and the Commonwealth over the 2010-2020 period. Per capita income in the School District and in the County is higher than average per capita in the Commonwealth. Per capita income in the School District increased at a faster rate over this period than per capita income for the Commonwealth and the County.

**TABLE A-5  
RECENT TRENDS IN PER CAPITA INCOME\***

|                         | <b>2010</b> | <b>2020</b> | <b>Compound Average<br/>Annual Percentage Change<br/>2010-2020</b> |
|-------------------------|-------------|-------------|--|
| School District .....   | \$41,855    | 50,525      | 3.84%  |
| Montgomery County ..... | 40,076      | 49,905      | 4.48%  |
| Pennsylvania .....      | 27,049      | 35,518      | 5.60%  |

\*Income is defined by the Bureau of the Census as the sum of wage and salary income, non-farm self-employment income, net self-employment income, Social Security and Railroad retirement income, public assistance income, interest, dividends, pensions, etc. before deductions for personal income taxes, Social Security, etc. School District income is the population-weighted average for political subdivisions.

Source: U.S. Census Bureau, 2010-2020 American Community Survey.

**Commercial Activity**

**TABLE A-6  
TOTAL RETAIL SALES  
(000)**

|                   | <b>2019</b>  | <b>2020</b>  | <b>2021</b>  | <b>2022</b>  | <b>2023</b>  |
|-------------------|--------------|--------------|--------------|--------------|--------------|
| Montgomery County | \$21,566,509 | \$22,055,191 | \$21,239,179 | \$22,982,660 | \$24,998,262 |
| MSA               | 118,054,280  | 121,588,785  | 117,611,766  | 129,095,108  | 138,955,072  |
| Pennsylvania      | 244,709,540  | 251,185,116  | 274,685,600  | 297,770,327  | 310,912,244  |

Source: The Nielson Company.

**Educational Institutions**

In the nearby Philadelphia area there are numerous institutions of higher education which are Temple University, The University of Pennsylvania and Drexel University, the following institutions of higher education are found in Montgomery County: Academy of New Church, Antonelli Institute of Art and Photography, Arcadia University, Biblical Theological Seminary, Bryn Mawr College, Calvary Baptist Theological Seminary, Combs College of Music, Dropsie College, Eastern Baptist Theological Seminary, Faith Theological Seminary, Gwynedd-Mercy College, Harcum Junior College, Haverford College, Lansdale School of Business (Lansdale and Pottstown), Manor Junior College, Montgomery County Community College, Northeastern Christian Junior College, The Pennsylvania State University (Malvern and Abington Campuses), Reconstructionist Rabbinical College, Rosemont College, St. Charles Borromeo Seminary, Temple University (Ambler Campus), Ursinus College, Welder Training and Testing Institute, and Westminster Theological Seminary.

**Medical Facilities**

Montgomery County contains 16 hospitals with approximately 4,550 beds and employing over 10,000 people.

The nearby City of Philadelphia is one of the largest health care centers in the world, with 53 hospitals employing over 37,000 people. There are 7 medical schools and 2 dental schools in Philadelphia.

**Transportation Facilities**

Montgomery County contains 32.7 miles of Pennsylvania Turnpike and other Interstate Highways and over 3,000 miles of Commonwealth, Federal, secondary and municipal roads. 7 commercial airports and 4 different railroads serve the County.

In nearby Philadelphia is the Philadelphia International Airport, along with all major rail, bus and trucking lines. The port located in Philadelphia is considered to be one of the largest fresh water ports in the world.

**Utilities**

Utility services for the area covered by the School District are provided by Verizon and PECO water and sewer service is provided by local authorities and on-site systems.

**APPENDIX B**  
**Proposed Text of Bond Counsel Opinion**

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Eckert Seamans Cherin & Mellott, LLC  
213 Market Street  
8<sup>th</sup> Floor  
Harrisburg, PA 17101

TEL 717 237 6000  
FAX 717 237 6019  
www.eckertseamans.com

\_\_\_\_\_, 2024

Re: \$ \_\_\_\_\_ aggregate principal amount  
Methacton School District,  
Montgomery County, Pennsylvania  
General Obligation Bonds, Series of 2024

To The Purchasers of the Within-Described Bonds:

We have served as bond counsel to the Methacton School District, Montgomery County, Pennsylvania (the "School District"), in connection with the issuance by the School District of its \$ \_\_\_\_\_ aggregate principal amount General Obligation Bonds, Series of 2024 (the "Bonds"), under the provisions of the Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the "Act"), and a Resolution (the "Resolution") adopted on March 26, 2024, by the Board of School Directors of the School District (the "Board"). The Bonds are being issued to refund all or a portion of the School District's outstanding (i) General Obligation Bonds, Series of 2018, (ii) General Obligation Bonds, Series of 2019, and (iii) General Obligation Bonds, Series A of 2019, and to pay the costs and expenses of issuing the Bonds.

As Bond Counsel for the School District, we have examined: (a) the relevant provisions of the Constitution of the Commonwealth of Pennsylvania (the "Commonwealth"); (b) the Act; (c) the relevant provisions of the Public School Code of 1949, as amended; (d) the Resolution and the Debt Statement of the School District filed with the Pennsylvania Department of Community and Economic Development (the "Department"); (e) the proceedings of the Board with respect to the authorization, issuance and sale of the Bonds; (f) a Certificate of Approval issued by the Department in respect of the proceedings authorizing the issuance of the Bonds; and (g) certain statements, certifications, affidavits and other documents and matters of law which we have considered relevant, including, without limitation, a certificate dated the date hereof (the "Tax Compliance Certificate") of officials of the School District having responsibility for issuing the Bonds, given pursuant to the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code"), an opinion of the Solicitor to the School District as to various matters, and the other documents, certifications and instruments listed in a closing index filed with the Paying Agent (hereinafter defined) on the date of original delivery of the Bonds. We also have examined a fully executed and authenticated Bond, or a true copy thereof, and assume all other Bonds are in such form and are similarly executed and authenticated.

In rendering the opinion set forth below, we have relied upon the genuineness, accuracy and completeness of all documents, records, certifications and other instruments we have examined, including, without limitation, the authenticity of all signatures appearing thereon. We also have relied, in the opinion set forth below, upon the opinion of the Solicitor of the School District as to all matters of fact and law set forth therein.

Except with respect to paragraph 6 below, our opinion is given only with respect to the internal laws of the Commonwealth as enacted and construed on the date hereof.

Based on the foregoing, we are of the opinion that:

1. The School District is authorized under the provisions of the Constitution and the laws of the Commonwealth to issue the Bonds for the purposes therein set forth; the School District has properly authorized the issuance thereof; and the Department has duly approved such issuance.

2. The School District has established one or more sinking funds for the Bonds (collectively, the “Sinking Fund”) with Manufacturers and Traders Trust Company, as paying agent, registrar and sinking fund depository (the “Paying Agent”), and has covenanted in the Resolution to deposit in the Sinking Fund amounts sufficient to pay the principal of and interest on the Bonds as the same becomes due and payable and to apply the amounts so deposited to the payment of such principal and interest.

3. The School District has effectively covenanted: (i) to include the amount of debt service on the Bonds in each fiscal year of the School District in which such sums are due and payable in its budget for that fiscal year; (ii) to appropriate such amounts from its general revenues for the payment of such debt service; and (iii) to duly and punctually pay, or cause to be paid, from the Sinking Fund or any other of its general revenues or funds, the principal or redemption price of and interest on the Bonds on the dates and in the places and in the manner stated in the Bonds according to the true intent and meaning thereof. For such budgeting, appropriation and payment the School District has pledged, with respect to the Bonds, its full faith, credit and taxing power, within the limits established by law.

4. The Bonds have been duly authorized, executed, authenticated, issued and delivered, and are the legal, valid and binding general obligations of the School District, payable from the general revenues of the School District from whatever source derived, within the limits established by law, and are enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws or legal or equitable principles affecting the enforcement of creditors’ rights.

5. Under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Commonwealth taxes and local taxes within the Commonwealth.

6. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Code. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering this opinion, we have assumed compliance by the School District with the covenants contained in the Resolution and the representations in the Tax Compliance Certificate relating to actions to be taken by the School District after the issuance of the Bonds necessary to effect or maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes. These covenants and representations relate to, among other things, the use and investment of proceeds of the Bonds, and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in the interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

We express no opinion as to any matter not set forth in the numbered paragraphs herein. This opinion is given as of the date hereof and we assume no obligation to supplement this opinion to reflect changes in law that may hereafter occur or changes in facts or circumstances that may hereafter come to our attention. Without limiting the generality of the foregoing, we express no opinion with respect to and assume no responsibility for, the accuracy, adequacy or completeness of the preliminary official statement or the official statement prepared in respect of the Bonds, and make no representation that we have independently verified the contents thereof.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

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**APPENDIX C**  
**Form of Continuing Disclosure Certificate**

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## CONTINUING DISCLOSURE CERTIFICATE

Re: METHACTON SCHOOL DISTRICT,  
Montgomery County, Pennsylvania  
\$ \_\_\_\_\_ Aggregate Principal Amount  
General Obligation Bonds, Series of 2024  
Dated \_\_\_\_\_, 2024

\_\_\_\_\_, 2024

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by METHACTON SCHOOL DISTRICT, Montgomery County, Pennsylvania (the “School District”), in connection with the issuance of its General Obligation Bonds, Series of 2024 (the “Bonds”). The Bonds are being issued pursuant to a resolution duly adopted by the Board of School Directors of the School District (the “Resolution”). The School District makes the following certifications and representations as an inducement to the Participating Underwriters and others to purchase the Bonds:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the School District for the benefit of the holders of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report filed by the School District pursuant to, and as described in, Section 3 of this Disclosure Certificate.

“Bondholder” shall mean any registered owner of the Bonds or any person who (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Bonds (including persons holding through any nominee, securities depository or other intermediary) or (ii) is treated as the holder of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than a Saturday, a Sunday, or a day on which the New York Stock Exchange is closed or a day on which banks located in the Commonwealth are authorized or required by law or executive order to close.

“Commonwealth” shall mean the Commonwealth of Pennsylvania.

“Financial Obligation” shall mean (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of either (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 6 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the final official statement relating to the Bonds prepared by or on behalf of the School District and distributed in connection with the offering and sale of the Bonds by the Participating Underwriters.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

SECTION 3. Filing of Annual Reports. The School District shall file annually with the MSRB by April 1 of each year beginning on April 1, 2025 an Annual Report for the prior fiscal year ending June 30<sup>th</sup> that is consistent with the requirements of Section 4 of this Disclosure Certificate.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the School District for the most recent completed fiscal year are not available to be included in the Annual Report when filed, such audited financial statements may be filed separately from the balance of the Annual Report, as provided in the following paragraph.

If the audited financial statements of the School District for the most recent fiscal year are not available as of the date on which the Annual Report is to be filed, if available, its State Form PDE-2057 Annual Financial Report can be filed as an interim filing until such audited financial statements are available. The audited financial statements shall be filed with the MSRB as soon as they are available, and the Annual Report, when filed, shall contain a statement to that effect and a statement of the date by which the School District reasonably expects the audited financial statements to become available and to be filed with the MSRB.

SECTION 4. Content of Annual Reports. The School District’s Annual Report shall contain or incorporate by reference the following financial information and operating data with respect to the School District:

- (1) financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for Pennsylvania school districts, and audited in accordance with generally accepted auditing standards;
- (2) a copy of (or a summary of) the budget for the current fiscal years;
- (3) the total assessed value of all taxable real estate for the then current fiscal year;



- (4) the taxes and millage rates imposed for the then current fiscal year;
- (5) the real property tax collection results for the most recent fiscal year, including
  - (a) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount),
  - (b) the dollar amount of real estate taxes collected that represented current collections,
  - (c) the dollar amount of delinquent real estate taxes collected that represent taxes levied in prior years, and
  - (d) the total dollar amount of real estate taxes collected; and
- (6) owners of the top 10 parcels of real estate taxed by the School District and, for each, its total assessed value in the current fiscal year.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the School District or related public entities, which have been made available to the public on the MSRB's internet website or filed with the SEC. The School District shall identify each other document so incorporated by reference.

The School District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the School District or its operations or financial reporting, but the School District will agree that any such modification will be done in a manner consistent with the Rule.

**SECTION 5. Notices of Late Filing of Annual Information.** If the School District has failed to file, or is unable to file, an Annual Report with the MSRB within the time set forth in Section 3 above, the School District will file, in a timely manner, a notice with the MSRB stating such fact and, if appropriate, the date by which the School District expects to file the Annual Report.

**SECTION 6. Reporting of Listed Events.** In a timely manner not in excess of ten (10) Business Days after the occurrence of the event, the School District will file with the MSRB notice of the occurrence of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;

- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the School District;
- (13) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the School District, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the School District, any of which reflect financial difficulties.

The School District may from time to time choose to provide notice of the occurrence of certain other events affecting the Bonds or the School District, in addition to those listed above, if, in the judgment of the School District, such other event is material with respect to the Bonds, but the School District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

SECTION 7. Manner of Filing. All filings to be made with the MSRB in accordance with this Disclosure Certificate are to be filed in such electronic format as is prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB. As of the date of this Disclosure Certificate, the rules of the MSRB require all such filings to be made using the MSRB's Electronic Municipal Market Access System ("EMMA") at <http://emma.msrb.org>.

SECTION 8. Dissemination Agent. The School District may, at any time and from time to time, appoint or engage another person (the "Dissemination Agent") to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge such Dissemination Agent, with or without appointing a successor and without notice to Bondholders.

SECTION 9. Termination of Disclosure Obligation. The School District's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds or if and when the School District no longer remains an "obligated person" with respect to the Bonds, within the meaning of the Rule.

SECTION 10. Default. In the event of a failure of the School District to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School District to comply with its obligations under this Disclosure Certificate. A default

under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the School District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Participating Underwriters and Bondholders, and shall create no rights in any other person or entity.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the School District causes this Continuing Disclosure Certificate to be executed on its behalf by the President of the Board of School Directors all as of the date set forth above.

METHACTON SCHOOL DISTRICT,  
Montgomery County, Pennsylvania

By: \_\_\_\_\_  
(Vice) President of the Board  
of School Directors

**APPENDIX D**  
**Financial Statements and Single Audit**  
**for the Year Ending June 30, 2023**

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**REPORT ON  
METHACTON SCHOOL DISTRICT  
SINGLE AUDIT REPORT  
FISCAL YEAR ENDED JUNE 30, 2023**

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METHACTON SCHOOL DISTRICT

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## INTRODUCTORY SECTION

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# GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of  
American Institute of Certified Public Accountants  
Pennsylvania Institute of Certified Public Accountants

Members of the Board  
Methacton School District  
1001 Kriebel Mill Road  
Eagleville, PA 19403

We have performed the Single Audit of the Methacton School District for the fiscal year ended June 30, 2023 and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, which entailed:

1. An audit of the basic financial statements, and our opinion thereon;
2. A review of compliance and of internal control over financial reporting based on an audit of the financial statements performed in accordance with Governmental Auditing Standards, and our report thereon;
3. An examination of the Schedule of Expenditures of Federal Awards and our report thereon; and,
4. An opinion on compliance with requirements applicable to each major program, and a review of internal control over compliance in accordance with the Uniformed Guidance, explained above, and our report thereon.

Respectfully submitted,

*Gorman & Associates, P.C.*

January 5, 2024

***REPORT DISTRIBUTION LIST***

The Methacton School District has distributed copies of the Single Audit Act Package to the following:

**ONE COPY TO:** FEDERAL AUDIT CLEARINGHOUSE  
**(Electronically Submitted)** GENERAL SERVICES ADMINISTRATION

**ONE COPY TO:** COMMONWEALTH OF PENNSYLVANIA  
**(Electronically Submitted)** OFFICE OF THE BUDGET/BUREAU OF AUDITS

**ONE COPY TO:** MONTGOMERY COUNTY I.U.  
2 WEST LAFAYETTE STREET  
NORRISTOWN, PA 19401



## FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

Board of School Directors  
Methacton Area School District  
1001 Kriebel Mill Road  
Eagleview, PA 19403

### Report on the Audit of the Financial Statements

#### **Opinions**

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

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

#### **Basis for Opinions**

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

#### **Change in Accounting Principle**

As described in Note 2-G to the financial statements, in 2022-23, The District adopted new accounting guidance, GASB Statement No. 96, SBITA's, our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

## **METHACTON SCHOOL DISTRICT**

---

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

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

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-15, the schedules associated with the District's Defined Benefit Pension Plan, and the Schedules of the District's OPEB Plans, on pages 82-89, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

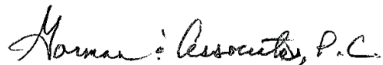
***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023, on our consideration of the Methacton Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Methacton Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Methacton Area School District's internal control over financial reporting and compliance.

Respectfully submitted,



Northampton, Pennsylvania  
November 14, 2023

**METHACTON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)  
Required Supplementary Information (RSI)  
(UNAUDITED)  
For the Year Ended June 30, 2023**

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This discussion and analysis of Methacton School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the audited financial statements and the related disclosures to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

In the Fiscal Year 2022 - 2023 Methacton School District's General Fund operating revenues totaled \$124.8M with operating expenditures of \$126.7M resulting in an operating loss of \$1.9M. This loss was due to the decision to utilize the committed funds associated with construction projects rather than borrow funds. This decision in addition to avoiding more debt service, also saved the taxpayers the long-term costs associated with any borrowing.

In addition to the \$1.9M loss the general fund unassigned fund balance is capped, by board policy, at seven percent (7.00%) of the 2023 - 2024 Budget and required the District to transfer an additional \$3.6M to Capital Projects resulting in a net fiscal year loss of \$5,468,811. The main contributor to the amount that needed to be transferred includes the prior year committed funds for construction projects (\$5.7M) and Charter Schools (\$0.6M). All of which will help with future funding needs and avoid future borrowing needs for the District and the associated debt service costs.

The District completed the fiscal year 2022 - 2023 with liabilities and deferred inflows of resources of \$254,475,714 exceeding assets and deferred outflows of resources of \$209,092,455 by \$45,383,259. In comparison the total net position of the district increased \$15,328,614 year-over-year.

- The governmental activities total assets decreased by \$1,191,649 over prior year.
- The District's business-type activities, which are comprised of the Food Service Fund, showed an increase of \$816,482 in total assets from prior year.
- At the end of the current fiscal year, the unassigned, undesignated fund balance of the General Fund was \$8,860,957 compared to the prior year of \$8,320,840, an increase of \$540,117.
- The Board continues to review the fund balance of the District and strives to maintain the fund balance to within 7% of the total budgeted expenditures, or in future years will budget to replenish the fund balance, should it be necessary.

**METHACTON SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

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**USING THE BASIC FINANCIAL STATEMENTS**

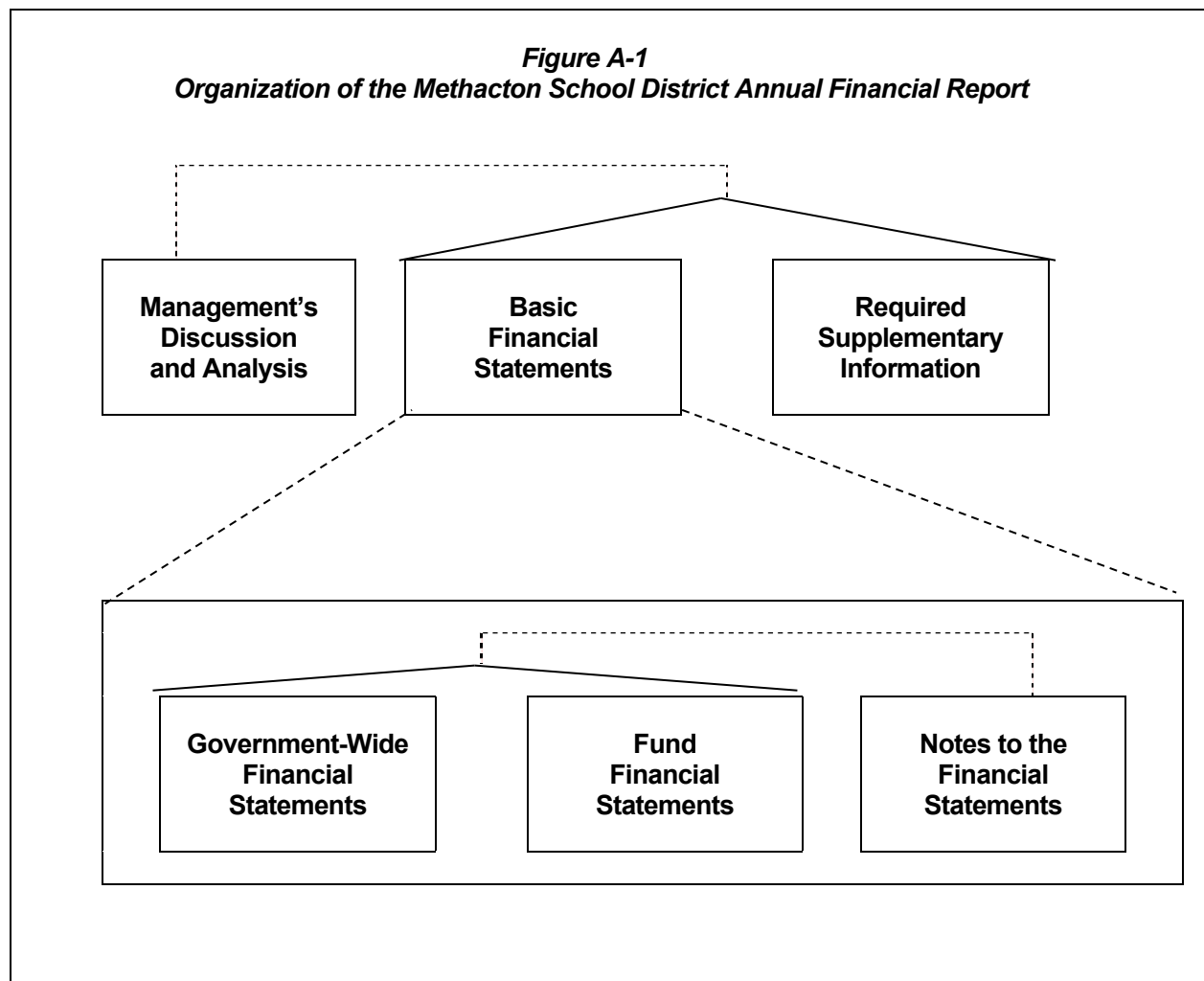
This annual report consists of two distinct series of financial statements: The District as a whole, and by fund.

The first two statements are government-wide financial statements (District as a whole). These are the Statement of Net Position, and the Statement of Activities. The statements provide both long-term and short-term information about the District's overall financial status.

The remaining statements (by fund) focus on individual parts of the District's operations in more detail. The Governmental Funds statements focus on how general District services were financed in the short term, as well as what remains for future spending. The Proprietary Fund statements offer short- and long-term financial information about the activities the District operates as a business. For this District, this is the Food Service Fund. The Fiduciary Fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

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

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



**METHACTON SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

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

| <i>Figure A-2</i>  |  |   |   |   |
|--|--|---|---|---|
| <i>Major Features of the Government-Wide and Fund Financial Statements</i> |  |   |   |   |
|  | Government-Wide Statements   | Fund Financial Statements   |   |   |
|  |  | Governmental Funds  | Proprietary Fund  | Fiduciary Funds   |
| Scope  | Entire School District (except Fiduciary Funds)  | The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance   | Activities the School District operates similar to private businesses: food services and adult education  | Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities       |
| Required financial statements  | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul> | <ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>                                     | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in net position</li> <li>• Statement of cash flows</li> </ul> | <ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul> |
| Accounting basis and measurement focus                                     | Accrual accounting and economic resources focus  | Modified accrual accounting and current financial focus   | Accrual accounting and economic resources focus   | Accrual accounting and economic resources focus   |
| Type of asset/liability information  | All assets and liabilities, both financial and capital, short-term and long-term                                 | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included                     | All assets and liabilities, both financial and capital, and short-term and long-term  | All assets and liabilities, both short-term and long-term; capital assets   |
| Type of inflow/outflow information   | All revenues and expenses during the year, regardless of when cash is received or paid                           | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All revenues and expenses during the year, regardless of when cash is received or paid  | All additions and deductions during the year, regardless of when cash is received or paid   |

**METHACTON SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

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**OVERVIEW OF FINANCIAL STATEMENTS**

**Government-Wide Statements**

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

The two government-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one way to measure the District's financial health or current position.

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

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

**Fund Financial Statements**

The District's fund financial statements, which begin on page 18, provide detailed information about the most significant individual funds. Some funds are required by state law and by debt requirements.

- ***Governmental Funds:*** Most of the District's activities are reported in Governmental Funds, which focus on the determination of financial position and change in financial position, not on income determination. Governmental Funds utilize the modified-accrual accounting method. This method of accounting measures cash and all other financial assets that can readily be converted to cash. The Governmental Funds statements provide a detailed short-term view of the District's operations. Governmental Funds information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.
- ***Proprietary Fund:*** The Proprietary Fund is used to account for District activities that are similar to private sector business operations. Fee for service charges by the District to customers (external and internal customers), are reported in the Proprietary Fund. Currently the Food Service Fund is the District's sole Proprietary Fund.
- ***Fiduciary Funds:*** The District is the trustee for some Scholarship and Custodial Funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 30. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations.



**METHACTON SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's total net position was \$(45,383,259) as of June 30, 2023, as a result of the GASB 68 pension and GASB 75 OPEB reporting requirements.

**Table A-1**  
**Condensed Statements of Net Position**  
*June 30, 2023 and 2022*

|                                  | 2023                       |                             |                        | 2022                       |                             |                        |
|----------------------------------|----------------------------|-----------------------------|------------------------|----------------------------|-----------------------------|------------------------|
|                                  | Governmental<br>Activities | Business-Type<br>Activities | Totals                 | Governmental<br>Activities | Business-Type<br>Activities | Totals                 |
| <b>ASSETS</b>                    |                            |                             |                        |                            |                             |                        |
| Current and other assets         | \$ 43,547,930              | \$ 760,741                  | \$ 44,308,671          | \$ 47,807,841              | \$ 701,454                  | \$ 48,509,295          |
| Capital assets                   | \$ 141,491,641             | \$ 867,985                  | \$ 142,359,626         | \$ 138,423,379             | \$ 110,790                  | \$ 138,534,169         |
| <b>TOTAL ASSETS</b>              | <b>\$ 185,039,571</b>      | <b>\$ 1,628,726</b>         | <b>\$ 186,668,297</b>  | <b>\$ 186,231,220</b>      | <b>\$ 812,244</b>           | <b>\$ 187,043,464</b>  |
| <br>                             |                            |                             |                        |                            |                             |                        |
| DEFERRED OUTFLOWS OF RESOURCES   | \$ 22,424,158              | \$ -                        | \$ 22,424,158          | \$ 25,657,092              | \$ -                        | \$ 25,657,092          |
| <br>                             |                            |                             |                        |                            |                             |                        |
| <b>LIABILITIES</b>               |                            |                             |                        |                            |                             |                        |
| Current and other liabilities    | \$ 23,059,516              | \$ 563,660                  | \$ 23,623,176          | \$ 23,586,502              | \$ 141,119                  | \$ 23,727,621          |
| Long-term liabilities            | \$ 220,832,349             |                             | \$ 220,832,349         | \$ 225,735,873             |                             | \$ 225,735,873         |
| <b>TOTAL LIABILITIES</b>         | <b>\$ 243,891,865</b>      | <b>\$ 563,660</b>           | <b>\$ 244,455,525</b>  | <b>\$ 249,322,375</b>      | <b>\$ 141,119</b>           | <b>\$ 249,463,494</b>  |
| <br>                             |                            |                             |                        |                            |                             |                        |
| DEFERRED INFLOWS OF RESOURCES    | \$ 10,020,189              | \$ -                        | \$ 10,020,189          | \$ 23,948,935              | \$ -                        | \$ 23,948,935          |
| <br>                             |                            |                             |                        |                            |                             |                        |
| <b>NET POSITION</b>              |                            |                             |                        |                            |                             |                        |
| Net investment in capital assets | \$ 56,708,648              | \$ 867,985                  | \$ 57,576,633          | \$ 59,690,053              | \$ 110,790                  | \$ 59,800,843          |
| Restricted for capital projects  | \$ 17,266,409              | \$ -                        | \$ 17,266,409          | \$ 1,786,315               | \$ -                        | \$ 1,786,315           |
| Unrestricted (deficit)           | \$ (120,423,382)           | \$ 197,081                  | \$ (120,226,301)       | \$ (122,859,366)           | \$ 560,335                  | \$ (122,299,031)       |
| <b>TOTAL NET POSITION</b>        | <b>\$ (46,448,325)</b>     | <b>\$ 1,065,066</b>         | <b>\$ (45,383,259)</b> | <b>\$ (61,382,998)</b>     | <b>\$ 671,125</b>           | <b>\$ (60,711,873)</b> |

**METHACTON SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

Table A-2 presents the Districts Statement of Changes in Net Position. This schedule uses the financial information from the Statement of Activities found on page 17. The presentation of Table A-2 is similar to an income statement of a private industry organization.

Total revenues from governmental and business-type activities were \$127,048,903 for the fiscal year ended June 30, 2023, versus \$127,756,140 for the prior fiscal year. The main contributor to the decrease was local property taxes, which were inflated due to the appeal settlement in 2021-2022.

Total expenditures for the current fiscal year were \$111,720,289 versus \$104,995,680 for the prior fiscal year. The major contributors to the increase in expenditures are related to instructional costs being \$4.5M higher than 2021-2022. This accounts for 67% of the increase. An additional \$1.2M, or 18%, was associated with the unallocated depreciation expense.

Overall, the District's net position increased \$15.3 million during the current fiscal year.

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

|  | 2023                       |                             |                       | 2022                       |                             |                       |
|--|----------------------------|-----------------------------|-----------------------|----------------------------|-----------------------------|-----------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Totals                | Governmental<br>Activities | Business-Type<br>Activities | Totals                |
| <b>REVENUES</b>                                      |                            |                             |                       |                            |                             |                       |
| Program revenues                                     |                            |                             |                       |                            |                             |                       |
| Charges for service                                  | \$ 908,798                 | \$ 1,318,118                | \$ 2,226,916          | \$ 944,004                 | \$ 1,140,956                | \$ 2,084,960          |
| Operating grants and contributions                   | \$ 16,868,789              | \$ 1,037,450                | \$ 17,906,239         | \$ 16,765,135              | \$ 674,449                  | \$ 17,439,584         |
| Capital grants and contributions                     | \$ 1,096,088               | \$ -                        | \$ 1,096,088          | \$ 784,773                 | \$ -                        | \$ 784,773            |
| General revenues                                     |                            |                             |                       |                            |                             |                       |
| Taxes  | \$ 93,149,782              | \$ -                        | \$ 93,149,782         | \$ 97,161,386              | \$ -                        | \$ 97,161,386         |
| Grants, subsidies and contributions, unrestricted    | \$ 10,401,676              | \$ -                        | \$ 10,401,676         | \$ 9,340,306               | \$ -                        | \$ 9,340,306          |
| Investment earnings                                  | \$ 2,019,404               | \$ 23,936                   | \$ 2,043,340          | \$ 210,684                 | \$ 908                      | \$ 211,592            |
| Other  | \$ 224,862                 | \$ -                        | \$ 224,862            | \$ 733,534                 | \$ 5                        | \$ 733,539            |
| Transfers  | \$ -                       | \$ -                        | \$ -                  | \$ -                       | \$ -                        | \$ -                  |
| Loss on sale of fixed assets                         | \$ (3,147)                 | \$ 3,147                    | \$ -                  | \$ -                       | \$ -                        | \$ -                  |
| <b>TOTAL REVENUE</b>                                 | <b>\$ 124,666,252</b>      | <b>\$ 2,382,651</b>         | <b>\$ 127,048,903</b> | <b>\$ 125,939,822</b>      | <b>\$ 1,816,318</b>         | <b>\$ 127,756,140</b> |
| <b>EXPENSES</b>                                      |                            |                             |                       |                            |                             |                       |
| Instruction  | \$ 64,599,488              | \$ -                        | \$ 64,599,488         | \$ 60,099,146              | \$ -                        | \$ 60,099,146         |
| Support Services                                     | \$ 36,580,331              | \$ -                        | \$ 36,580,331         | \$ 35,946,938              | \$ -                        | \$ 35,946,938         |
| Operations of non-instructional services             | \$ 1,504,703               | \$ -                        | \$ 1,504,703          | \$ 1,415,687               | \$ -                        | \$ 1,415,687          |
| Facilities acquisition, construction and improvement | \$ -                       | \$ -                        | \$ -                  | \$ -                       | \$ -                        | \$ -                  |
| Interest on long term debt                           | \$ 2,745,763               | \$ -                        | \$ 2,745,763          | \$ 2,994,888               | \$ -                        | \$ 2,994,888          |
| Unallocated depreciation expense                     | \$ 4,301,294               | \$ -                        | \$ 4,301,294          | \$ 3,100,292               | \$ -                        | \$ 3,100,292          |
| Food services  | \$ -                       | \$ 1,988,710                | \$ 1,988,710          | \$ -                       | \$ 1,438,729                | \$ 1,438,729          |
| Loss on sale of fixed assets                         | \$ -                       | \$ -                        | \$ -                  | \$ -                       | \$ -                        | \$ -                  |
| <b>TOTAL EXPENSES</b>                                | <b>\$ 109,731,579</b>      | <b>\$ 1,988,710</b>         | <b>\$ 111,720,289</b> | <b>\$ 103,556,951</b>      | <b>\$ 1,438,729</b>         | <b>\$ 104,995,680</b> |
| <b>CHANGE IN NET POSITION</b>                        | <b>\$ 14,934,673</b>       | <b>\$ 393,941</b>           | <b>\$ 15,328,614</b>  | <b>\$ 22,382,871</b>       | <b>\$ 377,589</b>           | <b>\$ 22,760,460</b>  |

**METHACTON SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

Table A-3 compares the gross expenditures of the governmental activities of the District broken down by major category seven largest functions. The table further shows the net costs after applying each category's direct revenue, grants and contributions. (total cost less revenues generated by the activities).

**Table A-3**  
**Governmental Activities**  
**Years Ended June 30, 2023 and 2022**

| Functions/Programs                                    | 2023                   |                      | 2022                   |                      |
|---|------------------------|----------------------|------------------------|----------------------|
|   | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Instruction   | \$ 64,599,488          | \$ 53,015,598        | \$ 60,099,146          | \$ 48,384,931        |
| Support Services                                      | \$ 36,580,331          | \$ 30,923,399        | \$ 35,946,938          | \$ 30,181,841        |
| Operations of non-instructional services              | \$ 1,504,703           | \$ 893,300           | \$ 1,415,687           | \$ 1,078,752         |
| Facilities acquisition, construction and improvement  | \$ -                   | \$ -                 | \$ -                   | \$ -                 |
| Interest on long term debt                            | \$ 2,745,763           | \$ 1,724,316         | \$ 2,994,888           | \$ 2,317,223         |
| Unallocated depreciation expense                      | \$ 4,301,294           | \$ 4,301,294         | \$ 3,100,292           | \$ 3,100,292         |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>                  | <b>\$ 109,731,579</b>  | <b>\$ 90,857,907</b> | <b>\$ 103,556,951</b>  | <b>\$ 85,063,039</b> |
| Less unrestricted grants, subsidies                   |                        | \$ (10,401,676)      |                        | \$ (9,340,306)       |
| <b>TOTAL NEED FROM LOCAL TAXES AND OTHER REVENUES</b> |                        | <b>\$ 80,456,231</b> |                        | <b>\$ 75,722,733</b> |

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

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

| Functions/Programs                    | 2023                   |                      | 2022                   |                      |
|---------------------------------------|------------------------|----------------------|------------------------|----------------------|
|                                       | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Food services                         | \$ 1,988,710           | \$ 366,858           | \$ 1,438,729           | \$ 378,497           |
| Less investment earnings              |                        | \$ (23,936)          |                        | \$ (908)             |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES</b> |                        | <b>\$ 342,922</b>    |                        | <b>\$ 377,589</b>    |

**METHACTON SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

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**THE DISTRICT FUNDS**

At June 30, 2023, the District's Governmental Funds reported a combined total fund balance of \$28,042,911. This is a decrease of \$4,081,136.

**General Fund**

The District budgeted for significant increases in health benefit costs, costs for anticipated needs of special education and future retirement and debt service cost. These areas are a challenge for the District in budgeting. The District is self-insured for health benefits, dental and prescription insurances. This category can fluctuate annually based upon the health of the individual employees within the District. Special education costs are dependent upon the type of student enrolled in the District each year. Enrollment and/or withdrawal of severely handicapped students can cause this expenditure to fluctuate. While the District does prepare a budget with a modest reserve each year for unexpected emergencies, this expenditure is dependent upon actual experience during the fiscal year.

**Capital Projects Fund**

The District established this fund in prior years for debt funded district-wide capital projects. The transfer of any surplus to the Capital Project Fund will aid the District in the larger maintenance projects, while removing the need to borrow and pay interest on funds to complete the projects.

**General Fund Budget**

During the fiscal year, the Board of School Directors (the "Board") authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year. A statement showing the District's original and final budget amounts compared with amounts actually paid and received is provided as required supplementary information.

The District applies for federal, state and local grants, and these grants cannot always be anticipated in the budgetary process.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2023, the District had \$140,461,650 invested in a broad range of capital assets net of accumulated depreciation, including land, buildings, furniture and equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$3,357,963 or 2.4% from last year.

**METHACTON SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

Table A-5 reflects the capital assets of both the governmental activities and the business-type activities of the District.

**Table A-5**  
**Governmental and Business-Type Activities**  
**Capital Assets, Net of Depreciation**  
**Years Ended June 30, 2023 and 2022**

| Functions/Programs   | 2023                   | 2022                   |
|--|------------------------|------------------------|
|  | Total Cost of Services | Total Cost of Services |
| Land   | \$ 1,564,425           | \$ 1,564,425           |
| Construction in Progress   | \$ 36,768,599          | \$ 32,586,120          |
| Site improvements, net of accumulated depreciation                   | \$ 5,419,875           | \$ 5,893,069           |
| Buildings and building improvements, net of accumulated depreciation | \$ 93,241,518          | \$ 93,175,422          |
| Machinery and equipment, net of accumulated depreciation             | \$ 3,467,233           | \$ 3,884,651           |
|  | <u>\$ 140,461,650</u>  | <u>\$ 137,103,687</u>  |

**Debt Administration**

**Table A-6**  
**Outstanding Debt**  
**Years Ended June 30, 2023 and 2022**

| Functions/Programs       | 2023                   | 2022                   |
|--------------------------|------------------------|------------------------|
|                          | Total Cost of Services | Total Cost of Services |
| General Obligation Notes |                        |                        |
| Series of 2020           | \$ 5,205,000           | \$ 5,205,000           |
| General Obligation Bonds |                        |                        |
| Series of 2016           | \$ 4,200,000           | \$ 8,715,000           |
| Series A of 2017         | \$ 1,110,000           | \$ 2,190,000           |
| Series B of 2017         | \$ 8,415,000           | \$ 8,420,000           |
| Series of 2018           | \$ 5,205,000           | \$ 5,895,000           |
| Series A of 2018         | \$ 5,375,000           | \$ 5,400,000           |
| Series of 2019           | \$ 4,460,000           | \$ 4,465,000           |
| Series A of 2019         | \$ 4,005,000           | \$ 4,010,000           |
| Series AA of 2019        | \$ 5,125,000           | \$ 6,110,000           |
| Series of 2020           | \$ 2,245,000           | \$ 2,250,000           |
| Series A of 2020         | \$ 15,810,000          | \$ 15,815,000          |
| Series of 2021           | \$ 13,110,000          | \$ 13,110,000          |
|                          | <u>\$ 74,265,000</u>   | <u>\$ 81,585,000</u>   |

The District maintains a rating of Aa2 from Moody's for general obligation debt. Additional information on the District's long-term debt can be found in Note 5.

**METHACTON SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET 2023-2024 AND RATES**

The District expects the tax base will continue to experience moderate growth. There are numerous housing units in construction or planned to be completed in the near future, as well as anticipated commercial development. Assessments for the 2023-2024 Fiscal Year were roughly \$41.9 million above the 2022-2023 Fiscal Year values based on the start of each Fiscal Year. This continued growth is expected through the 2023-2024 Fiscal Year.

The District continues to revise the strategic planning to meet future needs of the District. The Capital Projects Plan provides the District with the facility needs at each location as well as forecasting the financial needs of these efforts and forecasting out the financial projections for the next 5 years to determine the future needs of the District.

The Budget for the 2023-2024 Fiscal Year is \$126,585,115. The Millage increased 3.15%, which was below the ACT 1 Index of 4.1%. This resulted in a millage rate of 32.6492 for the 2023-2024 Fiscal Year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Timothy Bricker, Director of Business Services at Methacton School District, 1001 Kriebel Mill Road, Eagleville, PA 19403, or (610) 489-5000.

# BASIC FINANCIAL STATEMENTS

**Methacton School District  
Statement of Net Position  
As of June 30, 2023**

|   | <b>PRIMARY GOVERNMENT</b> |                      |                       |
|---|---------------------------|----------------------|-----------------------|
|   | <b>GOVERNMENTAL</b>       | <b>BUSINESS-TYPE</b> | <b>TOTAL</b>          |
|   | <b>ACTIVITIES</b>         | <b>ACTIVITIES</b>    |                       |
| <b>ASSETS</b>   |                           |                      |                       |
| <b>Current Assets:</b>  |                           |                      |                       |
| Cash and Cash Equivalents   | \$ 35,882,309             | \$ 678,488           | \$ 36,560,797         |
| Receivables, net  | 1,262,962                 | -                    | 1,262,962             |
| Internal Balances   | -                         | 13,845               | (1)                   |
| Due From Other Governments  | 4,264,859                 | 40,687               | 4,305,546             |
| Other Receivables   | 42,617                    | -                    | 42,617                |
| Inventories   | 268,291                   | 27,721               | 296,012               |
| Prepaid Expenses  | 1,826,892                 | -                    | 1,826,892             |
| <b>Total Current Assets</b>   | <b>43,547,930</b>         | <b>760,741</b>       | <b>44,294,826</b>     |
| <b>Non-Current Assets</b>   |                           |                      |                       |
| Restricted Cash and Cash Equivalents  | 29,087                    | -                    | 29,087                |
| Land  | 1,564,425                 | -                    | 1,564,425             |
| Site Improvements (net of depreciation)                                       | 5,419,875                 | -                    | 5,419,875             |
| Building and Bldg. Improvements (net of depreciation)                         | 93,241,518                | -                    | 93,241,518            |
| Furniture and Equipment (net of depreciation)                                 | 3,467,233                 | 867,985              | 4,335,218             |
| Intangible Right-To-Use Equipment (net of amortization)                       | 1,000,904                 | -                    | 1,000,904             |
| Construction in Progress  | 36,768,599                | -                    | 36,768,599            |
| <b>Total Non-Current Assets</b>   | <b>141,491,641</b>        | <b>867,985</b>       | <b>142,359,626</b>    |
| <b>Total Assets</b>   | <b>\$ 185,039,571</b>     | <b>\$ 1,628,726</b>  | <b>\$ 186,654,452</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   |                           |                      |                       |
| Deferred Outflows of Resources - Charges on Refundings                        | 1,185,278                 | -                    | 1,185,278             |
| Deferred Outflows of Resources - Related to Pension                           | 20,739,156                | -                    | 20,739,156            |
| Deferred Outflows of Resources - Related to OPEB                              | 499,724                   | -                    | 499,724               |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                        | <b>\$ 207,463,729</b>     | <b>\$ 1,628,726</b>  | <b>\$ 209,078,610</b> |
| <b>LIABILITIES</b>  |                           |                      |                       |
| <b>Current Liabilities:</b>   |                           |                      |                       |
| Internal Balances   | \$ 13,845                 | \$ -                 | \$ - (1)              |
| Due to Other Governments  | 547,316                   | -                    | 547,316               |
| Accounts Payable  | 2,812,156                 | 514,380              | 3,326,536             |
| Current Portion of Long-Term Obligations                                      | 7,856,100                 | -                    | 7,856,100             |
| Accrued Salaries and Benefits   | 5,371,934                 | -                    | 5,371,934             |
| Payroll Deductions and Withholdings   | 5,023,335                 | -                    | 5,023,335             |
| Deferred Revenue  | 339,943                   | 4,386                | 344,329               |
| Prepayments   | 44,863                    | -                    | 44,863                |
| Judgment Payable  | 135,222                   | -                    | 135,222               |
| Other Current Liabilities   | 914,802                   | 44,894               | 959,696               |
| <b>Total Current Liabilities</b>  | <b>23,059,516</b>         | <b>563,660</b>       | <b>23,609,331</b>     |
| <b>Non-Current Liabilities</b>  |                           |                      |                       |
| Bonds and Notes Payable   | 72,401,796                | -                    | 72,401,796            |
| Lease Obligations   | 394,380                   | -                    | 394,380               |
| Long-Term Portion of Compensated Absences                                     | 2,946,583                 | -                    | 2,946,583             |
| Net Defined Benefit Pension Liability   | 137,369,483               | -                    | 137,369,483           |
| Net OPEB Liability - Single Employer Plan                                     | 2,066,014                 | -                    | 2,066,014             |
| Net OPEB Liability - Multiple Employer Plan                                   | 5,654,093                 | -                    | 5,654,093             |
| <b>Total Liabilities</b>  | <b>243,891,865</b>        | <b>563,660</b>       | <b>244,441,680</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                           |                      |                       |
| Deferred Inflows of Resources - Leases  | -                         | -                    | -                     |
| Deferred Inflows of Resources - Related to Pension                            | 6,271,748                 | -                    | 6,271,748             |
| Deferred Inflows of Resources - Related to OPEB                               | 3,748,441                 | -                    | 3,748,441             |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>                    | <b>253,912,054</b>        | <b>563,660</b>       | <b>254,461,869</b>    |
| <b>NET POSITION</b>   |                           |                      |                       |
| Net Investment in Capital Assets  | 56,708,648                | 867,985              | 57,576,633            |
| <b>Restricted For:</b>  |                           |                      |                       |
| Capital Projects  | 17,266,409                | -                    | 17,266,409            |
| Unrestricted (deficit)  | (120,423,382)             | 197,081              | (120,226,301)         |
| <b>TOTAL NET POSITION</b>   | <b>(46,448,325)</b>       | <b>1,065,066</b>     | <b>(45,383,259)</b>   |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES,<br/>AND NET POSITION</b> | <b>\$ 207,463,729</b>     | <b>\$ 1,628,726</b>  | <b>\$ 209,078,610</b> |

The Accompanying Notes are an integral part of these financial statements.

(1) Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances are eliminated in the "total" column (GASB Statement No. 34, para. 58).



**Methacton School District**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

| FUNCTIONS/PROGRAMS   | PROGRAM REVENUES      |                      |                          |                          | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION |                          |                        |
|--|-----------------------|----------------------|--------------------------|--------------------------|---|--------------------------|------------------------|
|  | EXPENSES              | OPERATING            |                          | CAPITAL                  | GOVERNMENTAL ACTIVITIES                           | BUSINESS-TYPE ACTIVITIES | TOTAL                  |
|  |                       | CHARGES FOR SERVICES | GRANTS AND CONTRIBUTIONS | GRANTS AND CONTRIBUTIONS |   |                          |                        |
| <b>GOVERNMENTAL ACTIVITIES:</b>  |                       |                      |                          |                          |   |                          |                        |
| Instruction  | \$ 64,599,488         | \$ 465,546           | \$ 11,118,344            | \$ -                     | \$ (53,015,598)                                   | \$ -                     | \$ (53,015,598)        |
| Instructional Student Support  | 10,835,138            | -                    | 1,577,264                | -                        | (9,257,874)                                       | -                        | (9,257,874)            |
| Admin. & Fin'l Support Services  | 9,774,228             | -                    | 1,157,653                | 74,641                   | (8,541,934)                                       | -                        | (8,541,934)            |
| Oper. & Maint. of Plant Svcs.  | 8,707,505             | -                    | 856,834                  | -                        | (7,850,671)                                       | -                        | (7,850,671)            |
| Pupil Transportation   | 7,263,460             | -                    | 1,990,543                | -                        | (5,272,917)                                       | -                        | (5,272,917)            |
| Student Activities   | 1,497,354             | 443,252              | 168,151                  | -                        | (885,951)   | -                        | (885,951)              |
| Community Services   | 7,349                 | -                    | -                        | -                        | (7,349)   | -                        | (7,349)                |
| Interest on Long-Term Debt   | 2,745,763             | -                    | -                        | 1,021,447                | (1,724,316)                                       | -                        | (1,724,316)            |
| Unallocated Depreciation Expense   | 4,301,294             | -                    | -                        | -                        | (4,301,294)                                       | -                        | (4,301,294)            |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>   | <b>109,731,579</b>    | <b>908,798</b>       | <b>16,868,789</b>        | <b>1,096,088</b>         | <b>(90,857,904)</b>                               | <b>-</b>                 | <b>(90,857,904)</b>    |
| <b>BUSINESS-TYPE ACTIVITIES:</b>   |                       |                      |                          |                          |   |                          |                        |
| Food Services  | 1,988,710             | 1,318,118            | 1,037,450                | -                        | -   | 366,858                  | 366,858                |
| <b>TOTAL PRIMARY GOVERNMENT</b>  | <b>\$ 111,720,289</b> | <b>\$ 2,226,916</b>  | <b>\$ 17,906,239</b>     | <b>\$ 1,096,088</b>      | <b>\$ (90,857,904)</b>                            | <b>\$ 366,858</b>        | <b>\$ (90,491,046)</b> |
| <b>GENERAL REVENUES:</b>   |                       |                      |                          |                          |   |                          |                        |
| Property taxes. Levied for general purposes, net                                 |                       |                      |                          |                          | \$ 82,349,126                                     | \$ -                     | \$ 82,349,126          |
| Taxes levied for specific purposes   |                       |                      |                          |                          | 10,800,656  | -                        | 10,800,656             |
| Grants, subsidies, & contributions not restricted                                |                       |                      |                          |                          | 10,401,676  | -                        | 10,401,676             |
| Investment Earnings  |                       |                      |                          |                          | 2,019,404   | 23,936                   | 2,043,340              |
| Miscellaneous Income   |                       |                      |                          |                          | 508,479   | -                        | 508,479                |
| Special item - Gain (Loss) on sale of capital assets                             |                       |                      |                          |                          | (283,617)   | -                        | (283,617)              |
| Extraordinary Items  |                       |                      |                          |                          | -   | -                        | -                      |
| Transfers  |                       |                      |                          |                          | (3,147)   | 3,147                    | -                      |
| <b>TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS</b> |                       |                      |                          |                          | <b>105,792,577</b>                                | <b>27,083</b>            | <b>105,819,660</b>     |
| <b>CHANGES IN NET POSITION</b>   |                       |                      |                          |                          | <b>14,934,673</b>                                 | <b>393,941</b>           | <b>15,328,614</b>      |
| <b>NET POSITION - BEGINNING</b>  |                       |                      |                          |                          | <b>(61,382,998)</b>                               | <b>671,125</b>           | <b>(60,711,873)</b>    |
| <b>NET POSITION - ENDING</b>   |                       |                      |                          |                          | <b>\$ (46,448,325)</b>                            | <b>\$ 1,065,066</b>      | <b>\$ (45,383,259)</b> |

The Accompanying Notes are an integral part of these financial statements.

**Methacton School District  
Balance Sheet  
Governmental Funds  
As of June 30, 2023**

|  | <b>GENERAL</b>       | <b>CAPITAL<br/>PROJECTS<br/>FUNDS</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--|----------------------|---------------------------------------|---|
| <b><u>ASSETS</u></b>   |                      |                                       |   |
| Cash and Cash Equivalents  | \$ 22,124,756        | \$ 13,757,553                         | \$ 35,882,309                           |
| Restricted Cash  | 29,087               | -                                     | 29,087                                  |
| Taxes Receivable, net  | 1,262,962            | -                                     | 1,262,962                               |
| Due from Other Funds   | -                    | 3,624,212                             | 3,624,212                               |
| Due from Other Governments   | 4,264,859            | -                                     | 4,264,859                               |
| Other Receivables  | 42,617               | -                                     | 42,617                                  |
| Prepaid Expenditures   | 1,826,892            | -                                     | 1,826,892                               |
| <b>TOTAL ASSETS</b>  | <b>\$ 29,551,173</b> | <b>\$ 17,381,765</b>                  | <b>\$ 46,932,938</b>                    |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>                                   |                      |                                       |   |
|  | -                    | -                                     | -                                       |
| <b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>                       | <b>\$ 29,551,173</b> | <b>\$ 17,381,765</b>                  | <b>\$ 46,932,938</b>                    |
| <b><u>LIABILITIES</u></b>  |                      |                                       |   |
| Due to Other Funds   | \$ 3,654,390         | \$ -                                  | \$ 3,654,390                            |
| Due to Other Governments   | 547,316              | -                                     | 547,316                                 |
| Accounts Payable   | 2,628,872            | 166,951                               | 2,795,823                               |
| Current Portion of Long-Term Debt  | 155,083              | -                                     | 155,083                                 |
| Judgment Payable   | 135,222              | -                                     | 135,222                                 |
| Accrued Salaries and Benefits  | 5,371,934            | -                                     | 5,371,934                               |
| Payroll Deductions and Withholdings  | 5,023,335            | -                                     | 5,023,335                               |
| Prepayments  | 339,943              | -                                     | 339,943                                 |
| Other Current Liabilities  | 45,740               | -                                     | 45,740                                  |
| <b>TOTAL LIABILITIES</b>   | <b>17,901,835</b>    | <b>166,951</b>                        | <b>18,068,786</b>                       |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                                    |                      |                                       |   |
| Revenue from Property Taxes/Grants   | 821,241              | -                                     | 821,241                                 |
| <b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>                   | <b>18,723,076</b>    | <b>166,951</b>                        | <b>18,890,027</b>                       |
| <b><u>FUND BALANCES</u></b>  |                      |                                       |   |
| Nonspendable Fund Balance  | 1,826,892            | -                                     | 1,826,892                               |
| Restricted Fund Balance  | 140,248              | 17,214,814                            | 17,355,062                              |
| Unassigned Fund Balance  | 8,860,957            | -                                     | 8,860,957                               |
| <b>TOTAL FUND BALANCES</b>   | <b>10,828,097</b>    | <b>17,214,814</b>                     | <b>28,042,911</b>                       |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES,<br/>AND FUND BALANCES</b> | <b>\$ 29,551,173</b> | <b>\$ 17,381,765</b>                  | <b>\$ 46,932,938</b>                    |

The Accompanying Notes are an integral part of these financial statements.

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

|   |           |                            |
|---|-----------|----------------------------|
| <b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>   | \$        | 28,042,911                 |
| <b>Amounts reported for governmental activities in the statement of net position are different because:</b>   |           |                            |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$230,022,954 and the accumulated depreciation/amortization is 88,560,400. |           | 141,462,554                |
| Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.  |           | 821,241                    |
| This represents deferred outflows of resources resulting in deferred charges on refunding prior bond issues.  |           | 1,185,279                  |
| This represents deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension Liability.   |           | 11,218,690                 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:   |           | <u>(229,447,291)</u>       |
| <b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>   | <b>\$</b> | <b><u>(46,448,325)</u></b> |

The Accompanying Notes are an integral part of these financial statements.

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

|  | <u>GENERAL</u>       | <u>CAPITAL<br/>PROJECTS<br/>FUNDS</u> | <u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u> |
|--|----------------------|---------------------------------------|---|
| <b>REVENUES</b>  |                      |                                       |   |
| Local Sources  | \$ 97,231,286        | \$ 405,830                            | \$ 97,637,116                           |
| State Sources  | 26,340,363           | -                                     | 26,340,363                              |
| Federal Sources  | 1,021,009            | -                                     | 1,021,009                               |
| <b>TOTAL REVENUES</b>                                    | <u>124,592,658</u>   | <u>405,830</u>                        | <u>124,998,488</u>                      |
| <b>EXPENDITURES</b>                                      |                      |                                       |   |
| Instruction  | 69,694,363           | 3,043                                 | 69,697,406                              |
| Support Services   | 39,205,414           | 107,322                               | 39,312,736                              |
| Operation of Non-Instructional Services                  | 1,640,829            | -                                     | 1,640,829                               |
| Capital Outlay   | 4,583,989            | 3,211,679                             | 7,795,668                               |
| Debt Service   | 10,870,594           | -                                     | 10,870,594                              |
| <b>TOTAL EXPENDITURES</b>                                | <u>125,995,189</u>   | <u>3,322,044</u>                      | <u>129,317,233</u>                      |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | (1,402,531)          | (2,916,214)                           | (4,318,745)                             |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                      |                                       |   |
| Proceeds from Lease                                      | 169,871              | -                                     | 169,871                                 |
| Sale/Compensation for Fixed Assets                       | 7,953                | -                                     | 7,953                                   |
| Transfers In (Out)                                       | (4,303,889)          | 4,303,889                             | -                                       |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>              | <u>(4,126,065)</u>   | <u>4,303,889</u>                      | <u>177,824</u>                          |
| <b>SPECIAL/EXTRAORDINARY ITEMS</b>                       |                      |                                       |   |
| Extraordinary Items - Insurance Recoveries               | 59,785               | -                                     | 59,785                                  |
| <b>NET CHANGE IN FUND BALANCES</b>                       | (5,468,811)          | 1,387,675                             | (4,081,136)                             |
| <b>FUND BALANCES - BEGINNING</b>                         | <u>16,296,908</u>    | <u>15,827,139</u>                     | <u>32,124,047</u>                       |
| <b>FUND BALANCES - ENDING</b>                            | <u>\$ 10,828,097</u> | <u>\$ 17,214,814</u>                  | <u>\$ 28,042,911</u>                    |

The Accompanying Notes are an integral part of these financial statements.

**Methacton School District**  
**Reconciliation of the Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2023**

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ (4,081,136)

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

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

|                        |                  |           |
|------------------------|------------------|-----------|
| Depreciation expense   | \$ 4,814,510     |           |
| less - capital outlays | <u>8,145,253</u> | 3,330,743 |

Some capital assets acquired this year were purchased with financing, lease obligations, or subscription-based IT arrangements. These arrangements provide current financial resources to governmental funds. Executing these obligations increases long-term liabilities in the statement of net position. (169,871)

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the costs of fixed assets sold. (291,569)

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. Deferred inflows of resources increased by this amount this year. (104,417)

Repayment of bond, finance purchases, and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 7,811,433

In the statement of activities, certain operating expenses--compensated absences (vacations) 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. This amount represents the difference between the amount earned versus the amount used. 7,198

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, interest expense is recognized as the interest accrues, regardless of when it is due. This would include accumulated interest accreted on capital appreciation bonds. The additional interest accrued in the statement of activities over the amount due is shown here. 313,398

The difference between current year pension/OPEB expense reported on the governmental activities column of the government-wide financial statements and the pension/OPEB contributions made this past year reported as expenditures in the governmental funds. 7,850,603

The governmental funds use the purchase method of inventory, where all items purchased are charged to expenditures. However, the statement of activities is reflected on the consumption method of recording inventory type items; therefore, this adjustment reflects the inventory difference. 268,291

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 14,934,673**

The Accompanying Notes are an integral part of these financial statements.

**Methacton School District  
Statement of Fund Net Position  
Proprietary Funds  
As of June 30, 2023**

|  | <b>FOOD<br/>SERVICE</b> |
|--|-------------------------|
| <b><u>ASSETS</u></b>   |                         |
| <b>CURRENT ASSETS:</b>   |                         |
| Cash and Cash Equivalents  | \$ 678,488              |
| Due from Other Funds   | 13,845                  |
| Due From Other Governments   | 40,687                  |
| Inventories  | 27,721                  |
| <b>TOTAL CURRENT ASSETS</b>  | 760,741                 |
| <b>NON-CURRENT ASSETS:</b>   |                         |
| Machinery & Equipment (net)  | 867,985                 |
| <b>TOTAL NON-CURRENT ASSETS</b>  | 867,985                 |
| <b>TOTAL ASSETS</b>  | <b>\$ 1,628,726</b>     |
| <b><u>LIABILITIES</u></b>  |                         |
| <b>CURRENT LIABILITIES:</b>  |                         |
| Accounts Payable   | \$ 514,380              |
| Deferred Revenue   | 4,386                   |
| Prepayments from Students  | 44,894                  |
| <b>TOTAL LIABILITIES</b>   | 563,660                 |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>  |                         |
| <b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>                       | 563,660                 |
| <b><u>FUND NET POSITION</u></b>  |                         |
| Net Investment in Capital Assets   | 867,985                 |
| Unrestricted   | 197,081                 |
| <b>TOTAL FUND NET POSITION</b>   | 1,065,066               |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES,<br/>AND FUND NET POSITION</b> | <b>\$ 1,628,726</b>     |

The Accompanying Notes are an integral part of these financial statements.

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

|  | <b>FOOD<br/>SERVICE</b> |
|--|-------------------------|
| <b>OPERATING REVENUES:</b>                     |                         |
| Food Service Revenue                           | \$ 1,318,118            |
| Other Operating Revenues                       | -                       |
| <b>TOTAL OPERATING REVENUES</b>                | 1,318,118               |
| <b>OPERATING EXPENSES:</b>                     |                         |
| Purchased Property Service                     | 2,285                   |
| Other Purchased Services                       | 1,830,720               |
| Supplies                                       | 97,217                  |
| Depreciation                                   | 58,488                  |
| <b>TOTAL OPERATING EXPENSES</b>                | 1,988,710               |
| <b>OPERATING INCOME (LOSS)</b>                 | (670,592)               |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>       |                         |
| Earnings on Investments                        | 23,936                  |
| State Sources                                  | 163,911                 |
| Federal Sources                                | 873,539                 |
| <b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b> | 1,061,386               |
| <b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>      | 390,794                 |
| Capital Contributions                          | 3,147                   |
| <b>CHANGES IN FUND NET POSITION</b>            | 393,941                 |
| <b>FUND NET POSITION - BEGINNING</b>           | 671,125                 |
| <b>FUND NET POSITION - ENDING</b>              | <b>\$ 1,065,066</b>     |

The Accompanying Notes are an integral part of these financial statements.

**Methacton School District  
Statement of Cash Flows  
Proprietary Funds  
As of June 30, 2023**

|   | <b>FOOD<br/>SERVICE</b> |
|---|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                         |
| Cash Received from Users  | \$ 1,334,513            |
| Cash Payments to Suppliers for Goods and Services   | (1,409,997)             |
| <b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>   | (75,484)                |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>   |                         |
| State Sources   | 155,384                 |
| Federal Sources   | 763,407                 |
| <b>NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES</b>   | 918,791                 |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |                         |
| Facilities Acquisition/Const./Improvement Svcs.   | (815,683)               |
| Capital Contributions   | 3,147                   |
| <b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                 | (812,536)               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                         |
| Earnings on Investments   | 23,936                  |
| <b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>   | 23,936                  |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>   | 54,707                  |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>  | 623,781                 |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | <b>\$ 678,488</b>       |
| <b><u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u></b>        |                         |
| <b>OPERATING INCOME (LOSS)</b>  | \$ (670,592)            |
| <b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b> |                         |
| Depreciation and Net Amortization   | 58,488                  |
| Donated Commodities Used  | 94,395                  |
| <b>CHANGE IN ASSETS AND LIABILITIES:</b>  |                         |
| (Increase) Decrease in Accounts Receivable  | 6,419                   |
| (Increase) Decrease in Advances to Other Funds  | 6,458                   |
| (Increase) Decrease in Inventories  | 6,807                   |
| Increase (Decrease) in Accounts Payable   | 427,226                 |
| Increase (Decrease) in Deferred Revenue   | (8,203)                 |
| Increase (Decrease) in Prepayments from Students  | 3,518                   |
| <b>TOTAL ADJUSTMENTS</b>  | 595,108                 |
| <b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>   | <b>\$ (75,484)</b>      |

The Accompanying Notes are an integral part of these financial statements.



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

|  | <b>CUSTODIAL<br/>FUNDS</b> |
|--|----------------------------|
| <b>ASSETS</b>  |                            |
| Cash and Cash Equivalents                                    | \$ 273,563                 |
| Investments  | -                          |
| Due from Other Funds   | 16,333                     |
| Other Receivables  | 6,070                      |
| Prepaid Expenses   | 6,934                      |
| <b>TOTAL ASSETS</b>  | <b>302,900</b>             |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                        |                            |
|  | -                          |
| <b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>     | <b>\$ 302,900</b>          |
| <b>LIABILITIES</b>   |                            |
| Accounts Payable   | \$ 12,740                  |
| Other Current Liabilities                                    | 2,311                      |
| <b>TOTAL LIABILITIES</b>                                     | <b>15,051</b>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                         |                            |
|  | -                          |
| <b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b> | <b>15,051</b>              |
| <b>NET POSITION</b>  |                            |
| Restricted for   |                            |
| Individuals, Organizations, and Other Governments            | 287,849                    |
| <b>TOTAL LIABILITIES &amp; NET POSITION</b>                  | <b>\$ 302,900</b>          |

The Accompanying Notes are an integral part of these financial statements.

**Methacton School District**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2023**

|  | <b>CUSTODIAL<br/>FUNDS</b> |
|--|----------------------------|
| <b>ADDITIONS</b>                                     |                            |
| Contributions - Students                             | \$ 152,433                 |
| Contributions - Other                                | 2,185                      |
| Special Events                                       | 196,898                    |
| Other Income   | 480                        |
| <b>Investment Earnings:</b>                          |                            |
| Interest and Dividends                               | 5,475                      |
| Net increase (decrease) in fair value of investments | -                          |
| Less investment expense                              | -                          |
| <b>TOTAL ADDITIONS</b>                               | 357,471                    |
| <br><b>DEDUCTIONS</b>                                |                            |
| Administrative expense                               | 6,440                      |
| Benefits paid to participants or beneficiaries       | 16,436                     |
| Payments for student club activities                 | 259,863                    |
| Other  | -                          |
| <b>TOTAL DEDUCTIONS</b>                              | 282,739                    |
| <br><b>CHANGES IN NET POSITION</b>                   | 74,732                     |
| <br><b>NET POSITION - BEGINNING OF YEAR</b>          | 213,117                    |
| <br><b>NET POSITION - END OF YEAR</b>                | \$ 287,849                 |

The Accompanying Notes are an integral part of these financial statements.

**Methacton School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2023**

|   | <u>BUDGETED AMOUNTS</u> |                      | <u>ACTUAL</u>                 | <u>VARIANCE WITH</u>  |
|---|-------------------------|----------------------|-------------------------------|---|
|   | <u>ORIGINAL</u>         | <u>FINAL</u>         | <u>(GAAP</u><br><u>BASIS)</u> | <u>FINAL BUDGET</u><br><u>POSITIVE</u><br><u>(NEGATIVE)</u> |
| <b>REVENUES</b>                                   |                         |                      |                               |   |
| Local Sources                                     | \$ 93,290,868           | \$ 93,290,868        | \$ 97,231,286                 | \$ 3,940,418  |
| State Sources                                     | 24,995,506              | 24,995,506           | 26,340,363                    | 1,344,857   |
| Federal Sources                                   | 582,757                 | 582,757              | 1,021,009                     | 438,252   |
| <b>TOTAL REVENUES</b>                             | <u>118,869,131</u>      | <u>118,869,131</u>   | <u>124,592,658</u>            | <u>5,723,527</u>  |
| <b>EXPENDITURES</b>                               |                         |                      |                               |   |
| Regular Instruction                               | 46,019,331              | 47,181,054           | 47,443,915                    | (262,861)   |
| Special Programs                                  | 17,951,003              | 17,402,193           | 20,157,882                    | (2,755,689)   |
| Vocational Programs                               | 2,378,359               | 1,765,863            | 1,764,793                     | 1,070   |
| Other Instructional Programs                      | 279,275                 | 279,275              | 228,444                       | 50,831  |
| Nonpublic School Programs                         | 4,803                   | 4,803                | 4,119                         | 684   |
| Adult Education Programs                          | 120,393                 | 120,393              | 95,210                        | 25,183  |
| Pupil Personnel Services                          | 5,878,205               | 5,877,769            | 6,111,282                     | (233,513)   |
| Instructional Staff Services                      | 3,638,639               | 3,446,595            | 3,474,555                     | (27,960)  |
| Administrative Services                           | 7,022,898               | 7,037,845            | 6,902,754                     | 135,091   |
| Pupil Health                                      | 2,048,541               | 2,209,817            | 2,220,952                     | (11,135)  |
| Business Services                                 | 1,219,136               | 1,246,490            | 1,169,872                     | 76,618  |
| Operation & Maintenance of Plant Services         | 9,434,184               | 9,571,702            | 9,423,559                     | 148,143   |
| Student Transportation Services                   | 7,537,032               | 7,537,032            | 7,308,889                     | 228,143   |
| Central Support Services                          | 2,478,826               | 2,500,294            | 2,527,178                     | (26,884)  |
| Other Support Services                            | 75,500                  | 75,500               | 66,373                        | 9,127   |
| Student Activities                                | -                       | 488,017              | 465,927                       | 22,090  |
| School Sponsored Athletics                        | 1,531,429               | 1,072,911            | 1,167,553                     | (94,642)  |
| Community Services                                | 500                     | 500                  | 7,349                         | (6,849)   |
| Facilities, Acquisition and Construction          | -                       | -                    | 4,583,989                     | (4,583,989)   |
| Debt Service                                      | 10,351,077              | 10,351,078           | 10,870,594                    | (519,516)   |
| <b>TOTAL EXPENDITURES</b>                         | <u>117,969,131</u>      | <u>118,169,131</u>   | <u>125,995,189</u>            | <u>(7,826,058)</u>  |
| Excess (deficiency) of revenues over expenditures | 900,000                 | 700,000              | (1,402,531)                   | (2,102,531)   |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                         |                      |                               |   |
| Proceeds from Leases                              | -                       | -                    | 169,871                       | 169,871   |
| Sale/Compensation for Fixed Assets                | -                       | -                    | 7,953                         | 7,953   |
| Transfers Out                                     | -                       | (700,000)            | (4,303,889)                   | (3,603,889)   |
| Budgetary Reserve                                 | (200,000)               | -                    | -                             | -   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>       | <u>(200,000)</u>        | <u>(700,000)</u>     | <u>(4,126,065)</u>            | <u>(3,426,065)</u>  |
| Special Items                                     | -                       | -                    | -                             | -   |
| Extraordinary Items - Insurance Recoveries        | -                       | -                    | 59,785                        | 59,785  |
| <b>NET CHANGE IN FUND BALANCES</b>                | 700,000                 | -                    | (5,468,811)                   | (5,468,811)   |
| <b>FUND BALANCE - JULY 1, 2022</b>                | <u>14,022,781</u>       | <u>14,022,781</u>    | <u>16,296,908</u>             | <u>2,274,127</u>  |
| <b>FUND BALANCE - JUNE 30, 2023</b>               | <u>\$ 14,722,781</u>    | <u>\$ 14,022,781</u> | <u>\$ 10,828,097</u>          | <u>\$ (3,194,684)</u>                                       |

The Accompanying Notes are an integral part of these financial statements.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**Note 1 - Description of the School District and Reporting Entity**

***School District***

The Methacton School District is located in Eagleville, Pennsylvania. This District's tax base consists of the Townships of Lower Providence and Worchester.

The District is a unit established, organized and empowered by the Commonwealth of Pennsylvania for the express purpose of carrying out, on the local level, the Commonwealth's obligation to public education, as established by the constitution of the Commonwealth and by the School Law Code of the same (Article II,; Act 150, July 8, 1968).

As specified under the School Law Code of the Commonwealth of Pennsylvania, this and all other school districts of the state "shall be and hereby are vested as, bodies corporate, with all necessary powers to carry out the provisions of this act." (Article II, Section 211).

***Board of School Directors***

The District is governed by a board of nine School Directors who residents of the District and who are elected every two years, on a staggered basis, for a four-year term. The Board of School Directors has the power and duty to establish, equip, furnish and maintain a sufficient number of elementary, secondary and other schools necessary to educate every person residing in such district between the ages of 6 and 21 years who may attend.

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

***Administration***

The Superintendent of Schools shall be the executive officer of the Board of School Directors and, in that capacity shall administer the School District in conformity with Board policies and the School Laws of Pennsylvania. The Superintendent shall be directly responsible to, and therefore appointed by, the Board of School Directors. The Superintendent shall be responsible for the overall administration, supervision, and operation of the School District.

The Director of Business Services, recommended by the Superintendent and appointed by the Board of School Directors, shall supervise and coordinate all business aspects of the School District. In this capacity, he or she shall be responsible to ensure that all work accomplished by him/her, or by persons under his/her supervision, is in the best interests of the Methacton School District. The Director of Business Services is directly responsible to the Superintendent.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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***Reporting Entity***

The accompanying basic financial statements comply with the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities and functions for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit's board and either (1) the District's ability to impose its will over a component unit or (2) the possibility that the component unit will provide a financial benefit or impose a financial burden on the District. In addition, component units can be organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading. This report presents the activities of the Methacton School District. The District is not a component unit of another reporting entity nor does it have any component units.

The tax collectors are elected officers who collect taxes on behalf of the county, townships, boroughs, and the District. The District regards the tax collectors' offices as separate entities and, therefore, does not account for their activity in the financial statements.

***Joint Ventures***

***North Montco Area Vocational-Technical School***

The School District is a participating member of the North Montco Area Vocational-Technical School (NMAVTS). The NMAVTS is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the NMAVTS's annual operating budget. Each participating district pays a pro-rata share of the NMAVTS's operating costs based on the number of students attending the NMAVTS for each District. The District's share of the NMAVTS's operating costs for 2022-23 was \$1,343,654.

On dissolution of the North Montco Area Vocational Technical School, the net position of NMAVTS will be shared on a pro-rata basis of each participating district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in NMAVTS as defined by GASB Statement No. 14, as amended by GASB No. 61, except a residual interest in the net position upon dissolution that should not be reflected on the basic financial statements. Complete financial statements for the NMAVTS can be obtained from the NMAVTS's administrative office.

***Jointly Governed Organizations***

***Montgomery County Intermediate Unit***

The District is a participating member of the Montgomery County Intermediate Unit (MCIU). The MCIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee.

The board of directors of each participating district must approve the MCIU's annual operating budget. The MCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no on-going financial interest or financial responsibility in the CIU. The CIU contracts with participating districts to supply special education services, computer services, and acts as a conduit for certain federal programs.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**Note 2 - Summary of Significant Accounting Policies**

The basic financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced. GASB Statement No. 62 was issued to include all prior Financial Accounting Standards Board's statements and interpretations, along with predecessors' statements and interpretations pertaining to governments into the hierarchy of the Governmental Accounting Standards Board's jurisdiction.

**A. Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-wide Financial Statements** The statement of net position and the statement of activities display information about the School 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 School District that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for one business-type activity of the School District. 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements** During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Deferred outflows of resources is recorded in a particular governmental fund where costs are spent for a future period. Current Liabilities are assigned to the governmental fund from which they will be paid. Deferred inflows of resources is recorded in a particular governmental fund that has received resources for a future

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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period. The difference between the sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

**General Fund** *The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.*

**Special Revenue Fund** Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establish that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Under this definition, the District does not have any special revenue funds.

**Capital Projects Fund** Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

**Proprietary Funds** Proprietary funds focus on the determination of changes in net position, financial position, and cash flows and are classified as enterprise funds. The Proprietary Funds of the School District have operating and nonoperating revenues and/or expenses. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are reported as nonoperating revenues and/or expenses, including subsidies received from the state and federal government for school lunches, donated commodities, and amounts received for fica and retirement subsidies. Operating revenues reported are consistent with the fees or charges incurred based on the intent of the individual proprietary fund.

**Enterprise Funds** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

*Food Service Fund*

This fund accounts for the financial transactions related to the food service operations of the School District.

**Fiduciary Funds** Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: Pension (and other employee benefit) trust funds, investment trust funds, Private-purpose trust funds and Custodial funds.

*Student Activity Funds*

These funds are considered custodial funds and are reported as such in the Statement of Net Position Fiduciary Funds and the Statement of Changes in Fiduciary Net Position. Custodial funds are used to report fiduciary activities that are not required to be reported in one of the other three Fiduciary fund types.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet, along with deferred outflows of resources or deferred inflows of resources required to be reported. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation's with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Like the government-wide statements, all enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities, including required deferred outflows of resources or required deferred inflows of resources, associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its enterprise activities.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-Exchange Transactions.** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**E. Budgetary Process**

An operating budget is adopted prior to the beginning of each year for the General Fund on the modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.



**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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In accordance with Act 1 of 2006, the Board shall annually, but not later than the first business meeting of January, decide the budget option to be used for the following fiscal year. The Board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

***Accelerated Budget Process Option***

Under this option, a preliminary budget must be prepared 150 days prior to the primary election. Under this Option, the preliminary budget must be available for public inspection at least 110 days prior to the primary election. The Board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption. The adoption must occur at least 90 days prior to the primary election.

If the preliminary budget exceeds the increase authorized by the Index, an application for an exception may be filed with either a Court of Common Pleas with jurisdiction or PDE and made available for public inspection. The Board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1.

The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The Board shall annually adopt the final budget by a majority vote of all members of the Board prior to June 30.

***Board Resolution Option***

Under the Board Resolution Option, the Board shall adopt a resolution that it will not raise the rate of any tax for the following fiscal year by more than the Index. Such resolution shall be adopted no later than 110 days prior to the primary election. At least 30 days prior to adoption of the final budget the Board shall prepare a proposed budget. The proposed budget shall be available for public inspection at least 20 days prior to adoption of the budget. The Board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The Board shall annually adopt the final budget by a majority vote of all members of the Board by June 30.

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the School Board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the Board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2022-23 budget transfers.

***F. Use of Estimates***

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

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**G. Changes in Accounting Principles**

During the 2022-23 fiscal year the School District implemented the following new generally accepted accounting principles:

GASB Statement No. 81 (Conduit Debt Obligations). The objective of this Statement is provides a single method of reporting conduit debt obligations by issuers associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

GASB Statement No. 94 (PPP's). The objectives of the statement are to improve financial reporting related to public-private and public-public partnership arrangements (PPPs). A PPP is defined in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 96 (SBITA's). - This statement provided guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to use subscription asset – and intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

GASB Statement No. 99 (Omnibus 2022). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

**H. Pensions**

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

**I. Other Postemployment Benefits**

*Multiple Employer Cost Sharing OPEB Plan*

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

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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*Single Employer OPEB Plan*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information was obtained from the Actuary Report conducted by Conrad Siegel. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The single employer plan is not funded.

**J. Assets, Liabilities, and Net Position**

*Cash and Cash Equivalents*

For purposes of the Statement of Cash Flows, the Proprietary Fund type considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

*Investments*

In accordance to GASB Statement No. 72, investments generally are to be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has the present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts.

A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share of the investment.

This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets. These assets were previously required to be measured at fair value.

Fair value is measured using a hierarchy of inputs using valuation techniques. The hierarchy has three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

The valuation techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount.

*Receivables and Payables*

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

*Property Tax Levy*

Property taxes, which were levied during the fiscal year ended June 30, 2023, are recognized as revenue in the fund financial statements when received by the District during the fiscal year and also estimated to be received by the District within thirty (30) days after the fiscal year ended.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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Property taxes that were levied during the current fiscal year, which are not estimated to be received within thirty (30) days after the fiscal year-end, are recorded as receivable and deferred inflows of resources in the fund financial statements.

In the government-wide financial statements, all property taxes levied during the fiscal year are recognized as revenue, net of estimated uncollectible amount.

*Inventories*

Inventories of Governmental Funds are recorded as expenditures when purchased rather than when consumed. Inventories on government-wide financial statements are presented at the lower of cost or market on a first-in, first-out method and are expensed when used.

Inventory type items in Proprietary Funds use the consumption method, in which items are purchased for inventory and charged to expenses when used. The only Proprietary Fund of the District is the Food Service Fund. Inventory within this fund consists of donated commodities, which are valued at U.S.D.A.'s approximate costs, and purchased food.

Inventories on hand at June 30, 2023, consist of:

|                     |                         |
|---------------------|-------------------------|
| Purchased Food      | \$ 11,638               |
| Supplies            | 11,697                  |
| Donated Commodities | <u>4,386</u>            |
| <b>TOTAL</b>        | <b><u>\$ 27,721</u></b> |

*Prepaid Expenses*

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

*Capital Assets*

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand (\$5,000) dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

All reported capital assets except land, certain land improvements, and construction in progress are depreciated or amortized. Improvements are depreciated over the remaining useful lives of the related capital assets.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

Depreciation and amortization are computed using the straight-line method over the following useful lives:

| Description                | Governmental<br>Activities<br>Estimated Lives | Business-Type<br>Activities<br>Estimated Lives |
|----------------------------|---|--|
| Site Improvements          | 5 - 40 years                                  | 5 - 40 years                                   |
| Buildings and Improvements | 10 - 40 years                                 | 10 - 40 years                                  |
| Furniture and Equipment    | 5 - 10 years                                  | 5 - 10 years                                   |
| Vehicles                   | 6 - 15 years                                  | 6 - 15 years                                   |
| Right-to-use Equipment     | Length of Lease                               | Length of Lease                                |

***Compensated Absences***

The School District reports compensated absences in accordance with the provisions of GASB No. 16 (Accounting for Compensated Absences). Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

***Leases***

**Lessee**

The Methacton School District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$20,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Lessor

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

*SBITAs (Subscription Based Information Technology Arrangements)*

Occasionally the District enters into Subscription-Based Information Technology Arrangements. These arrangements grant the District the right to use information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

In the entity-wide financial statements, SBITAs are reported as intangible assets based on the present value of future subscription payments to be made over the life of the arrangement. Correspondingly, a liability is recognized for the future payments, and it is amortized over the life of the SBITA. The amortization expense related to the intangible asset and any interest expense associated with the recognized liability are reported in the Statement of Activities.

In the fund financial statements, under the modified accrual basis of accounting, expenditures are recognized for SBITA payments when they are due. Therefore, no intangible asset or corresponding liability is reported in the governmental fund statements. The expenditures related to SBITA payments are recognized in the fund's Statement of Revenues, Expenditures, and Changes in Fund Balances in the period the payment is due.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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*Other Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, and deferred amounts on refundings are deferred and amortized over the life of the bonds using modification of the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any deferred amount on refundings are reported as deferred outflows of resources and amortized over the life of the bond issue. Bond issuance costs are expensed in the year they are incurred.

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

*Reclassification*

Certain amounts have been reclassified to conform to the June 30, 2023, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements reported on the modified accrual basis of accounting.

*Net Position*

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net Investment in Capital Assets component of Net Position is comprised of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall Net Investment in Capital Assets. The restricted component of Net Position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of Net Position is unrestricted.

The School District applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

*Fund Balance Categories*

Fund balance for governmental funds should be reported in classifications that compromise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Below are the potential Categories of fund balance the government may use with their definitions, the actual categories used is explained in Note 7 to the financial statements.

*Nonspendable Fund Balance*

This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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*Restricted Fund Balance*

Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or other governmental laws or regulations, or the constraint is imposed by enabling legislation or constitutional provisions.

*Committed Fund Balance*

This category pertains to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action. This government's governing body is the School Board and the formal action taken to commit resources is done by resolution.

*Assigned Fund Balance*

This category includes all remaining amounts that are reported in governmental funds, except the general fund, that are not classified in one of the above-mentioned categories.

In the general fund, this category represents the District's intent to use resources for a specific purpose, which does not require formal action by the governing body. The District's policy dictates the Superintendent or his/her designee is responsible to make these assignments.

*Unassigned Fund Balance*

This category of fund balance represents the residual classification for the general fund after segregating resources used in the other categories listed above. Unassigned fund balance will only be shown in other governmental funds if those governmental funds have a negative net fund balance.

The District's policy on fund balance does not dictate which category of unrestricted fund balance is spent first, when resources are available to be spent in various categories. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts. The District's policy also does not dictate whether restricted (nonspendable or restricted) or unrestricted (committed, assigned, and unassigned) is spent first when resources are available in both categories. As such, in these circumstances, restricted will be assumed to have been spent first followed by the unrestricted categories.

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds did not receive any contributions during this fiscal year.



**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**Note 3 - Reconciliation of Government-Wide and Fund Financial Statements**

*A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position*

The governmental fund balance sheet includes reconciliation between "fund balance - total governmental funds" and "net position - governmental activities" as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$229,447,291 difference are:

|  |                       |
|--|-----------------------|
| Bonds/Notes payable  | \$ 74,265,000         |
| Less: Issuance discount (to be amortized as interest expense)  | (9,057)               |
| Add: Issuance premium (to be amortized as a contra to interest expense)  | 5,385,853             |
| Lease Purchase Obligations   | 855,397               |
| Net Pension Liability  | 137,369,483           |
| Accrued Interest Payable   | 913,925               |
| Compensated Absences   | 2,946,583             |
| Net OPEB Liability - Single Employer Plan  | 2,066,014             |
| Net OPEB Liability - Multiple Employer Plan  | 5,654,093             |
| Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities" | <b>\$ 229,447,291</b> |

*B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities*

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

- a) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.
- b) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording of depreciation expense on those items as recorded in the statement of activities.
- c) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

**Explanation of Differences between Governmental Fund Statements and District-Wide Statements**

|  | TOTAL<br>GOVERN-<br>MENTAL<br>FUNDS | LONG-TERM<br>REVENUES/<br>EXPENSES | CAPITAL<br>RELATED<br>ITEMS | LONG-TERM<br>DEBT<br>TRANS-<br>ACTIONS | TOTAL FOR<br>STATEMENT<br>OF<br>ACTIVITIES |
|--|-------------------------------------|------------------------------------|-----------------------------|--|--|
| <b>REVENUES AND OTHER SOURCES</b>                |                                     |                                    |                             |  |  |
| <b>LOCAL SOURCES:</b>                            |                                     |                                    |                             |  |  |
| Property Taxes                                   | \$ 82,453,543                       | \$ (104,417)                       | \$ -                        | \$ -                                   | \$ 82,349,126                              |
| Taxes levied for specific purposes               | 10,800,656                          | -                                  | -                           | -                                      | 10,800,656                                 |
| Interest and investment earnings                 | 2,019,404                           | -                                  | -                           | -                                      | 2,019,404                                  |
| Miscellaneous                                    | 239,533                             | 59,785                             | (839)                       | -                                      | 298,479                                    |
| Contributions and Donations                      | 202,340                             | -                                  | -                           | -                                      | 202,340                                    |
| Charges for Services                             | 916,458                             | -                                  | -                           | -                                      | 916,458                                    |
| Grants, subsidies & contributions not restricted | 10,401,676                          | -                                  | -                           | -                                      | 10,401,676                                 |
| <b>STATE SOURCES:</b>                            |                                     |                                    |                             |  |  |
| Operating and Capital grants and contributions   | 15,938,687                          | -                                  | -                           | -                                      | 15,938,687                                 |
| <b>FEDERAL SOURCES:</b>                          |                                     |                                    |                             |  |  |
| Operating and Capital grants and contributions   | 2,026,190                           | -                                  | -                           | -                                      | 2,026,190                                  |
| <b>OTHER FINANCING USES:</b>                     |                                     |                                    |                             |  |  |
| Proceeds from Leases                             | 169,871                             | -                                  | -                           | (169,871)                              | -  |
| <b>SPECIAL AND EXTRAORDINARY ITEMS:</b>          |                                     |                                    |                             |  |  |
| Insurance Recoveries                             | 59,785                              | (59,785)                           | -                           | -                                      | -  |
| Gain or (Loss) on disposal of assets             | 7,953                               | -                                  | (291,570)                   | -                                      | (283,617)                                  |
| <b>TOTAL REVENUES</b>                            | <u>125,236,096</u>                  | <u>(104,417)</u>                   | <u>(292,409)</u>            | <u>(169,871)</u>                       | <u>124,669,399</u>                         |
| <b>EXPENDITURES/EXPENSES</b>                     |                                     |                                    |                             |  |  |
| Instruction                                      | 69,697,406                          | (5,416,171)                        | 318,253                     | -                                      | 64,599,488                                 |
| Instructional Student Support                    | 11,806,789                          | (969,086)                          | (2,565)                     | -                                      | 10,835,138                                 |
| Admin. & Fin'l Support Services                  | 10,666,177                          | (815,589)                          | (76,360)                    | -                                      | 9,774,228                                  |
| Oper. & Maint. Of Plant Svcs.                    | 9,527,733                           | (753,035)                          | (67,193)                    | -                                      | 8,707,505                                  |
| Pupil Transportation                             | 7,308,889                           | (45,429)                           | -                           | -                                      | 7,263,460                                  |
| Student activities                               | 1,633,480                           | (126,782)                          | (9,344)                     | -                                      | 1,497,354                                  |
| Community Services                               | 7,349                               | -                                  | -                           | -                                      | 7,349                                      |
| Capital Outlay                                   | 7,795,668                           | -                                  | (7,795,668)                 | -                                      | -  |
| Debt Service                                     | 10,870,594                          | -                                  | -                           | (8,124,831)                            | 2,745,763                                  |
| Transfers Out                                    | 3,147                               | -                                  | -                           | -                                      | 3,147                                      |
| Depreciation - unallocated                       | -                                   | -                                  | 4,301,294                   | -                                      | 4,301,294                                  |
| <b>TOTAL EXPENDITURES/EXPENSES</b>               | <u>129,317,232</u>                  | <u>(8,126,092)</u>                 | <u>(3,331,583)</u>          | <u>(8,124,831)</u>                     | <u>109,734,726</u>                         |
| <b>NET CHANGE FOR THE YEAR</b>                   | <u>\$ (4,081,136)</u>               | <u>\$ 8,021,675</u>                | <u>\$ 3,039,174</u>         | <u>\$ 7,954,960</u>                    | <u>\$ 14,934,673</u>                       |

**Note 4 - Stewardship, Compliance, and Accountability**

**A. Compliance with Finance Related Legal and Contractual Provisions**

The District has no material violations of finance related legal and contractual provisions.

**B. Deficit Fund Balance or Net Position of Individual Funds**

No individual fund contains a deficit fund balance or net position at June 30, 2023, except the governmental activities reports a \$46,448,325 deficit.

**C. Excess of Expenditures over Appropriations in Individual Funds**

During the reported fiscal period, the General Fund, guided by its legally established budget, recorded expenditures that surpassed the budgeted appropriations by \$7,826,058. A notable contributor to this discrepancy was the unanticipated allocation of \$1,342,553 from Federal and State entities, tied to emergent COVID-19 related grants. Given these funds' post-budget inception, they were not accounted for in the original budget projections. Importantly, the PA School Code's Section 609 provides a provision allowing for such expenditure surpluses when additional, unbudgeted Federal and State funds are introduced.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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In addition, the District tapped into its committed fund balance, utilizing \$6,305,570. This fund deployment, although not itemized in the preceding budget, had been on the school board's radar for potential use in the 22-23 fiscal cycle. The residual over-expenditures stemmed from debt service obligations, a consequence of the accounting shifts prompted by GASB 87 and GASB 96. The PA School Code justifies budgetary overruns related to debt service commitments and other financing purposes.

**D. Budgetary Compliance**

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2023. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

**Note 5 - Detailed Notes on All Funds and Account Groups**

**Assets**

*Cash*

*Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2023, \$32,976,705, of the District's bank balance of \$34,131,660 was exposed to custodial credit risk, as follows:

|   |    |                      |
|---|----|----------------------|
| Uninsured and uncollateralized  | \$ | -                    |
| Collateralized with securities held by the pledging financial institution                           |    | -                    |
| Uninsured and collateral held by the pledging bank's trust department<br>not in the District's name |    | 32,976,705           |
| <b>TOTAL</b>  |    | <b>\$ 32,976,705</b> |

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*Reconciliation to Financial Statements*

|  |    |                      |
|--|----|----------------------|
| Uncollateralized Amount Above                                      | \$ | 32,976,705           |
| Plus: Insured Amount   |    | 1,154,955            |
| Less: Outstanding Checks   |    | (511,255)            |
| Carrying Amount - Bank balances                                    |    | 33,620,405           |
| Plus: Petty Cash   |    | 1,005                |
| Deposits in Investment Pools Considered Cash Equivalents           |    | 3,242,037            |
| Deposits in Money Market Mutual Funds Considered Cash Equivalents  |    | -                    |
| Less: Certificates of Deposit considered Investment by School Code |    | -                    |
| <b>Total Cash Per Financial Statements</b>                         |    | <b>\$ 36,863,447</b> |

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**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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*Investments*

Permitted investments for Methacton School District are defined in the Public School Code of 1949, as amended by Act 10 of 2016 as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
5. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.
7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
8. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
9. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
  - The investments of the company are the authorized investments listed above.
  - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
  - The investment company is rated in the highest category by a nationally recognized rating agency.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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11. Savings or demand deposits placed in accordance with the following conditions:

- The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
- The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.
- The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
- On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

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

| <b>Investment</b>                                  | <b>Maturities</b> | <b>Fair Value</b>   |
|--|-------------------|---------------------|
| PA Local Government Investment Trust Class         |                   | \$ 1,916,234        |
| PA Local Government Investment Trust Reserve Class |                   | 105,706             |
| PA Local Government Investment Trust-Prime         |                   | 1,220,035           |
| PA School District Liquid Asset Fund               |                   | 63                  |
| <b>TOTAL</b>                                       |                   | <b>\$ 3,242,038</b> |

*Interest Rate Risk*

The District does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk*

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2023, the District's investments in the Pa. School Liquid Asset Fund was rated AAAM by Standard & Poor's. The District's investment in Pa. Local Government Investment Trust was rated AAAM by Standard & Poor's.

*Concentration of Credit Risk*

The District places no limit on the amount the District may invest in any one issuer. As of June 30, 2023, the District did not hold any investments which would subject itself to the concentration of credit risk.

*Custodial Credit Risk*

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

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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*Reconciliation to Financial Statements*

|   |           |             |
|---|-----------|-------------|
| Total Investments Above                                       | \$        | 3,242,038   |
| Less: Deposits in Investment Pool Considered Cash Equivalents |           | (3,242,038) |
| Deposits in Money Market Funds Considered Cash Equivalents    |           | -           |
| <b>Total Investments Per Financial Statements</b>             | <b>\$</b> | <b>-</b>    |

***Fair Value Reporting***

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The District did not have any recurring fair value investments at June 30, 2023. The District did have Cash Equivalents in 2a7-like external investment pools, which GASB Statement No. 72 allows to be recorded at amortized cost as provided in paragraph 16 of GASB Statement No. 31.

*Property Taxes*

Property taxes are levied on July 1, on the assessed value listed, as of that date, for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$2,890,596,182. In accordance with Act 1 of 2006, the District received \$9,016,433 in property tax reduction funds for the 2022-23 fiscal year. The tax rate for the year was \$3.16522 per \$100 of assessed valuation or 31.6522 mills.

The property tax calendar is:

- July 1 - Full year tax assessed for current year.
- July 1 - September 11 - Discount period during which a 2% discount is allowed.
- September 12 - November 11 - Face amount of tax is due.
- November 12 - February 11 - A 10% penalty is added to all payments.
- April 24 - All unpaid taxes become delinquent and are turned over to the County Tax Claim Bureau for collection.

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 30 days, was recognized as revenue and the balance deferred in the fund financial statements.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

*Receivables*

Receivables as of year end for the government's individual major funds and non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are:

**Schedule on Receivables for major, non-major, and fiduciary funds**

|                                       | <b>GENERAL<br/>FUND</b> | <b>CAPITAL<br/>PROJECTS<br/>FUND</b> | <b>FOOD<br/>SERVICE<br/>FUND</b> | <b>FIDUCIARY<br/>FUNDS</b> | <b>TOTAL</b>        |
|---------------------------------------|-------------------------|--------------------------------------|----------------------------------|----------------------------|---------------------|
| <b>RECEIVABLES:</b>                   |                         |                                      |                                  |                            |                     |
| Interest                              | \$ -                    | \$ -                                 | \$ -                             | \$ -                       | \$ -                |
| Taxes                                 | 1,376,612               | -                                    | -                                | -                          | 1,376,612           |
| Accounts                              | 42,617                  | -                                    | -                                | 6,070                      | 48,687              |
| Intergovernmental                     | 4,264,859               | -                                    | 40,687                           | -                          | 4,305,546           |
| <b>GROSS RECEIVABLES</b>              | <b>5,684,088</b>        | <b>-</b>                             | <b>40,687</b>                    | <b>6,070</b>               | <b>5,730,845</b>    |
| Less: Allowance for<br>Uncollectibles | (113,650)               | -                                    | -                                | -                          | (113,650)           |
| <b>NET RECEIVABLES</b>                | <b>\$ 5,570,438</b>     | <b>\$ -</b>                          | <b>\$ 40,687</b>                 | <b>\$ 6,070</b>            | <b>\$ 5,617,195</b> |

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were:

**Schedule on Deferred Inflows of Resources - Unavailable and Unearned**

|  | <b>UNAVAILABLE</b> | <b>UNEARNED</b> |
|--|--------------------|-----------------|
| Delinquent Property Taxes - General Fund | \$ 821,241         | \$ -            |
| Leases                                   | -                  | -               |
| <b>TOTAL</b>                             | <b>\$ 821,241</b>  | <b>\$ -</b>     |

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

*Capital Assets*

Capital asset balances and activity for the year ending June 30, 2023, were:

|  | <u>BEGINNING<br/>BALANCE</u> | <u>INCREASES</u>    | <u>DECREASES</u>      | <u>ENDING<br/>BALANCE</u> |
|--|------------------------------|---------------------|-----------------------|---------------------------|
| <b>GOVERNMENTAL ACTIVITIES:</b>  |                              |                     |                       |                           |
| Capital Assets not being depreciated:  |                              |                     |                       |                           |
| Land   | \$ 1,564,425                 | \$ -                | \$ -                  | \$ 1,564,425              |
| Construction in Progress   | 32,586,120                   | 7,810,900           | (3,628,421)           | 36,768,599                |
| Total Capital Assets not being depreciated   | <u>34,150,545</u>            | <u>7,810,900</u>    | <u>(3,628,421)</u>    | <u>38,333,024</u>         |
| Capital Assets being depreciated/amortized:  |                              |                     |                       | -                         |
| Site Improvements  | 10,093,435                   | 130,625             | (286,055)             | 9,938,005                 |
| Buildings and Bldg. Improvements   | 158,966,866                  | 3,359,869           | (2,144,038)           | 160,182,697               |
| Furniture and Equipment  | 19,770,231                   | 302,410             | (313,088)             | 19,759,553                |
| Intangible Right-To-Use Equipment  | 1,639,805                    | 169,870             | -                     | 1,809,675                 |
| <b>TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED</b>  | <u>190,470,337</u>           | <u>3,962,774</u>    | <u>(2,743,181)</u>    | <u>191,689,930</u>        |
| Less accumulated depreciation/amortization for:  |                              |                     |                       |                           |
| Site Improvements  | (4,200,366)                  | (474,734)           | 156,970               | (4,518,130)               |
| Buildings and Bldg. Improvements   | (65,791,444)                 | (3,144,916)         | 1,995,181             | (66,941,179)              |
| Furniture and Equipment  | (15,885,580)                 | (706,200)           | 299,460               | (16,292,320)              |
| Intangible Right-To-Use Equipment  | (320,113)                    | (488,658)           | -                     | (808,771)                 |
| <b>TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION</b>   | <u>(86,197,503)</u>          | <u>(4,814,508)</u>  | <u>2,451,611</u>      | <u>(88,560,400)</u>       |
| <b>TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED<br/>    NET OF ACCUMULATED DEPRECIATION/AMORTIZATION</b> | <u>104,272,834</u>           | <u>(851,734)</u>    | <u>(291,570)</u>      | <u>103,129,530</u>        |
| <b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS,<br/>NET OF ACCUMULATED DEPRECIATION/AMORTIZATION</b>              | <u>\$ 138,423,379</u>        | <u>\$ 6,959,166</u> | <u>\$ (3,919,991)</u> | <u>\$ 141,462,554</u>     |
| <b>BUSINESS-TYPE ACTIVITIES:</b>   |                              |                     |                       |                           |
| Capital Assets being depreciated:  |                              |                     |                       |                           |
| Furniture and Equipment  | \$ 177,044                   | \$ 815,683          | \$ -                  | \$ 992,727                |
| Less accumulated depreciation  | (66,254)                     | (58,488)            | -                     | (124,742)                 |
| <b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS,<br/>    NET OF ACCUMULATED DEPRECIATION</b>                      | <u>\$ 110,790</u>            | <u>\$ 757,195</u>   | <u>\$ -</u>           | <u>\$ 867,985</u>         |

**DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:**

|   |                     |
|---|---------------------|
| Instruction   | \$ 472,462          |
| Instructional Student Support                         | 285                 |
| Admin. & Fin'l Support Services                       | 23,530              |
| Oper. & Maint. of Plant Svcs.                         | 16,309              |
| Student Activities                                    | 628                 |
| Depreciation - unallocated                            | 4,301,294           |
| <b>TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES</b> | <u>\$ 4,814,508</u> |

The District's governmental activities disposed or scrapped \$2,743,181 of capital assets during the year, with accumulated depreciation of \$2,451,611. The district was able to recoup \$7,953 from the sale of certain equipment, this resulted in a net loss on disposition of \$283,617 for the year. The business-type activities did not dispose of any capital assets during the year.



**Methacton School District  
Notes to The Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

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**Commitments**

*Encumbrances*

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The General Fund Budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

The actual results of operations are presented in accordance with GAAP and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the District's legally adopted budget.

*Long-term Construction Commitments*

The District has the following construction commitments in the Capital Projects Fund:

**Methacton School District  
Construction Commitments**

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|  | <u>CONTRACT<br/>AMOUNT</u> | <u>EXPENDED<br/>TO 6/30/23</u> | <u>OUTSTANDING<br/>COMMITMENTS</u> |
|--|----------------------------|--------------------------------|------------------------------------|
| <b>Arrowhead ES Replacement</b>          |                            |                                |                                    |
| E. R. Steubner - Constructon Contractor  | \$ 16,227,237              | \$ 15,937,960                  | \$ 289,277                         |
| Trefz Mechanical - Mechanical Contractor | 5,093,093                  | 4,837,893                      | 255,200                            |
| <b>Eagleville Entrance</b>               |                            |                                |                                    |
| Five Star Inc - Construction Contractor  | 2,377,252                  | 2,309,046                      | 68,206                             |
| <b>Planetarium</b>                       |                            |                                |                                    |
| Spitz - Dome Contractor                  | 734,700                    | 439,920                        | 294,780                            |
| Willer Brucker - General Contractor      | 132,394                    | 88,948                         | 43,446                             |
| <b>GRAND TOTAL</b>                       | <u>\$ 24,564,676</u>       | <u>\$ 23,613,767</u>           | <u>\$ 950,909</u>                  |

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**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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***Short-term Debt***

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

*Interfund receivables and payables*

The following interfund receivables and payables were in existence on June 30, 2023:

|                                | <b>INTERFUND<br/>RECEIVABLES</b> | <b>INTERFUND<br/>PAYABLES</b> |
|--------------------------------|----------------------------------|-------------------------------|
| General Fund                   | \$ -                             | 3,705,985                     |
| Capital Projects Fund          | 3,675,807                        | -                             |
| Enterprise (Food Service) Fund | 13,845                           | -                             |
| Custodial (Activity) Funds     | 16,333                           | -                             |
| <b>TOTAL</b>                   | <b>\$ 3,705,985</b>              | <b>\$ 3,705,985</b>           |

*Interfund transfers*

The District also made the following interfund transfers during the year ended June 30, 2023:

|                                | <b>TRANSFER IN</b>  | <b>TRANSFER OUT</b> |
|--------------------------------|---------------------|---------------------|
| General Fund                   | \$ -                | \$ 4,358,631        |
| Enterprise (Food Service) Fund | 3,147               |                     |
| Capital Projects Fund          | 4,355,484           | -                   |
| <b>TOTAL</b>                   | <b>\$ 4,358,631</b> | <b>\$ 4,358,631</b> |

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

**Long-Term Liabilities**

Long-term liability balances and activity for the year ended June 30, 2023, were:

**CHANGES IN LONG-TERM LIABILITIES**

|   | <u>BEGINNING<br/>BALANCE</u> | <u>ADDITIONS</u>           | <u>REDUCTIONS</u>           | <u>ENDING<br/>BALANCE</u>    | <u>AMOUNTS<br/>DUE WITHIN<br/>ONE YEAR</u> |
|---|------------------------------|----------------------------|-----------------------------|------------------------------|--|
| <b>GOVERNMENTAL ACTIVITIES</b>              |                              |                            |                             |                              |  |
| <i>General Obligation Debt:</i>             |                              |                            |                             |                              |  |
| Bonds                                       | \$ 82,572,152                | \$ 755                     | \$ 8,136,111                | \$ 74,436,796                | \$ 7,240,000                               |
| Notes                                       | <u>5,205,000</u>             | <u>-</u>                   | <u>-</u>                    | <u>5,205,000</u>             | <u>-</u>                                   |
| <b>Total general obligation debt</b>        | <b>87,777,152</b>            | <b>755</b>                 | <b>8,136,111</b>            | <b>79,641,796</b>            | <b>7,240,000</b>                           |
| <i>Other liabilities:</i>                   |                              |                            |                             |                              |  |
| Lease Obligations                           | 1,176,960                    | 169,871                    | 491,433                     | 855,398                      | 461,017                                    |
| <i>Vested employee benefits:</i>            |                              |                            |                             |                              |  |
| Compensated Absences                        | 3,109,244                    | -                          | 7,579                       | 3,101,665                    | 155,083                                    |
| Net Defined Benefit Pension                 | 130,573,467                  | 6,796,016                  | -                           | 137,369,483                  | -  |
| Net OPEB Liability - Single Employer Plan   | 3,518,731                    | -                          | 1,452,717                   | 2,066,014                    | -  |
| Net OPEB Liability - Multiple Employer Plan | <u>7,499,488</u>             | <u>-</u>                   | <u>1,845,395</u>            | <u>5,654,093</u>             | <u>-</u>                                   |
| <b>Total other liabilities</b>              | <b>145,877,890</b>           | <b>6,965,887</b>           | <b>3,797,124</b>            | <b>149,046,653</b>           | <b>616,100</b>                             |
| <b>TOTAL GOVERNMENTAL ACTIVITY</b>          |                              |                            |                             |                              |  |
| <b>LONG-TERM LIABILITIES</b>                | <b><u>\$ 233,655,042</u></b> | <b><u>\$ 6,966,642</u></b> | <b><u>\$ 11,933,235</u></b> | <b><u>\$ 228,688,449</u></b> | <b><u>\$ 7,856,100</u></b>                 |

Payments on bonds and notes are made by the general fund. Vested employee benefits will be liquidated by governmental and proprietary funds. The School District currently does not have any bonds or notes payable in business-type activities.

Total Interest paid and accrued during the year:

|   | <u>EXPENSE</u>             | <u>PAID</u>                |
|---|----------------------------|----------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                        |                            |                            |
| General obligation debt                               | \$ 2,717,679               | \$ 3,031,077               |
| Lease Obligations                                     | 19,137                     | 19,137                     |
| Refund of Prior Year Receipts                         | <u>8,947</u>               | <u>8,947</u>               |
| <b>TOTAL INTEREST PAID BY GOVERNMENTAL ACTIVITIES</b> | <b><u>\$ 2,745,763</u></b> | <b><u>\$ 3,059,161</u></b> |

**Compensated Absences**

*Sick Leave*

Under the District's various bargaining agreements and plans, professional and eligible support personnel accumulate unused sick days from year to year based on their classification. These accumulated sick days are vesting during the employee's tenure. Upon retirement, these employees are also eligible for remuneration for unused sick days under the following bargaining agreements:

- Methacton Education Association - \$75 per day up to a maximum 160 days
- Methacton Education Support Personnel Association - \$50 per day up to a maximum 115 days
- Teamster Local 384 - \$45 per day up to a maximum of 120 days
- Methacton Administrators agreement \$100 per day up to a maximum of 185 days

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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To be eligible for this benefit, the employee must be eligible to receive superannuation, early retirement or disability pension from the Public School Employees Retirement System (PSERS), and the employee must have at least ten (10) years of service in the Methacton School District, including previous subdivisions. The employee must be retiring from a full-time position and complete full-time service.

The District maintains records of each employee's accumulated sick days that are vested with employees who are eligible to retire and those under the administrators plan.

*Vacation Leave*

The District maintains records of each employee's accumulated vacation days, and has valued the accumulated vacation days earned at June 30, 2023.

**Lease – Vantage #A10 – Dell Laptops**

On July 1, 2021, The District entered into a three-year lease as lessee for the acquisition and use of Dell laptops. An initial lease liability was recorded in the amount of \$102,248. As of June 30, 2023, the value of the lease liability was \$34,758. The District is required to make yearly fixed payments of \$34,759. The lease has an interest rate of 1.98%. The Equipment has a three-year estimated useful life. The value of the right to use asset as of June 30, 2023 was \$102,248 with accumulated amortization of \$34,083.

The future principal and interest lease payments as of June 30, 2023, are as follows:

| FISCAL YEAR              | PRINCIPAL        | INTEREST      |
|--------------------------|------------------|---------------|
| 2023-24                  | \$ 34,078        | \$ 681        |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 34,078</b> | <b>\$ 681</b> |

**Lease – Vantage #L01R – Dell Laptops**

On July 1, 2021, The District entered into a four-year lease as lessee for the acquisition and use of Dell laptops. An initial lease liability was recorded in the amount of \$167,636. As of June 30, 2023, the value of the lease liability was \$83,807. The District is required to make yearly fixed payments of \$42,913. The lease has an interest rate of 1.59%. The Equipment has a four-year estimated useful life. The value of the right to use asset as of June 30, 2023 was \$167,636 with accumulated amortization of \$83,818.

The future principal and interest lease payments as of June 30, 2023, are as follows:

| FISCAL YEAR              | PRINCIPAL        | INTEREST        |
|--------------------------|------------------|-----------------|
| 2023-24                  | \$ 41,571        | \$ 1,342        |
| 2024-25                  | 42,237           | 676             |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 83,808</b> | <b>\$ 2,018</b> |

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**Lease – Vantage #A08 – Chromebooks**

On July 1, 2021, The District entered into a three-year lease as lessee for the acquisition and use of Chromebooks. An initial lease liability was recorded in the amount of \$274,591. As of June 30, 2023, the value of the lease liability was \$67,770. The District is required to make yearly fixed payments of \$104,950 for the first two years and a payment of \$69,000 in the final year. The lease has an interest rate of 1.80%. The Equipment has a four-year estimated useful life. The value of the right to use asset as of June 30, 2023 was \$274,591 with accumulated amortization of \$183,061.

The future principal and interest lease payments as of June 30, 2023, are as follows:

| FISCAL YEAR              | PRINCIPAL        | INTEREST        |
|--------------------------|------------------|-----------------|
| 2023-24                  | \$ 67,770        | \$ 1,230        |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 67,770</b> | <b>\$ 1,230</b> |

**Lease – Vantage #C01R – Chromebooks**

On July 1, 2021, The District entered into a four-year lease as lessee for the acquisition and use of Chromebooks. An initial lease liability was recorded in the amount of \$566,277. As of June 30, 2023, the value of the lease liability was \$283,094. The District is required to make yearly fixed payments of \$145,390. The lease has an interest rate of 1.79%. The Equipment has a four-year estimated useful life. The value of the right to use asset as of June 30, 2023 was \$566,277 with accumulated amortization of \$283,139.

The future principal and interest lease payments as of June 30, 2023, are as follows:

| FISCAL YEAR              | PRINCIPAL         | INTEREST        |
|--------------------------|-------------------|-----------------|
| 2023-24                  | \$ 140,281        | \$ 5,109        |
| 2024-25                  | 142,813           | 2,577           |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 283,094</b> | <b>\$ 7,686</b> |

**Lease – Vantage #C02 – Chromebooks**

On June 1, 2022, The District entered into a four-year lease as lessee for the acquisition and use of Chromebooks. An initial lease liability was recorded in the amount of \$529,053. As of June 30, 2023, the value of the lease liability was \$264,505. The District is required to make yearly fixed payments of \$134,832. The lease has an interest rate of 1.29%. The Equipment has a four-year estimated useful life. The value of the right to use asset as of June 30, 2023 was \$529,053 with accumulated amortization of \$143,285.

The future principal and interest lease payments as of June 30, 2023, are as follows:

| FISCAL YEAR              | PRINCIPAL         | INTEREST        |
|--------------------------|-------------------|-----------------|
| 2023-24                  | \$ 131,400        | \$ 3,432        |
| 2024-25                  | 133,105           | 1,727           |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 264,505</b> | <b>\$ 5,159</b> |

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

**Lease – Vantage #L02R – Dell Laptops**

On July 1, 2022, Methacton School District entered into a 4 year lease as lessee for the acquisition and use of Dell laptops. An initial lease liability was recorded in the amount of \$111,840. As of June 30, 2023, the value of the lease liability was \$83,117. Methacton School District is required to make yearly fixed payments of \$28,723. The lease has an interest rate of 1.81%. The Equipment has a four-year estimated useful life. The value of the right to use asset as of June 30, 2023 was \$111,840 with accumulated amortization of \$27,960.

The future principal and interest lease payments as of June 30, 2023, are as follows:

| FISCAL YEAR              | PRINCIPAL        | INTEREST        |
|--------------------------|------------------|-----------------|
| 2023-24                  | \$ 27,206        | \$ 1,020        |
| 2024-25                  | 27,703           | 515             |
| 2025-26                  | 28,208           | -               |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 83,117</b> | <b>\$ 1,535</b> |

**SBITA – Sapphire K12 – Nursing System of Record HIS**

On July 1, 2022, the District entered into a 3 year subscription for the licensing of health information systems. An initial subscription liability was recorded in the amount of \$58,031. As of June 30, 2023, the value of the subscription liability was \$39,028. The District is required to make yearly fixed payments. The subscription has an interest rate of 2.18%. The value of the right to use asset as of June 30, 2023 was \$58,031 with accumulated amortization of \$19,344.

The future principal and interest lease payments as of June 30, 2023, are as follows:

| FISCAL YEAR              | PRINCIPAL        | INTEREST        |
|--------------------------|------------------|-----------------|
| 2023-24                  | \$ 18,712        | \$ 861          |
| 2024-25                  | 20,316           | 448             |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 39,028</b> | <b>\$ 1,309</b> |

**General Obligation Bonds - Series of 2016**

On March 30, 2016, The District issued General Obligations Bond Series of 2016. The purpose of this issue is to advance refund the outstanding principal of the General Obligation Bonds Series of 2009. The Bonds had an original principal amount of \$28,080,000, matures on March 1, 2025, and bears interests from .70% to 5.00%. Interest is paid semi-annually on March 1 and September 1.

The outstanding debt service requirements at June 30, 2023 are:

| FISCAL YEAR              | PRINCIPAL           | INTEREST          |
|--------------------------|---------------------|-------------------|
| 2023-24                  | \$ 4,200,000        | \$ 210,000        |
| <b>SUB-TOTAL</b>         | <b>\$ 4,200,000</b> | <b>\$ 210,000</b> |
| Unamortized Premium      | 251,185             |                   |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 4,451,185</b> |                   |

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**General Obligation Bonds - Series A of 2017**

On October 31, 2017, The District issued General Obligation Bond Series A of 2017. The purpose of this issue is to currently refund the outstanding principal of the General Obligation Bonds Series 2011. The Bond has an original principal amount of \$6,075,000, matures on September 15, 2023, and bears interest from 1.0% to 4.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2023, are:

| FISCAL YEAR              | PRINCIPAL           | INTEREST         |
|--------------------------|---------------------|------------------|
| 2023-24                  | \$ 1,110,000        | \$ 18,300        |
| <b>SUB-TOTAL</b>         | <b>\$ 1,110,000</b> | <b>\$ 18,300</b> |
| Unamortized Premium      | 39,425              |                  |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 1,149,425</b> |                  |

**General Obligation Bonds - Series B of 2017**

On December 5, 2017, The District issued General Obligation Bond Series B of 2017. The purpose of this issue is to provide funds for the acquisition, construction and improvement of facilities. The Bond has an original principal amount of \$8,500,000, matures on September 15, 2034, and bears interest from 1.35% to 3.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2023, are:

GOB 2017b

| FISCAL YEAR              | PRINCIPAL           | INTEREST            |
|--------------------------|---------------------|---------------------|
| 2023-24                  | \$ 5,000            | \$ 239,428          |
| 2024-25                  | 30,000              | 239,055             |
| 2025-26                  | 405,000             | 234,379             |
| 2026-27                  | 730,000             | 221,813             |
| 2027-28                  | 765,000             | 202,125             |
| 2028-33                  | 5,215,000           | 586,650             |
| 2033-38                  | 1,265,000           | 22,125              |
| <b>SUB-TOTAL</b>         | <b>\$ 8,415,000</b> | <b>\$ 1,745,575</b> |
| Unamortized discounts    | (9,057)             |                     |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 8,405,943</b> |                     |

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**General Obligation Bonds - Series of 2018**

On May 10, 2018, The District issued General Obligation Bond Series of 2018. The purpose of this issue is to currently refund the outstanding principal of the General Obligation Bonds Series A 2011 and General Obligation Notes Series 2015. The Bond has an original principal amount of \$5,915,000, matures on September 15, 2027, and bears interest from 1.85% to 4.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2023, are:

| FISCAL YEAR              | PRINCIPAL           | INTEREST          |
|--------------------------|---------------------|-------------------|
| 2023-24                  | \$ 795,000          | \$ 189,244        |
| 2024-25                  | 5,000               | 176,259           |
| 2025-26                  | 1,640,000           | 143,400           |
| 2026-27                  | 1,695,000           | 76,700            |
| 2027-28                  | 1,070,000           | 21,400            |
| <b>SUB-TOTAL</b>         | <b>\$ 5,205,000</b> | <b>\$ 607,003</b> |
| Unamortized Premium      | 180,807             |                   |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 5,385,807</b> |                   |

**General Obligation Bonds - Series A of 2018**

On May 10, 2018, The District issued General Obligation Bond Series A of 2018. The purpose of this issue is to currently refund the outstanding principal of the General Obligation Notes Series 2013. The Bond has an original principal amount of \$5,400,000, matures on September 15, 2025, and bears interest from 2.20% to 4.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2023, are:

| FISCAL YEAR              | PRINCIPAL           | INTEREST          |
|--------------------------|---------------------|-------------------|
| 2023-24                  | \$ 95,000           | \$ 178,093        |
| 2024-25                  | 4,515,000           | 99,975            |
| 2025-26                  | 765,000             | 11,475            |
| <b>SUB-TOTAL</b>         | <b>\$ 5,375,000</b> | <b>\$ 289,543</b> |
| Unamortized Premium      | 80,048              |                   |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 5,455,048</b> |                   |



**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**General Obligation Bonds - Series of 2019**

On July 18, 2019, The District issued General Obligation Bond Series of 2019. The purpose of this issue is for the alterations, renovations, and additions to the Arrowhead Elementary School, Eagleville Elementary School, Woodland Elementary School, Worcester Elementary School, Skyview Upper Elementary School, Arcola Intermediate School, and the Methacton High School. The Bond has an original principal of \$4,475,000, matures on September 15, 2033, and bears interest from 1.45% to 4.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2023, are:

| FISCAL YEAR              | PRINCIPAL           | INTEREST            |
|--------------------------|---------------------|---------------------|
| 2023-24                  | \$ 5,000            | \$ 170,073          |
| 2024-25                  | 5,000               | 169,991             |
| 2025-26                  | 15,000              | 169,800             |
| 2026-27                  | 335,000             | 164,625             |
| 2027-28                  | 440,000             | 153,000             |
| 2028-33                  | 3,060,000           | 440,000             |
| 2033-37                  | 600,000             | 12,000              |
| <b>SUB-TOTAL</b>         | <b>\$ 4,460,000</b> | <b>\$ 1,279,489</b> |
| Unamortized Premium      | 272,507             |                     |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 4,732,507</b> |                     |

**General Obligation Bonds - Series A of 2019**

On November 21, 2019, The District issued General Obligation Bond Series A of 2019. The purpose of this issue is to provide funds for the alterations, renovations, and additions to Eagleville Elementary School, Worcester Elementary School, Skyview Upper Elementary School, Arcola Intermediate School, Methacton High School, Farina Educational Center, the District Facilities building, and the District Transportation building. The bond has an original principal amount of \$4,020,000, matures on March 1, 2034, and bears interest from 1.375% to 4.00%. Interest is paid semi-annually on March 1 and September 1.

The outstanding debt service requirements at June 30, 2023, are:

| FISCAL YEAR              | PRINCIPAL           | INTEREST            |
|--------------------------|---------------------|---------------------|
| 2023-24                  | \$ 5,000            | \$ 141,865          |
| 2024-25                  | 5,000               | 141,789             |
| 2025-26                  | 145,000             | 140,300             |
| 2026-27                  | 195,000             | 136,900             |
| 2027-28                  | 320,000             | 131,750             |
| 2028-33                  | 2,635,000           | 409,675             |
| 2033-37                  | 700,000             | 14,000              |
| <b>SUB-TOTAL</b>         | <b>\$ 4,005,000</b> | <b>\$ 1,116,279</b> |
| Unamortized Premium      | 215,531             |                     |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 4,220,531</b> |                     |

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**General Obligation Bonds - Series AA of 2019**

On December 30, 2019, The District issued General Obligation Bond Series AA of 2019. The purpose of this issue is to refund the outstanding principal of the General Obligation Bond Series A of 2012 and General Obligation Bond Series of 2013. The Bond has an original principal amount of \$7,495,000, matures on February 1, 2026, and bears interest from 1.30% to 4.00%. Interest is paid semiannually on February 1 and August 1.

The outstanding debt service requirements at June 30, 2023, are:

| FISCAL YEAR              | PRINCIPAL           | INTEREST          |
|--------------------------|---------------------|-------------------|
| 2023-24                  | \$ 1,010,000        | \$ 168,300        |
| 2024-25                  | 2,540,000           | 101,800           |
| 2025-26                  | 1,575,000           | 25,500            |
| <b>SUB-TOTAL</b>         | <b>\$ 5,125,000</b> | <b>\$ 295,600</b> |
| Unamortized Premium      | 227,375             |                   |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 5,352,375</b> |                   |

**General Obligation Bonds - Series of 2020**

On July 9, 2020, The District issued General Obligation Bond Series of 2020. The purpose of this issue is to refund the outstanding principal of the General Obligation Bond Series A of 2013. The Bond has an original principal amount of \$2,255,000, matures on March 15, 2026, and bears interest from .62% to 4.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2023, are:

| FISCAL YEAR              | PRINCIPAL           | INTEREST          |
|--------------------------|---------------------|-------------------|
| 2023-24                  | \$ 5,000            | \$ 87,763         |
| 2024-25                  | 75,000              | 87,163            |
| 2025-26                  | 2,165,000           | 43,300            |
| <b>SUB-TOTAL</b>         | <b>\$ 2,245,000</b> | <b>\$ 218,226</b> |
| Unamortized Premium      | 192,560             |                   |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 2,437,560</b> |                   |

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**General Obligation Bonds - Series A of 2020**

On July 9, 2020, The District issued General Obligation Bond Series A of 2020. The purpose of this issue is to provide funds for the acquisition, design, construction, furnishing, and other expenses related to various School District facilities and other capital project needs. The Bond has an original principal amount of \$15,815,000, matures on March 15, 2046, and bears interest from 1.00% to 4.00%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2023, are:

| FISCAL YEAR              | PRINCIPAL            | INTEREST            |
|--------------------------|----------------------|---------------------|
| 2023-24                  | \$ 5,000             | \$ 628,300          |
| 2024-25                  | 5,000                | 628,250             |
| 2025-26                  | 5,000                | 628,200             |
| 2026-27                  | 5,000                | 628,138             |
| 2027-28                  | 5,000                | 628,063             |
| 2028-33                  | 3,365,000            | 2,823,063           |
| 2033-38                  | 4,050,000            | 2,090,000           |
| 2038-43                  | 4,915,000            | 1,198,300           |
| 2043-46                  | 3,455,000            | 211,100             |
| <b>SUB-TOTAL</b>         | <b>\$ 15,810,000</b> | <b>\$ 9,463,414</b> |
| Unamortized Premium      | 1,965,136            |                     |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 17,775,136</b> |                     |

**General Obligation Notes - Series of 2020**

On July 9, 2020, The District issued General Obligation Note Series of 2020. The purpose of this issue is to partially refund a portion of the outstanding principal of General Obligation Bond Series of 2016. The Note has an original principal amount of \$5,205,000, matures on March 15, 2028, and bears interest from 1.77% to 1.87%. Interest is paid semi-annually on March 15 and September 15.

The outstanding debt service requirements at June 30, 2023, are:

| FISCAL YEAR              | PRINCIPAL           | INTEREST          |
|--------------------------|---------------------|-------------------|
| 2023-24                  | \$ -                | \$ 93,519         |
| 2024-25                  | -                   | 93,519            |
| 2025-26                  | -                   | 93,519            |
| 2026-27                  | 3,815,000           | 59,756            |
| 2027-28                  | 1,390,000           | 12,997            |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 5,205,000</b> | <b>\$ 353,310</b> |

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**General Obligation Bonds - Series of 2021**

On December 2, 2021, The District issued General Obligation Bonds Series of 2021. The purpose of this issue is to provide funds for the acquisition, design, construction, furnishing and any other expenses related to various School District facilities. The Bond has an original principal amount of \$13,110,000, matures on July 15, 2045, and bears interest from 1.00% to 4.00%. Interest is paid semi-annually on July 15 and January 15.

The outstanding debt service requirements at June 30, 2023, are:

| <b>FISCAL YEAR</b>       | <b>PRINCIPAL</b>     | <b>INTEREST</b>     |
|--------------------------|----------------------|---------------------|
| 2023-24                  | \$ 5,000             | \$ 523,650          |
| 2024-25                  | 5,000                | 523,600             |
| 2025-26                  | 5,000                | 523,550             |
| 2026-27                  | 5,000                | 523,500             |
| 2027-28                  | 5,000                | 523,438             |
| 2028-33                  | 3,055,000            | 2,313,300           |
| 2033-38                  | 3,205,000            | 1,697,100           |
| 2038-43                  | 4,005,000            | 977,300             |
| 2043-46                  | 2,820,000            | 172,000             |
| <b>SUB-TOTAL</b>         | <b>\$ 13,110,000</b> | <b>\$ 7,777,438</b> |
| Unamortized Premium      | 1,961,278            |                     |
| <b>TOTAL OUTSTANDING</b> | <b>\$ 15,071,278</b> |                     |

The School District general obligation bonds and notes contain a provision that in the event of default for nonpayment of principal and interest, the School Code allows for the Commonwealth of Pennsylvania to withhold monies from the School District's subsidies and pay any past due amounts directly to the paying agent for payment to the bond or note holders.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

**Combined General Obligation Debt**

The combined general debt obligations for subsequent years are:

| <b>Bonds</b>                             |                        |                     |                         |                     |                         |                     |                        |                     |                       |                     |
|--|------------------------|---------------------|-------------------------|---------------------|-------------------------|---------------------|------------------------|---------------------|-----------------------|---------------------|
| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>GO Bonds - 2016</b> |                     | <b>GO Bonds - 2017A</b> |                     | <b>GO Bonds - 2017B</b> |                     | <b>GO Bonds - 2018</b> |                     | <b>GO Bonds 2018A</b> |                     |
|  | <b>Interest</b>        | <b>Principal</b>    | <b>Interest</b>         | <b>Principal</b>    | <b>Interest</b>         | <b>Principal</b>    | <b>Interest</b>        | <b>Principal</b>    | <b>Interest</b>       | <b>Principal</b>    |
| 2024                                     | \$ 210,000             | \$ 4,200,000        | \$ 18,300               | \$ 1,110,000        | \$ 239,428              | \$ 5,000            | \$ 189,244             | \$ 795,000          | \$ 178,093            | \$ 95,000           |
| 2025                                     | -                      | -                   | -                       | -                   | 239,055                 | 30,000              | 176,259                | 5,000               | 99,975                | 4,515,000           |
| 2026                                     | -                      | -                   | -                       | -                   | 234,379                 | 405,000             | 143,400                | 1,640,000           | 11,475                | 765,000             |
| 2027                                     | -                      | -                   | -                       | -                   | 221,813                 | 730,000             | 76,700                 | 1,695,000           | -                     | -                   |
| 2028                                     | -                      | -                   | -                       | -                   | 202,125                 | 765,000             | 21,400                 | 1,070,000           | -                     | -                   |
| 2029-2033                                | -                      | -                   | -                       | -                   | 586,650                 | 5,215,000           | -                      | -                   | -                     | -                   |
| 2034-2038                                | -                      | -                   | -                       | -                   | 22,125                  | 1,265,000           | -                      | -                   | -                     | -                   |
| 2039-2043                                | -                      | -                   | -                       | -                   | -                       | -                   | -                      | -                   | -                     | -                   |
| 2043-2046                                | -                      | -                   | -                       | -                   | -                       | -                   | -                      | -                   | -                     | -                   |
| <b>TOTAL</b>                             | <b>\$ 210,000</b>      | <b>\$ 4,200,000</b> | <b>\$ 18,300</b>        | <b>\$ 1,110,000</b> | <b>\$ 1,745,575</b>     | <b>\$ 8,415,000</b> | <b>\$ 607,003</b>      | <b>\$ 5,205,000</b> | <b>\$ 289,543</b>     | <b>\$ 5,375,000</b> |

**Bonds - continued**

| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>GO Bonds 2019</b> |                     | <b>GO Bonds 2019A</b> |                     | <b>GO Bonds 2019AA</b> |                     | <b>GO Bonds 2020</b> |                     | <b>GO Bonds 2020A</b> |                      |
|--|----------------------|---------------------|-----------------------|---------------------|------------------------|---------------------|----------------------|---------------------|-----------------------|----------------------|
|  | <b>Interest</b>      | <b>Principal</b>    | <b>Interest</b>       | <b>Principal</b>    | <b>Interest</b>        | <b>Principal</b>    | <b>Interest</b>      | <b>Principal</b>    | <b>Interest</b>       | <b>Principal</b>     |
| 2024                                     | \$ 170,073           | \$ 5,000            | \$ 141,865            | \$ 5,000            | \$ 168,300             | \$ 1,010,000        | \$ 87,763            | \$ 5,000            | \$ 628,300            | \$ 5,000             |
| 2025                                     | 169,991              | 5,000               | 141,789               | 5,000               | 101,800                | 2,540,000           | 87,163               | 75,000              | 628,250               | 5,000                |
| 2026                                     | 169,800              | 15,000              | 140,300               | 145,000             | 25,500                 | 1,575,000           | 43,300               | 2,165,000           | 628,200               | 5,000                |
| 2027                                     | 164,625              | 335,000             | 136,900               | 195,000             | -                      | -                   | -                    | -                   | 628,138               | 5,000                |
| 2028                                     | 153,000              | 440,000             | 131,750               | 320,000             | -                      | -                   | -                    | -                   | 628,063               | 5,000                |
| 2029-2033                                | 440,000              | 3,060,000           | 409,675               | 2,635,000           | -                      | -                   | -                    | -                   | 2,823,063             | 3,365,000            |
| 2034-2038                                | 12,000               | 600,000             | 14,000                | 700,000             | -                      | -                   | -                    | -                   | 2,090,000             | 4,050,000            |
| 2039-2043                                | -                    | -                   | -                     | -                   | -                      | -                   | -                    | -                   | 1,198,300             | 4,915,000            |
| 2043-2046                                | -                    | -                   | -                     | -                   | -                      | -                   | -                    | -                   | 211,100               | 3,455,000            |
| <b>TOTAL</b>                             | <b>\$ 1,279,489</b>  | <b>\$ 4,460,000</b> | <b>\$ 1,116,279</b>   | <b>\$ 4,005,000</b> | <b>\$ 295,600</b>      | <b>\$ 5,125,000</b> | <b>\$ 218,226</b>    | <b>\$ 2,245,000</b> | <b>\$ 9,463,414</b>   | <b>\$ 15,810,000</b> |

**Bonds - Continued**

**Direct Borrowing**

**Bonds and Direct Borrowing**

| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>GO Bonds 2021</b> |                      | <b>Total Bonds</b>   |                      | <b>GO Notes 2020</b> |                     | <b>Totals</b>        |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|
|  | <b>Interest</b>      | <b>Principal</b>     | <b>Interest</b>      | <b>Principal</b>     | <b>Interest</b>      | <b>Principal</b>    | <b>Interest</b>      | <b>Principal</b>     |
| 2024                                     | \$ 523,650           | \$ 5,000             | \$ 2,555,016         | \$ 7,240,000         | \$ 93,519            | -                   | \$ 2,648,535         | \$ 7,240,000         |
| 2025                                     | 523,600              | 5,000                | 2,167,882            | 7,185,000            | 93,519               | -                   | 2,261,401            | 7,185,000            |
| 2026                                     | 523,550              | 5,000                | 1,919,904            | 6,720,000            | 93,519               | -                   | 2,013,423            | 6,720,000            |
| 2027                                     | 523,500              | 5,000                | 1,751,676            | 2,965,000            | 59,756               | 3,815,000           | 1,811,432            | 6,780,000            |
| 2028                                     | 523,438              | 5,000                | 1,659,776            | 2,605,000            | 12,997               | 1,390,000           | 1,672,773            | 3,995,000            |
| 2029-2033                                | 2,313,300            | 3,055,000            | 6,572,688            | 17,330,000           | -                    | -                   | 6,572,688            | 17,330,000           |
| 2034-2038                                | 1,697,100            | 3,205,000            | 3,835,225            | 9,820,000            | -                    | -                   | 3,835,225            | 9,820,000            |
| 2039-2043                                | 977,300              | 4,005,000            | 2,175,600            | 8,920,000            | -                    | -                   | 2,175,600            | 8,920,000            |
| 2043-2046                                | 172,000              | 2,820,000            | 383,100              | 6,275,000            | -                    | -                   | 383,100              | 6,275,000            |
| <b>TOTAL</b>                             | <b>\$ 7,777,438</b>  | <b>\$ 13,110,000</b> | <b>\$ 23,020,867</b> | <b>\$ 69,060,000</b> | <b>\$ 353,310</b>    | <b>\$ 5,205,000</b> | <b>\$ 23,374,177</b> | <b>\$ 74,265,000</b> |

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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***Defined Benefit Pension Plan***

***Public School Employees' Retirement System (PSERS) Pension Plan***

***Summary of Significant Accounting Policies***

**Pensions**

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

***General Information about the Pension Plan***

**Plan Description**

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

**Benefits Provided**

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

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

Benefits are generally between to 1% to 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 ten years of service.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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

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

Contributions

Member Contributions:

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

| <b>Member Contribution Rates</b> |                             |   |                      |   |
|----------------------------------|-----------------------------|---|----------------------|---|
| Membership Class                 | Continuous Employment Since | Defined Benefit (DB) Contribution Rate      | DC Contribution Rate | Total Contribution Rate                         |
| T-C                              | Prior to July 22, 1983      | 5.25%                                       | N/A                  | 5.25%   |
|                                  |                             |   |                      | 6.25%   |
| T-C                              | On or after July 22, 1983   | 6.25%                                       | N/A                  | 6.25%   |
| T-D                              | Prior to July 22, 1983      | 6.50%                                       | N/A                  | 6.50%   |
| T-D                              | On or after July 22, 1983   | 7.50%                                       | N/A                  | 7.50%   |
| T-E                              | On or after July 1, 2011    | 7.50% base rate with shared risk provision  | N/A                  | Prior to 7/1/21: 7.50%<br>After 7/1/21: 8.00%   |
| T-F                              | On or after July 1, 2011    | 10.30% base rate with shared risk provision | N/A                  | Prior to 7/1/21: 10.30%<br>After 7/1/21: 10.80% |
| T-G                              | On or after July 1, 2019    | 5.50% base rate with shared risk provision  | 2.75%                | Prior to 7/1/21: 8.25%<br>After 7/1/21: 9.00%   |
| T-H                              | On or after July 1, 2019    | 4.50% base rate with shared risk provision  | 3.00%                | Prior to 7/1/21: 7.50%<br>After 7/1/21: 8.25%   |
| DC                               | On or after July 1, 2019    | N/A   | 7.50%                | 7.50%   |

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

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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Employer Contributions:

The School Districts' contractually required contribution rate for the fiscal year ended June 30, 2023 was 34.31% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$16,597,018 for the year ended June 30, 2023.

***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 \$137,369,483 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023, the District's proportion was 0.3092%, which was a decrease of 0.0086% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$9,080,770. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <u>Sources</u>  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities | \$ 37,138                                 | \$ -                                     |
| Changes in Assumptions  | 4,105,000                                 | -  |
| Net difference between projected and actual contributions made                        | -   | 87,748                                   |
| Net difference between projected and actual earnings on pension plan investments      | -   | 2,333,000                                |
| Difference between expected and actual experience                                     | -   | 1,127,000                                |
| Changes in proportion of the Net Pension Liability                                    | -   | 2,724,000                                |
| District contributions subsequent to the measurement date                             | <u>16,597,018</u>                         | <u>-</u>                                 |
| Total   | <u>\$ 20,739,156</u>                      | <u>\$ 6,271,748</u>                      |

\$16,597,018 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:



**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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| <b>Year ended June 30:</b> | <b><u>Amount</u></b>  |
|----------------------------|-----------------------|
| 2023                       | \$ (223,000)          |
| 2024                       | (548,230)             |
| 2025                       | (4,583,230)           |
| 2026                       | 3,244,772             |
| Thereafter                 | <u>(19,922)</u>       |
| Total                      | <u>\$ (2,129,610)</u> |

***Changes in Actuarial Assumptions***

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

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

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

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.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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.

| <b>Asset Class</b>   | <b>Target Allocation</b> | <b>Long-Term Expected Real Rate of Return</b> |
|----------------------|--------------------------|---|
| Global public equity | 28.0%                    | 5.3%  |
| Private Equity       | 12.0%                    | 8.0%  |
| Fixed Income         | 33.0%                    | 2.3%  |
| Commodities          | 9.0%                     | 2.3%  |
| Infrastructure/MLPs  | 9.0%                     | 5.4%  |
| Real estate          | 11.0%                    | 4.6%  |
| Absolute return      | 6.0%                     | 3.5%  |
| Cash                 | 3.0%                     | 0.5%  |
| Leverage             | -11.0%                   | 0.5%  |
|                      | <u>100%</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 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

|   | <b>1% Decrease<br/>6.00%</b> | <b>Current<br/>Discount Rate<br/>7.00%</b> | <b>1% Increase<br/>8.00%</b> |
|---|------------------------------|--|------------------------------|
| District's proportionate share of the net pension liability | \$ 177,803,000               | \$ 137,466,000                             | \$ 103,457,000               |

**Pension Plan Fiduciary Net Position**

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

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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State Funding

The Commonwealth of Pennsylvania generally reimburses the School District for 50%-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2023, the School District recognized revenue of \$8,485,367 as reimbursement from the State for its current year pension payments.

Payables to the Pension Plan

As of June 30, 2023, the School District had \$5,710,861 included in accrued wages liability, of which \$4,412,441 is for the contractually required contribution for the second quarter of 2023 and \$1,298,420 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

**Other Post-Employment Benefits**

Public School Employees' Retirement System (PSERS) Multiple Employer OPEB Plan on Health Insurance Premium Assistance Program

**Summary of Significant Accounting Policies**

Other Postemployment Benefits

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

**General Information about the Health Insurance Premium Assistance Program**

Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

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

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

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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

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

Pension Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program.

Contributions

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$362,803 for the year ended June 30, 2023.

***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 \$5,654,093 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.3081%, which was a decrease of 0.0088% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$90,367. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

| <u>Sources</u>  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities | \$ 1,256                                  | \$ -                                     |
| Changes in Assumptions  | -   | 709,000                                  |
| Net difference between projected and actual contributions made                        | -   | 5,483                                    |
| Net difference between projected and actual investment earnings                       | 15,000                                    | -  |
| Difference between expected and actual experience                                     | 22,000                                    | -  |
| Changes in proportion of the Net OPEB Liability                                       | -   | 206,000                                  |
| District contributions subsequent to the measurement date                             | 362,803                                   | -  |
| <b>Total</b>  | <b><u>\$ 401,059</u></b>                  | <b><u>\$ 920,483</u></b>                 |

\$362,803 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Year ended June 30:</b> | <b><u>Amount</u></b>       |
|----------------------------|----------------------------|
| 2023                       | \$ (218,000)               |
| 2024                       | (144,633)                  |
| 2025                       | (145,633)                  |
| 2026                       | (172,633)                  |
| 2027                       | (199,635)                  |
| Thereafter                 | <u>(1,693)</u>             |
| <b>Total</b>               | <b><u>\$ (882,227)</u></b> |

***Actuarial Assumptions***

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.

**Methacton School District  
Notes to The Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

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- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

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

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

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

| <b>OPEB - Asset Class</b> | <b>Target Allocation</b> | <b>Long-Term Expected Real Rate of Return</b> |
|---------------------------|--------------------------|---|
| Cash                      | 100.0%                   | 0.5%  |
|                           | 100%                     |   |

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

Discount rate

The discount rate used to measure the Total OPEB Liability was 4.09%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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 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, 93,293 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2022, 582 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

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

|                           | <u>1% Decrease</u> | <u>Current<br/>Trend Rate</u> | <u>1% Increase</u> |
|---------------------------|--------------------|-------------------------------|--------------------|
| System net OPEB liability | \$ 5,671,000       | \$ 5,671,000                  | \$ 5,672,000       |

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 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

|  | <u>1% Decrease<br/>3.09%</u> | <u>Current<br/>Discount Rate<br/>4.09%</u> | <u>1% Increase<br/>5.09%</u> |
|--|------------------------------|--|------------------------------|
| District's proportionate share of the net OPEB liability | \$ 6,414,000                 | \$ 5,671,000                               | \$ 5,050,000                 |

OPEB Plan Fiduciary Net Position

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

Payables to the Multiple Employer OPEB Plan

As of June 30, 2023, the School District had \$124,113 included in accrued wages liability, of which \$95,895 is for the contractually required contribution for the second quarter of 2023 and \$28,218 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
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***Single Employer OPEB Plan***

In accordance with the PA School Code of 1949, as amended, medical coverage is provided to eligible retirees and spouses with the retiree paying the full active premium rate for coverage until age 65.

*Plan Description:* Methacton School District has one single employer defined benefit plan with the pertinent descriptions shown on the tables on the following pages:



**Methacton School District  
Notes to The Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

| <b><u>Summary of Plan Provisions</u></b>         |                                       |   |                            |                         |           |                      |   |                      |   |
|--|---------------------------------------|---|----------------------------|-------------------------|-----------|----------------------|---|----------------------|---|
| <b>Group</b>                                     | <b>Eligibility</b>                    | <b>Coverage and Premium Sharing</b>   | <b>Duration</b>            |                         |           |                      |   |                      |   |
| <b><u>I. ADMINSTRATORS</u></b>                   | Must be eligible for PSERS retirement | <ul style="list-style-type: none"> <li>● Coverage: Medical, Prescription Drug, Dental, and Vision</li> <li>● Premium Sharing: If member retired as of June 30, 2018, member receives contributions directly into a health reimbursement account based on year of retirement as outlined below. Member must pay full premium for medical, Prescription Drug, Dental and Vision.<br/><br/> <table style="width: 100%; border: none;"> <tr> <td style="text-align: center;"><u>Year of Retirement*</u></td> <td style="text-align: center;"><u>Employer Payment</u></td> </tr> <tr> <td style="text-align: center;">2017-2018</td> <td style="text-align: center;">\$20,000 for 2years</td> </tr> </table> <p>* Years are based on school years starting July 1 and ending June 30.</p> <p>If the member does not meet the requirements for any district subsidy but requirements are met for PSERS retirement, the member and spouse may continue coverage by paying the full premium.</p> </li> <li>● Dependents: Spouses and Family are covered. Upon the death of a retiree, the spouse and any eligible dependents receive a COBRA offer to continue Medical, Prescription Drug, Dental and Vision.</li> </ul>  | <u>Year of Retirement*</u> | <u>Employer Payment</u> | 2017-2018 | \$20,000 for 2years  | <ul style="list-style-type: none"> <li>● Retiree is covered until age 65.</li> <li>● Spouse is covered until the earlier of the retiree reaching 65 or the spouse reaching 65.</li> </ul> |                      |   |
| <u>Year of Retirement*</u>                       | <u>Employer Payment</u>               |   |                            |                         |           |                      |   |                      |   |
| 2017-2018  | \$20,000 for 2years                   |   |                            |                         |           |                      |   |                      |   |
| <b><u>II. TEACHERS</u></b>                       |                                       |   |                            |                         |           |                      |   |                      |   |
| A) Retire between July1, 2005 and June 30, 2017. | Same as I                             | <ul style="list-style-type: none"> <li>● Coverage: Medical, Prescription Drug, Dental, and Vision</li> <li>● Premium Sharing: If member retired with at least 10 years of district service, member receives payments into a health reimbursement account or 403(b) plan based on year of retirement as outlined below. Member must pay full premium for Medical, Prescription Drug, Dental and Vision.<br/><br/> <table style="width: 100%; border: none;"> <tr> <td style="text-align: center;"><u>Year of Retirement*</u></td> <td style="text-align: center;"><u>Employer Payment</u></td> </tr> <tr> <td style="text-align: center;">2005-2010</td> <td style="text-align: center;">\$20,000 for 5 years</td> </tr> <tr> <td style="text-align: center;">2014-2016</td> <td style="text-align: center;">\$15,000 for 2 years</td> </tr> </table> <p>* Years are based on school years starting July 1 and ending June 30. If a school year is not listed, then no payment was offered. For example, no payment was offered for school years 2001-2012 of 20113-2014 or 2016-2017.</p> <p>If the member does not meet the requirements for any district subsidy but requirements are met PSERS retirements, the member and spouse may continue coverage by paying the full premium.</p> <p>Dependents: Spouse and Family are covered. Upon the death of a retiree, the spouse and any eligible dependents receive a COBRA offer to continue Medical, Prescription Drug, Dental and Vision.</p> </li> </ul> | <u>Year of Retirement*</u> | <u>Employer Payment</u> | 2005-2010 | \$20,000 for 5 years | 2014-2016   | \$15,000 for 2 years | <ul style="list-style-type: none"> <li>● Retired Member and Dependents are covered until the last of the month that the Member reaches the age of 65.</li> <li>● An older spouse may continue coverage until the retiree reached 65; in this case, the District's plan pays primary.</li> </ul> |
| <u>Year of Retirement*</u>                       | <u>Employer Payment</u>               |   |                            |                         |           |                      |   |                      |   |
| 2005-2010  | \$20,000 for 5 years                  |   |                            |                         |           |                      |   |                      |   |
| 2014-2016  | \$15,000 for 2 years                  |   |                            |                         |           |                      |   |                      |   |

**Methacton School District  
Notes to The Basic Financial Statements  
Fiscal Year Ended June 30, 2023**

| <b><u>Summary of Plan Provisions</u></b>          |                         |   |   |                         |           |                      |   |
|---|-------------------------|---|---|-------------------------|-----------|----------------------|---|
| <b>Group</b>                                      | <b>Eligibility</b>      | <b>Coverage and Premium Sharing</b>   | <b>Duration</b>   |                         |           |                      |   |
| B) Retire between July 1, 2017 and June 30, 2018. | Same as I               | <ul style="list-style-type: none"> <li>● Coverage: Medical, Prescription Drug, Dental, and Vision</li> <li>● Premium Sharing: If member retired as of June 30, 2018, member receives contributions directly into a health reimbursement account if offer is provided by Employer. Member must pay full premium for Medical, Prescription Drug, Dental and Vision.<br/><br/> <table style="margin-left: 40px; border: none;"> <tr> <td style="text-align: center;"><u>Year of Retirement*</u></td> <td style="text-align: center;"><u>Employer Payment</u></td> </tr> <tr> <td style="text-align: center;">2017-2018</td> <td style="text-align: center;">\$20,000 for 2 years</td> </tr> </table> </li> </ul> <p>If the member does not meet the requirements for any district subsidy but requirements are met PSERS retirement, the member and spouse may continue coverage by paying the full premium.</p> <ul style="list-style-type: none"> <li>● Dependents: Spouse and Family are covered. Upon the death of a retiree, the spouse and any eligible dependents receive a COBRA offer to continue Medical, Prescription Drug, Dental and Vision.</li> </ul> | <u>Year of Retirement*</u>                                    | <u>Employer Payment</u> | 2017-2018 | \$20,000 for 2 years | <ul style="list-style-type: none"> <li>● Same as IIA</li> </ul> |
| <u>Year of Retirement*</u>                        | <u>Employer Payment</u> |   |   |                         |           |                      |   |
| 2017-2018   | \$20,000 for 2 years    |   |   |                         |           |                      |   |
| C) Retire on or after July 1, 2018                | Same as I               | <ul style="list-style-type: none"> <li>● Coverage: Medical, Prescription Drug, Dental, and Vision.</li> <li>● Premium Sharing: If the member meets the requirements for PSERS retirement, the member and spouse may continue coverage by paying the full premium.</li> <li>● Dependents: Spouses and Family are covered. Upon the death of a retiree, the spouse and any eligible dependents receive a COBRA offer to continue Medical, Prescription Drug, Dental and Vision.</li> </ul>  | <ul style="list-style-type: none"> <li>● Same as I</li> </ul> |                         |           |                      |   |
| <b><u>III. SUPPORT STAFF</u></b>                  | Same as I               | <ul style="list-style-type: none"> <li>● If PSERS retirement requirements are met, and member is under the age of 65, the member and spouse may continue coverage by paying the full premium.</li> </ul>  | <ul style="list-style-type: none"> <li>● Same as I</li> </ul> |                         |           |                      |   |

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**Notes:** Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

Act 110/43 Coverage and Premium Sharing: 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.

PSERS Superannuation Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 years of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2018.
- 3) Pension Class T-G: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, this pension class applies to the individuals who became members of PSERS on or after July 1, 2019.

PSERS Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either i) PSERS early retirement while under 62 with 5 year of PSERS service or ii) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either i) PSERS early retirement while under 65 with 10 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS retirement if he (or she) is eligible for either i) PSERS early retirement while under 67 with 10 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS retirement if he (or she) is eligible for either i) PSERS early retirement while under the age of 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 5) All individuals except those in Pension Class T-G are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service. Individuals in Pension Class T-G are eligible for a special early retirement upon reaching age 57 with 25 years of PSERS service.

Note regarding benefit options involving choice between HRA, (403(b)), or Cash Payments- For any options where a choice is offered between HRA, 403(b), cash payment, etc., the liability associated with such as option is not considered a GASB 75 liability. This liability is not included in the report and should be reflected elsewhere on the district's financial statements. Any benefit option involving an employer contribution directly into HRA with no other choice available is considered a GASB 75 liability and is included in this report. The liability associated with any "hidden subsidy" (retirees' healthcare costs generally exceed premiums charged) is valued in this report, for any benefit option where it applies.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

|                            |           |
|----------------------------|-----------|
| Active Participants        | 580       |
| Vested Former Participants | 0         |
| Retired Participants       | <u>14</u> |
| Total                      | 594       |

Total OPEB Liability

The School's total OPEB liability under this single employer plan of \$2,066,014, was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Inputs

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the benefits and the annual required contributions of the employer are subject to continual revision, actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, provides multiyear trend information that shows whether the actuarial value of plan Net Position is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the district and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

|                            | <b>Single Employer<br/>OPEB Healthcare<br/>Benefit</b>   |
|----------------------------|--|
| Actuarial Valuation Date   | 7/1/2022   |
| Actuarial Cost Method      | Entry Age Normal   |
| Interest Rate              | 4.06%  |
| Projected salary increases | 4.00% to 6.75%   |
| Healthcare inflation rate  | 6.5% in 2022, 6.0% in 2023, 5.5% in 2024-2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model. |
| Asset Valuation Method     | pay as you go basis  |

The discount rate is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2022.

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

Mortality rates are assumed pre-retirement and post-retirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Changes in the Total OPEB Liability

|   | <u>2022-23</u>              |
|---|-----------------------------|
| <b>Total OPEB Liability</b>                       |                             |
| Service Cost                                      | \$ 282,643                  |
| Interest  | 85,099                      |
| Changes in Benefit Terms                          | -                           |
| Difference between Expected and Actual Experience | (849,615)                   |
| Changes in Assumptions                            | (843,510)                   |
| Benefit Payments                                  | <u>(127,334)</u>            |
| Net Change in Total OPEB Liability                | (1,452,717)                 |
| Total OPEB Liability - beginning                  | <u>3,518,731</u>            |
| <b>Total OPEB Liability - ending</b>              | <u><u>\$ 2,066,014</u></u>  |
| <br>  |                             |
| Covered Employee Payroll                          | <u><u>\$ 41,750,481</u></u> |

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

For the year ended June 30, 2023, the School recognized OPEB expense of \$36,750. At June 30, 2023, the School reported deferred outflows of resource and deferred inflows of resources related to this single employer OPEB plan from the following sources:

| <b>Sources</b>  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---|---|--|
| Changes in Assumptions  | \$ -  | \$ 1,845,578                             |
| Net difference between Projected and Actual Investment Earnings | -   | -  |
| Difference between Expected and Actual Experience               | -   | 982,380                                  |
| Changes in proportion of the Net OPEB Liability                 | -   | -  |
| District contributions subsequent to the measurement date       | <u>98,665</u>                                 | <u>-</u>                                 |
| <b>Total</b>  | <u><u>\$ 98,665</u></u>                       | <u><u>\$ 2,827,958</u></u>               |

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to this single employer OPEB plan will be recognized in OPEB expense as follows:

| <b>Year ended June 30:</b> | <b><u>Amount</u></b>  |
|----------------------------|-----------------------|
| 2024                       | \$ (330,992)          |
| 2025                       | (330,992)             |
| 2026                       | (330,995)             |
| 2027                       | (306,985)             |
| 2028                       | (306,985)             |
| Thereafter                 | <u>(1,221,009)</u>    |
| Total                      | <u>\$ (2,827,958)</u> |

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

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

|  | <b>1% Decrease</b> | <b>Current</b>       | <b>1% Increase</b> |
|--|--------------------|----------------------|--------------------|
|  | <b>3.06%</b>       | <b>Discount Rate</b> | <b>5.06%</b>       |
|  |                    | <b>4.06%</b>         |                    |
| District's proportionate share of the net OPEB liability | \$ 2,212,180       | \$ 2,066,014         | \$ 1,926,336       |

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

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

|                           | <b>1% Decrease</b> | <b>Current</b>    | <b>1% Increase</b> |
|---------------------------|--------------------|-------------------|--------------------|
|                           | <b>Trend Rate</b>  | <b>Trend Rate</b> | <b>Trend Rate</b>  |
|                           |                    |                   |                    |
| System net OPEB liability | \$ 1,857,138       | \$ 2,066,014      | \$ 2,307,768       |

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

**Combined Deferred Outflows/Inflows on Pensions and OPEB**

As a result of having multiple pension and other post-employment benefit plans, the following schedule is prepared to illustrate the individual components reflected on the Statement of Net Position:

| GOVERNMENTAL ACTIVITIES                     |                          |                       |                          |                       |                           |
|---|--------------------------|-----------------------|--------------------------|-----------------------|---------------------------|
|   | <i>Single Employer</i>   |                       | <i>Multiple Employer</i> |                       | <i>Pension &amp; OPEB</i> |
|   | <i>Pension - GASB 68</i> | <i>OPEB - GASB 75</i> | <i>OPEB - GASB 75</i>    | <i>Total</i>          |                           |
|   | DR OR (CR)               | DR OR (CR)            | DR OR (CR)               | DR OR (CR)            |                           |
| RECONCILIATION OF NET CHANGE                | CURRENT YR               | CURRENT YR            | CURRENT YR               | CURRENT YR            |                           |
| IN DEFERRED OUTFLOWS/INFLOWS                | BALANCE                  | BALANCE               | BALANCE                  | BALANCE               |                           |
| Change in Proportion                        | \$ (2,724,000)           | \$ -                  | \$ (206,000)             | \$ (2,930,000)        |                           |
| Current Year Contributions                  | 16,597,018               | 98,665                | 362,803                  | 17,058,486            |                           |
| Change in Assumption                        | 4,105,000                | (1,845,578)           | (709,000)                | 1,550,422             |                           |
| Diff in Projected Vs Actual Contributions   | (87,748)                 | -                     | (5,483)                  | (93,231)              |                           |
| Difference in Investment Earnings           | (2,333,000)              | -                     | 15,000                   | (2,318,000)           |                           |
| Diff. between Expected vs Actual Experience | (1,127,000)              | (982,380)             | 22,000                   | (2,087,380)           |                           |
| Diff. between Prop. Share vs Actual POS     | 37,138                   | -                     | 1,256                    | 38,394                |                           |
| <b>Net Pension Liability</b>                | <b>\$ 137,369,483</b>    | <b>\$ -</b>           | <b>\$ -</b>              | <b>\$ 137,369,483</b> |                           |
| <b>Net OPEB Liability</b>                   | <b>\$ -</b>              | <b>\$ 2,066,014</b>   | <b>\$ 5,654,093</b>      | <b>\$ 7,720,107</b>   |                           |

| STATEMENT OF NET POSITION                          |                       |
|--|-----------------------|
| <i>Governmental &amp; Business-Type Activities</i> | <i>Total</i>          |
| RECONCILIATION OF NET CHANGE                       | DR OR (CR)            |
| IN DEFERRED OUTFLOWS/INFLOWS                       | CURRENT YR            |
|  | BALANCE               |
| Change in Proportion                               | \$ (2,930,000)        |
| Current Year Contributions                         | 17,058,486            |
| Change in Assumption                               | 1,550,422             |
| Diff in Projected Vs Actual Contributions          | (93,231)              |
| Difference in Investment Earnings                  | (2,318,000)           |
| Diff. between Expected vs Actual Experience        | (2,087,380)           |
| Diff. between Prop. Share vs Actual POS            | 38,394                |
| <b>Net Pension Liability</b>                       | <b>\$ 137,369,483</b> |
| <b>Net OPEB Liability</b>                          | <b>\$ 7,720,107</b>   |

| BUSINESS-TYPE ACTIVITIES                    |                          |                       |                          |              |                           |
|---|--------------------------|-----------------------|--------------------------|--------------|---------------------------|
|   | <i>Single Employer</i>   |                       | <i>Multiple Employer</i> |              | <i>Pension &amp; OPEB</i> |
|   | <i>Pension - GASB 68</i> | <i>OPEB - GASB 75</i> | <i>OPEB - GASB 75</i>    | <i>Total</i> |                           |
|   | DR OR (CR)               | DR OR (CR)            | DR OR (CR)               | DR OR (CR)   |                           |
| RECONCILIATION OF NET CHANGE                | CURRENT YR               | CURRENT YR            | CURRENT YR               | CURRENT YR   |                           |
| IN DEFERRED OUTFLOWS/INFLOWS                | BALANCE                  | BALANCE               | BALANCE                  | BALANCE      |                           |
| Change in Proportion                        | \$ -                     | \$ -                  | \$ -                     | \$ -         |                           |
| Current Year Contributions                  | -                        | -                     | -                        | -            |                           |
| Change in Assumption                        | -                        | -                     | -                        | -            |                           |
| Diff in Projected Vs Actual Contributions   | -                        | -                     | -                        | -            |                           |
| Difference in Investment Earnings           | -                        | -                     | -                        | -            |                           |
| Diff. between Expected vs Actual Experience | -                        | -                     | -                        | -            |                           |
| Diff. between Prop. Share vs Actual POS     | -                        | -                     | -                        | -            |                           |
| <b>Net Pension Liability</b>                | <b>\$ -</b>              | <b>\$ -</b>           | <b>\$ -</b>              | <b>\$ -</b>  |                           |
| <b>Net OPEB Liability</b>                   | <b>\$ -</b>              | <b>\$ -</b>           | <b>\$ -</b>              | <b>\$ -</b>  |                           |

| RECONCILIATION TO FINANCIAL STATEMENTS                    |                       |                   |
|---|-----------------------|-------------------|
|   | Governmental          | Business-Type     |
| <i>Pension Plan</i>                                       | <i>Activities</i>     | <i>Activities</i> |
| Net Pension Liability                                     | \$ 137,369,483        | \$ -              |
| Deferred Outflow Related to Pension                       | (20,739,156)          | -                 |
| Deferred Inflows Related to Pension                       | 6,271,748             | -                 |
| <b>Total liab. Net deferred inflows/outflows</b>          | <b>\$ 122,902,075</b> | <b>\$ -</b>       |
| <b><i>OPEB - Single &amp; Multiple Employer Plans</i></b> |                       |                   |
| Net OPEB Liability  | \$ 7,720,107          | \$ -              |
| Deferred Outflows Related to OPEB                         | (499,724)             | -                 |
| Deferred Inflows Related to OPEB                          | 3,748,441             | -                 |
| <b>Total liab. Net deferred inflows/outflows</b>          | <b>\$ 10,968,824</b>  | <b>\$ -</b>       |

**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**Note 6 - Risk Management**

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. There were no significant reduction in insurance coverages for the fiscal year June 30, 2023.

The District is a participant in Bucks and Montgomery County Schools Healthcare Consortium, which is pooled trust fund for the purpose of providing health and related benefits up to \$200,000 per participant. The school pays the Consortium a monthly contribution as determined by the trustees. The pool is self-sustaining through member premiums. The District reinsured through a commercial company for claims in excess of the amount covered by the pool.

**Note 7 - Fund Balance Allocations**

*Nonspendable Fund Balance*

The General Fund had \$1,826,892, in nonspendable fund balance at June 30, 2023, comprised of \$1,826,892, of prepaid expenditures.

*Restricted Fund Balance*

The General Fund holds a restricted fund balance totaling \$140,248. Within this, \$46,678 is earmarked for the Backpack Program, representing contributions received but unspent as of year-end. Additionally, \$29,087 is allocated for Compensatory Education settlements, and the remaining \$64,482 pertains to other specific restricted donations.

The Capital Project Fund has \$17,214,814 of restrictions on the use of the resources at year end; because of debt covenants for the bond Issues restrict the proceeds shown in the Capital Project Fund for the purposed outlined in the bond resolutions.

**Note 8 - Restricted Net Position**

*Net Investment in Capital Assets*

The components of this restriction in the governmental activities column are total capital assets of \$141,462,554 with related debt of \$84,753,906, which includes unamortized bonds discounts, and premiums. The governmental activities also has \$17,214,814 restricted for capital projects. The business-type activities column reflects \$867,985 invested in capital assets with no related debt.

**Note 9 - Contingencies**

*Grants*

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2023.

*Litigation*

In accordance with legal counsel, there are no legal matters that could materially affect the financial situation of the District as of June 30, 2023.



**Methacton School District**  
**Notes to The Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

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**Note 10 – New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued the following standards, which have not yet been implemented:

- Statement No. 100, *Accounting Changes and Error Corrections* - *an amendment of GASB Statement No. 62* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Effective Date: for fiscal years beginning after June 15, 2023.
  
- Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Effective Date: for fiscal years beginning after December 15, 2023.

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**R E Q U I R E D**  
**S U P P L E M E N T A L I N F O R M A T I O N**

**METHACTON SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**  
**CUMULATIVE TEN FISCAL YEARS REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|   | <u>2022-23</u> | <u>2021-22</u> | <u>2020-21</u> | <u>2019-20</u> | <u>2018-19</u> | <u>2017-18</u> | <u>2016-17</u> | <u>2015-16</u> | <u>2014-15</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| District's proportion of the net pension liability (asset)  | 0.3092%        | 0.3178%        | 0.3181%        | 0.3154%        | 0.3146%        | 0.3226%        | 0.3309%        | 0.3274%        | 0.3577%        |
| District's proportionate share of the net pension liability (asset)   | \$ 137,466,000 | \$ 130,478,000 | \$ 156,629,000 | \$ 147,124,000 | \$ 151,024,000 | \$ 159,327,000 | \$ 163,984,000 | \$ 141,814,000 | \$ 141,580,000 |
| District's covered employee payroll   | 48,373,705     | 45,528,324     | 45,050,959     | 43,493,472     | 42,361,438     | 42,946,943     | 42,860,302     | 41,299,971     | 45,644,540     |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll | 284.18%        | 286.59%        | 347.67%        | 338.27%        | 356.51%        | 370.99%        | 382.60%        | 343.38%        | 310.18%        |
| Plan fiduciary net position as a percentage of the total pension liability  | 61.34%         | 63.67%         | 54.32%         | 55.66%         | 54.00%         | 51.84%         | 50.14%         | 54.36%         | 57.24%         |

**METHACTON SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**  
**PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**  
**CUMULATIVE TEN FISCAL YEARS REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|  | <u>2022-23</u>    | <u>2021-22</u>    | <u>2020-21</u>    | <u>2019-20</u>    | <u>2018-19</u>    | <u>2017-18</u>    | <u>2016-17</u>    | <u>2015-16</u>    | <u>2014-15</u>   | <u>2013-14</u>   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|
| Contractually required contribution                                  | \$ 16,597,018     | \$ 15,543,370     | \$ 15,078,000     | \$ 15,029,000     | \$ 14,287,000     | \$ 13,381,000     | \$ 12,431,368     | \$ 10,567,279     | \$ 8,466,494     | \$ 7,084,130     |
| Contributions in relation to the contractually required contribution | <u>16,597,018</u> | <u>15,543,370</u> | <u>15,078,000</u> | <u>15,029,000</u> | <u>14,287,000</u> | <u>13,381,000</u> | <u>12,431,368</u> | <u>10,567,279</u> | <u>8,466,494</u> | <u>7,084,130</u> |
| Contribution deficiency (excess)                                     | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -             | \$ -             |
| District's covered employee payroll                                  | \$ 48,373,705     | \$ 45,528,324     | \$ 44,995,524     | \$ 45,050,959     | \$ 43,493,472     | \$ 42,361,438     | \$ 42,946,943     | \$ 42,860,302     | \$ 41,299,971    | \$ 45,644,540    |
| Contributions as a percentage of covered employee payroll            | 34.31%            | 34.14%            | 33.51%            | 33.36%            | 32.85%            | 31.59%            | 28.95%            | 24.66%            | 20.50%           | 15.52%           |

**METHACTON SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY  
MULTIPLE EMPLOYER OPEB PLAN  
CUMULATIVE TEN FISCAL YEARS REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

|  | <u>2022-23</u> | <u>2021-22</u> | <u>2020-21</u> | <u>2019-20</u> | <u>2018-19</u> | <u>2017-18</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| District's proportion of the net OPEB liability  | 0.3081%        | 0.3169%        | 0.3176%        | 0.3154%        | 0.3146%        | 0.3226%        |
| District's proportionate share of the net OPEB liability (asset)   | \$ 5,671,000   | \$ 7,510,000   | \$ 6,862,000   | \$ 6,708,000   | \$ 6,559,000   | \$ 6,573,000   |
| District's covered-employee payroll  | 45,310,068     | 44,921,973     | 45,050,959     | 43,493,472     | 42,361,438     | 42,946,943     |
| District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll | 12.52%         | 16.72%         | 15.23%         | 15.42%         | 15.48%         | 15.30%         |
| Plan fiduciary net position as a percentage of the total OPEB liability  | 6.86%          | 5.30%          | 5.69%          | 5.56%          | 5.56%          | 5.73%          |

**METHACTON SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
MULTIPLE EMPLOYER OPEB PLAN  
CUMULATIVE TEN FISCAL YEARS REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

|  | <u>2022-23</u> | <u>2021-22</u> | <u>2020-21</u> | <u>2019-20</u> | <u>2018-19</u> | <u>2017-18</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution                                  | \$ 362,803     | \$ 364,227     | \$ 375,000     | \$ 374,000     | \$ 364,000     | \$ 351,615     |
| Contributions in relation to the contractually required contribution | <u>362,803</u> | <u>364,227</u> | <u>375,000</u> | <u>374,000</u> | <u>364,000</u> | <u>351,615</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| District's covered employee payroll                                  | \$ 48,373,705  | \$ 45,528,324  | \$ 45,731,707  | \$ 45,050,959  | \$ 43,493,472  | \$ 42,361,438  |
| Contributions as a percentage of covered employee payroll            | 0.75%          | 0.80%          | 0.82%          | 0.83%          | 0.84%          | 0.83%          |

**METHACTON SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY  
SINGLE EMPLOYER HEALTH INSURANCE PLAN  
CUMULATIVE TEN FISCAL YEARS REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

|  | <u>2022-23</u>       | <u>2021-22</u>       | <u>2020-21</u>       | <u>2019-20</u>       | <u>2018-19</u>       | <u>2017-18</u>       |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Total OPEB Liability</b>                                      |                      |                      |                      |                      |                      |                      |
| Service Cost   | \$ 282,643           | \$ 285,731           | \$ 201,768           | \$ 202,225           | \$ 949,467           | \$ 952,607           |
| Interest   | 85,099               | 67,258               | 129,815              | 114,707              | 574,806              | 441,559              |
| Changes in Benefit Terms   | -                    | -                    | -                    | -                    | (13,830,406)         | -                    |
| Difference between expected and actual experience                | (849,615)            | -                    | 76,585               | -                    | (460,995)            | -                    |
| Changes in assumptions   | (843,510)            | (84,675)             | (555,534)            | (104,354)            | (751,158)            | (216,066)            |
| Benefit payments   | <u>(127,334)</u>     | <u>(174,321)</u>     | <u>(195,640)</u>     | <u>(200,394)</u>     | <u>(307,893)</u>     | <u>(822,690)</u>     |
| Net change in total OPEB Liability                               | (1,452,717)          | 93,993               | (343,006)            | 12,184               | (13,826,179)         | 355,410              |
| Total OPEB Liability - beginning                                 | <u>3,518,731</u>     | <u>3,424,738</u>     | <u>3,767,744</u>     | <u>3,755,560</u>     | <u>17,581,739</u>    | <u>17,226,329</u>    |
| <b>Total OPEB Liability - ending</b>                             | <u>\$ 2,066,014</u>  | <u>\$ 3,518,731</u>  | <u>\$ 3,424,738</u>  | <u>\$ 3,767,744</u>  | <u>\$ 3,755,560</u>  | <u>\$ 17,581,739</u> |
| <br>   |                      |                      |                      |                      |                      |                      |
| Covered employee payroll   | <u>\$ 41,750,481</u> | <u>\$ 43,496,055</u> | <u>\$ 43,496,055</u> | <u>\$ 41,535,060</u> | <u>\$ 41,535,060</u> | <u>\$ 39,529,955</u> |
| <br>   |                      |                      |                      |                      |                      |                      |
| Total OPEB Liability as a percentage of covered employee payroll | 4.95%                | 8.09%                | 7.87%                | 9.07%                | 9.04%                | 44.48%               |



**Methacton School District**  
**Notes To Required Supplemental Information**  
**Fiscal Year Ended June 30, 2023**

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***Public School Employees' Retirement System***

*Changes of Benefit Terms*

None.

*Changes in Assumptions*

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

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

*Proportionate Share of the Net Pension Liability*

The amount reported as the District's proportionate share of the net pension liability (asset) does not include the adjustment for the difference between projected vs actual contributions made and the adjustment for the difference between proportionate share vs actual paid separately financed liabilities.

***Other Postemployment Benefits – Teachers Health Insurance Assistance***

*Changes of Benefit Terms*

None.

*Changes in Assumptions*

The discount rate used to measure the Total OPEB liability increased from 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022.

**Methacton School District**  
**Notes To Required Supplemental Information**  
**Fiscal Year Ended June 30, 2023**

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*Methods and Assumptions Used in Calculations of Actuarially Determined Contributions*

The actuarially determined contributions, by PSERS, are calculated as of the June 30 preceding the fiscal year in which contributions are made. It does not include an adjustment made for the difference between projected vs actual contributions or separately financed liabilities. The following methods and assumptions were used to determine contribution rates reported:

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

*The following Assumptions were Used to Determine the Contribution Rate:*

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

*Proportionate Share of the Net OPEB Liability*

The amount reported as the District's proportionate share of the net OPEB liability (asset) does not include the adjustment for the difference between projected vs actual contributions made and the adjustment for the difference between proportionate share vs actual paid separately financed liabilities.

**Methacton School District**  
**Notes To Required Supplemental Information**  
**Fiscal Year Ended June 30, 2023**

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***Other Postemployment Benefits – Single Employer Healthcare Plan***

*Changes of Benefit Terms*

None.

*Changes in Assumptions*

The discount rate changed from 2.28% to 4.06%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

*Methods and Assumptions Used in Calculations of Actuarially Determined Contributions*

- Actuarial Cost Method – Entry Age Normal.
- Salary Increases – 4.00% to 6.75%.
- Healthcare cost trend rate – 6.5% in 2022, 6% in 2023, 5.5% in 2024 through 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Asset Valuation Method – Pay as you go basis.
- Discount Rate – The rate of 4.06% is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2022.

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**S U P P L E M E N T A L   I N F O R M A T I O N   S E C T I O N**

**Methacton School District  
General Fund  
Schedule on Tax Collectors' Receipts  
For the Year Ended June 30, 2023**

|  | <b>LOWER<br/>PROVIDENCE<br/>TOWNSHIP</b> | <b>WORCESTER<br/>TOWNSHIP</b> | <b>TOTAL</b>         |
|--|--|-------------------------------|----------------------|
| <b>CURRENT REAL ESTATE TAXES</b>                   |  |                               |                      |
| Assessed Value                                     | \$ 1,880,398,706                         | \$ 1,010,197,476              | \$ 2,890,596,182     |
| Millage Rate                                       | <u>0.0316522</u>                         | <u>0.0316522</u>              | <u>0.03165</u>       |
| Total Tax to be Collected                          | \$ 59,518,756                            | \$ 31,974,972                 | \$ 91,493,728        |
| Less: Act 1 Deduction                              | <u>8,191,707</u>                         | <u>824,726</u>                | <u>9,016,433</u>     |
| Total Tax per Duplicate                            | \$ 51,327,049                            | \$ 31,150,246                 | \$ 82,477,295        |
| Plus : Additions                                   | -  | -                             | -                    |
| Penalties  | <u>53,346</u>                            | <u>57,036</u>                 | <u>110,382</u>       |
| Total Taxes to be Collected                        | 51,380,395                               | 31,207,282                    | 82,587,677           |
| Less: Discounts                                    | 930,204                                  | 555,936                       | 1,486,140            |
| Refunds  | 1,640                                    | 10,220                        | 11,860               |
| Deletions  | 359,840                                  | -                             | 359,840              |
| Returned to County                                 | <u>591,083</u>                           | <u>278,367</u>                | <u>869,450</u>       |
| <b>NET CURRENT REAL ESTATE TAXES COLLECTED</b>     | <u>\$ 49,497,628</u>                     | <u>\$ 30,362,759</u>          | <u>\$ 79,860,387</u> |
| <br>   |  |                               |                      |
| <b>CURRENT INTERIM REAL ESTATE TAXES COLLECTED</b> | <u>\$ 479,288</u>                        | <u>\$ 735,984</u>             | <u>\$ 1,215,272</u>  |

**Methacton School District**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual**  
**For the Year Ended June 30, 2023**

| <b>6000 - Revenue from Local Sources</b>   |   | <b>Budget</b>     | <b>Actual</b>       | <b>Variance</b>   |
|--|---|-------------------|---------------------|-------------------|
| 6111                                       | Current Real Estate Taxes                             | \$ 79,973,163     | \$ 79,860,387       | \$ (112,776)      |
| 6112                                       | Interim Real Estate Taxes                             | 650,000           | 1,215,272           | 565,272           |
| 6113                                       | Public Utility Realty Tax                             | 82,000            | 84,826              | 2,826             |
| 6114                                       | Payment in Lieu of Taxes                              | 61,125            | 62,652              | 1,527             |
| 6142                                       | Occupation Taxes                                      | 105,000           | 120,020             | 15,020            |
| 6151                                       | Earned Income Tax                                     | 7,950,000         | 8,971,300           | 1,021,300         |
| 6153                                       | Real Estate Transfer Tax                              | 1,500,000         | 1,548,227           | 48,227            |
| 6154                                       | Amusement Tax   | -                 | 10,811              | 10,811            |
| 6411                                       | Delinquent Real Estate Taxes                          | 869,395           | 1,377,884           | 508,489           |
| 6420                                       | Delinquent per Capita Taxes, Section 679              | -                 | 2,820               | 2,820             |
| 6441                                       | Delinquent Act 511 Per Capita Taxes                   | -                 | 2,820               | 2,820             |
| 6510                                       | Interest  | 460,298           | 1,614,964           | 1,154,666         |
| 6710                                       | Admissions  | 30,000            | 36,398              | 6,398             |
| 6740                                       | Fees  | 95,000            | 194,605             | 99,605            |
| 6750                                       | Student Activity - Special Events                     | -                 | 59,147              | 59,147            |
| 6790                                       | Other Student Activity Income                         | -                 | 150,282             | 150,282           |
| 6831                                       | Federal Revenue Received From Other PA Public Schools | 11,617            | 8,250               | (3,367)           |
| 6832                                       | Federal IDEA Revenue Received as Pass Through         | 895,000           | 868,259             | (26,741)          |
| 6833                                       | Federal ARP IDEA Revenue Received as Pass Through     | -                 | 128,672             | 128,672           |
| 6910                                       | Rentals   | 76,500            | 129,154             | 52,654            |
| 6920                                       | Contributions   | -                 | 201,790             | 201,790           |
| 6942                                       | Summer School   | 40,000            | 24,945              | (15,055)          |
| 6943                                       | Adult Education Tuition                               | 116,770           | 137,326             | 20,556            |
| 6944                                       | Receipts From Other LEAs in PA - Education            | 300,000           | 303,275             | 3,275             |
| 6962                                       | Other Services Provided other PA LEASs                | -                 | 7,660               | 7,660             |
| 6990                                       | Miscellaneous Revenue                                 | 15,000            | 16,926              | 1,926             |
| 6991                                       | Refunds of Prior Yr. Expenditures                     | 20,000            | 72,411              | 52,411            |
| 6992                                       | Energy Efficiency Revenues                            | 40,000            | 20,203              | (19,797)          |
| <b>TOTAL REVENUE FROM LOCAL SOURCES</b>    |   | <b>93,290,868</b> | <b>97,231,286</b>   | <b>3,940,418</b>  |
| <b>7000 - Revenue from State Sources</b>   |   |                   |                     |                   |
| 7111                                       | Basic Ed Funding - Formula                            | 7,233,555         | 7,881,757           | 648,202           |
| 7112                                       | Basic Ed Funding - Social Security                    | 1,846,450         | 1,709,273           | (137,177)         |
| 7160                                       | Orphan Tuition  | 45,000            | 82,052              | 37,052            |
| 7271                                       | Special Education                                     | 2,671,609         | 2,730,392           | 58,783            |
| 7311                                       | Transportation (Regular and Additional)               | 1,175,878         | 1,611,943           | 436,065           |
| 7312                                       | Transportation (Nonpublic and Charter Schools)        | 302,610           | 318,010             | 15,400            |
| 7320                                       | Rentals   | 400,000           | 527,309             | 127,309           |
| 7330                                       | Health Services                                       | 85,000            | 84,041              | (959)             |
| 7340                                       | State Property Tax Reduction                          | 2,519,919         | 2,519,919           | -                 |
| 7369                                       | Other Safe Schools Grants                             | -                 | 45,000              | 45,000            |
| 7505                                       | Ready to Learn Grant                                  | 252,829           | 252,829             | -                 |
| 7599                                       | Other State revenue not listed elsewhere              | -                 | 92,471              | 92,471            |
| 7820                                       | Retirement Revenue                                    | 8,462,656         | 8,485,367           | 22,711            |
| <b>TOTAL REVENUE FROM STATE SOURCES</b>    |   | <b>24,995,506</b> | <b>26,340,363</b>   | <b>1,344,857</b>  |
| <b>8000 - Revenue from Federal Sources</b> |   |                   |                     |                   |
| 8514                                       | ESEA Title I  | 214,046           | 208,265             | (5,781)           |
| 8515                                       | Title IIA and Title IID                               | 81,664            | 82,634              | 970               |
| 8517                                       | Title IV  | 17,320            | 17,057              | (263)             |
| 8743                                       | ESSER II  | -                 | 74,641              | 74,641            |
| 8744                                       | ARP ESSER (ESSER III)                                 | -                 | 601,004             | 601,004           |
| 8751                                       | ARP ESSER Learning Loss                               | -                 | 12,118              | 12,118            |
| 8752                                       | ARP ESSER Summer Program                              | -                 | 2,572               | 2,572             |
| 8753                                       | ARP ESSER Afterschool Programs                        | -                 | 4,016               | 4,016             |
| 8810                                       | Medical Assistance Reimbursements (Access)            | 265,727           | -                   | (265,727)         |
| 8820                                       | Medical Assistance Reimbursement for Health-Related   | 4,000             | 18,702              | 14,702            |
| <b>TOTAL REVENUE FROM FEDERAL SOURCES</b>  |   | <b>\$ 582,757</b> | <b>\$ 1,021,009</b> | <b>\$ 438,252</b> |

**Methacton School District**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual**  
**For the Year Ended June 30, 2023**

**9000 - Other Financing Sources**

|      |   |    |             |    |             |    |           |
|------|---|----|-------------|----|-------------|----|-----------|
| 9220 | Proceeds from Leases                              | \$ | -           | \$ | 169,871     | \$ | 169,871   |
| 9400 | Sale of Fixed Assets                              |    | -           |    | 7,953       |    | 7,953     |
|      | <b>TOTAL OTHER FINANCING SOURCES</b>              |    | -           |    | 177,824     |    | 177,824   |
|      | <b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b> | \$ | 118,869,131 | \$ | 124,770,482 | \$ | 5,901,351 |

**1000 - Instruction**

|      | <b>Budget</b>                            | <b>Actual</b> | <b>Variance</b> |              |
|------|--|---------------|-----------------|--------------|
| 1110 | Regular Programs - Elem./Secondary       | \$ 46,922,823 | \$ 47,225,907   | \$ (303,084) |
| 1190 | Federally Funded Regular Programs        | 258,231       | 218,008         | 40,223       |
| 1200 | Special Programs - Elementary/ Secondary | 801,296       | 853,842         | (52,546)     |
| 1210 | Life Skills Support                      | 282,022       | 32,601          | 249,421      |
| 1211 | Life Skills Support - Public             | 161,623       | 341,882         | (180,259)    |
| 1221 | Deaf or Hearing Impaired Support         | 117,646       | 121,405         | (3,759)      |
| 1224 | Blind or Visually Impaired Support       | 94,065        | 100,513         | (6,448)      |
| 1225 | Speech & Language Impaired               | 970,047       | 1,006,041       | (35,994)     |
| 1230 | Emotional Support                        | 9,171         | 5,798           | 3,373        |
| 1231 | Emotional Support - Public               | 3,137,885     | 2,292,247       | 845,638      |
| 1232 | Emotional Support - PRRI                 | 6,778         | 6,778           | -            |
| 1233 | Autistic Support                         | 2,922,811     | 4,049,687       | (1,126,876)  |
| 1240 | Academic Support                         | 9,335         | 4,577           | 4,758        |
| 1241 | Learning Support - Public                | 6,111,423     | 9,365,128       | (3,253,705)  |
| 1243 | Gifted Support                           | 1,346,507     | 964,740         | 381,767      |
| 1270 | Multi-handicapped Support                | 114,408       | 261,726         | (147,318)    |
| 1280 | Early Intervention Support               | 28,819        | 28,645          | 174          |
| 1290 | Other Support                            | 1,288,357     | 722,272         | 566,085      |
| 1370 | Technical Education                      | 422,209       | 421,139         | 1,070        |
| 1390 | Other Vocational Education Programs      | 1,343,654     | 1,343,654       | -            |
| 1410 | Summer School                            | 237,104       | 206,643         | 30,461       |
| 1420 | Summer School                            | 19,359        | 1,629           | 17,730       |
| 1430 | Homebound Instruction                    | 1,750         | 4,610           | (2,860)      |
| 1441 | Adjudicated/Court Placed Programs        | 20,562        | 15,562          | 5,000        |
| 1442 | Alternative Education Program            | 500           | -               | 500          |
| 1500 | Nonpublic School Programs                | 4,803         | 4,119           | 684          |
| 1600 | Adult Education Programs                 | 120,393       | 95,210          | 25,183       |
|      | <b>Total Instruction</b>                 | 66,753,581    | 69,694,363      | (2,940,782)  |

**2000 - Support Services**

|      |   |              |              |              |
|------|---|--------------|--------------|--------------|
| 2111 | Supervision Student Svs                               | 499,402      | 408,910      | 90,492       |
| 2119 | Supervision of Student Services - All Other           | 649,437      | 652,643      | (3,206)      |
| 2120 | Guidance Services                                     | 2,521,673    | 2,617,454    | (95,781)     |
| 2122 | Counseling Services                                   | 97,893       | 110,622      | (12,729)     |
| 2126 | Placement Services                                    | 167,100      | 154,200      | 12,900       |
| 2130 | Attendance Services                                   | 272,580      | 264,846      | 7,734        |
| 2140 | Psychological Services                                | 1,164,872    | 1,172,800    | (7,928)      |
| 2160 | Social Work Services                                  | 504,812      | 408,692      | 96,120       |
| 2200 | Support Services - Instructional Staff                | -            | 16,549       | (16,549)     |
| 2220 | Technology Support Services                           | 537,136      | 517,940      | 19,196       |
| 2250 | School Library Services                               | 1,328,965    | 1,311,764    | 17,201       |
| 2260 | Instructional & Curriculum Dev. Service               | 986,952      | 799,494      | 187,458      |
| 2270 | Instructional Staff Professional Development Services | 326,344      | 687,715      | (361,371)    |
| 2271 | Instructional Staff Development Services (Certified)  | 262,835      | 139,063      | 123,772      |
|      | <b>Sub-Total - Support Services</b>                   | \$ 9,320,001 | \$ 9,583,807 | \$ (263,806) |



**Methacton School District**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual**  
**For the Year Ended June 30, 2023**

|  | <u>Budget</u>     | <u>Actual</u>     | <u>Variance</u>    |
|--|-------------------|-------------------|--------------------|
| Sub-Total - Support Services (carried forward)                           | \$ 9,320,001      | \$ 9,583,807      | \$ (263,806)       |
| 2272 Instructional Staff Development Services (Non-Certified)            | 4,363             | 2,030             | 2,333              |
| 2310 Board Services  | 89,371            | 20,104            | 69,267             |
| 2330 Tax Assessment & Collection Service                                 | 302,575           | 217,534           | 85,041             |
| 2340 Staff Relations   | 220,380           | 330,543           | (110,163)          |
| 2350 Legal Services  | 583,772           | 466,175           | 117,597            |
| 2360 Office of the Superintendent Services                               | 908,576           | 824,037           | 84,539             |
| 2370 Community Relations Services  | 293,451           | 294,966           | (1,515)            |
| 2380 Office of the Principal Services                                    | 4,591,924         | 4,688,598         | (96,674)           |
| 2390 Other Administration Services                                       | 47,796            | 60,797            | (13,001)           |
| 2420 Medical Services  | 622,235           | 639,738           | (17,503)           |
| 2430 Dental Services   | 600               | 178               | 422                |
| 2440 Nursing Services  | 1,581,502         | 1,578,505         | 2,997              |
| 2490 Nonpublic Health Services   | 5,480             | 2,531             | 2,949              |
| 2510 Fiscal Services   | 12,404            | -                 | 12,404             |
| 2511 Supervision of Fiscal Services                                      | 258,855           | 290,148           | (31,293)           |
| 2513 Receiving and Disbursing Funds Services                             | 103,038           | 103,301           | (263)              |
| 2514 Payroll Services  | 84,147            | 84,975            | (828)              |
| 2515 Financial Accounting Services                                       | 209,722           | 211,897           | (2,175)            |
| 2519 Other Fiscal Services   | 293,193           | 184,415           | 108,778            |
| 2590 Other Support Services - Business                                   | 285,131           | 295,136           | (10,005)           |
| 2611 Supervision of Operation and Maintenance of Plant - Head            | 351,704           | 245,761           | 105,943            |
| 2619 Supervision & Maintenance Building Services - Other                 | 176,117           | 183,117           | (7,000)            |
| 2620 Operation of Building Services                                      | 7,739,967         | 7,692,249         | 47,718             |
| 2630 Care and Upkeep of grounds services                                 | 697,329           | 716,878           | (19,549)           |
| 2640 Care and Upkeep of Equipment Services                               | 95,827            | 90,269            | 5,558              |
| 2650 Vehicle Operation and Maint. Services                               | 15,539            | 15,612            | (73)               |
| 2660 Security Services   | -                 | 76,680            | (76,680)           |
| 2690 Other Operation and Maint. of Plant Services                        | 495,219           | 402,993           | 92,226             |
| 2700 Supervision of Student Transportation Services - Head               | -                 | 60,389            | (60,389)           |
| 2719 Supervision of Student Transportation Services - Other              | 106,983           | 103,558           | 3,425              |
| 2720 Vehicle Operation Services  | 7,024,915         | 7,109,885         | (84,970)           |
| 2730 Monitoring Services   | 22,777            | 30,062            | (7,285)            |
| 2740 Vehicle Servicing and Maint. Services                               | 3,600             | -                 | 3,600              |
| 2790 Other Student Transportation Services                               | 378,757           | 4,995             | 373,762            |
| 2818 System-Wide Technology Services                                     | 1,935,449         | 1,966,593         | (31,144)           |
| 2831 Supervision of Staff Services                                       | 252,845           | 259,892           | (7,047)            |
| 2834 Staff Development Services - Non-Instructional, Certified           | 82,500            | 85,529            | (3,029)            |
| 2836 Staff Development Services - Non-Instructional, Non-Certified       | 2,000             | 3,165             | (1,165)            |
| 2844 Operations Services   | 150,000           | 147,507           | 2,493              |
| 2890 Other Support Services Central                                      | 77,500            | 64,492            | 13,008             |
| 2900 Other Support Services  | 75,500            | 66,373            | 9,127              |
|  | <u>39,503,044</u> | <u>39,205,414</u> | <u>297,630</u>     |
| <b>3000 - Operation of Non-Instructional Services</b>                    |                   |                   |                    |
| 3210 Student Activities  | 488,017           | 465,927           | 22,090             |
| 3250 School Sponsored Athletics  | 1,072,911         | 1,167,553         | (94,642)           |
| 3300 Community Services  | 500               | 7,349             | (6,849)            |
|  | <u>1,561,428</u>  | <u>1,640,829</u>  | <u>(79,401)</u>    |
| <b>4000 - Facilities Acquisition, Construction, and Improvement Svs.</b> |                   |                   |                    |
| 4200 Existing Site Improvement Services                                  | -                 | 20,323            | (20,323)           |
| 4500 Building Acquisition and Construction Services                      | -                 | 2,997,726         | (2,997,726)        |
| 4600 Existing Building Improvement Services                              | -                 | 1,565,940         | (1,565,940)        |
|  | <u>-</u>          | <u>4,583,989</u>  | <u>(4,583,989)</u> |
| Total Facilities Acquisition, Construction, and Improvement Services     | \$ -              | \$ 4,583,989      | \$ (4,583,989)     |

**Methacton School District**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual**  
**For the Year Ended June 30, 2023**

| <b><u>5000 - Other Expenditures and Financing Uses</u></b> |   | <b><u>Budget</u></b>         | <b><u>Actual</u></b>         | <b><u>Variance</u></b>        |
|--|---|------------------------------|------------------------------|-------------------------------|
| 5110   | Debt Service  | \$ 10,344,929                | \$ 10,351,077                | \$ (6,148)                    |
| 5130   | Refund of Prior Yr. Receipts  | 6,149                        | 8,947                        | (2,798)                       |
| 5140   | Lease Payments  | -                            | 510,570                      | (510,570)                     |
| 5230   | Capital Projects Fund Transfers   | 700,000                      | 4,303,889                    | (3,603,889)                   |
| 5900   | Budgetary Reserve   | <u>-</u>                     | <u>-</u>                     | <u>-</u>                      |
|  | Total Other Expenditures and Financing Uses   | <u>11,051,078</u>            | <u>15,174,483</u>            | <u>(4,123,405)</u>            |
|  | <b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>  | <b><u>\$ 118,869,131</u></b> | <b><u>\$ 130,299,078</u></b> | <b><u>\$ (11,429,947)</u></b> |
|  |   |                              |                              |                               |
|  | <b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>   | <b>\$ 118,869,131</b>        | <b>\$ 124,770,482</b>        | <b>\$ 5,901,351</b>           |
|  | <b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>  | <b><u>118,869,131</u></b>    | <b><u>130,299,078</u></b>    | <b><u>(11,429,947)</u></b>    |
|  | NET REVENUES AND OTHER FINANCING SOURCES OVER<br>(UNDER) EXPENDITURES AND OTHER FINANCING USES  | <b>\$ -</b>                  | <b>\$ (5,528,596)</b>        | <b>\$ (5,528,596)</b>         |
|  | <b>Special Items</b>  | <b>-</b>                     | <b>-</b>                     | <b>-</b>                      |
|  | <b>Extraordinary Items - Insurance Recoveries</b>   | <b><u>-</u></b>              | <b><u>59,785</u></b>         | <b><u>59,785</u></b>          |
|  | NET REVENUES AND OTHER FINANCING SOURCES OVER<br>(UNDER) EXPENDITURES AND OTHER FINANCING USES<br>AFTER SPECIAL ITEMS AND EXTRAORDINARY ITEMS | <b>-</b>                     | <b>(5,468,811)</b>           | <b>(5,468,811)</b>            |
|  | FUND BALANCE - JULY 1, 2022   | <u>14,022,781</u>            | <u>16,296,908</u>            | <u>2,274,127</u>              |
|  | FUND BALANCE - JUNE 30, 2023  | <b><u>\$ 14,022,781</u></b>  | <b><u>\$ 10,828,097</u></b>  | <b><u>\$ (3,194,684)</u></b>  |

**Methacton School District  
Capital Projects Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2023**

**REVENUES AND OTHER FINANCING SOURCES**

|                                   |                  |
|-----------------------------------|------------------|
| Interest Revenue                  | \$ 404,440       |
| Contributions & Donations         | 550              |
| Refund of Prior Year Expenditures | 840              |
| Transfer from General Fund        | <u>4,303,889</u> |

**TOTAL REVENUES AND OTHER FINANCING SOURCES** \$ 4,709,719

**EXPENDITURES AND OTHER FINANCING USES**

|  |                |
|--|----------------|
| Supplies   | 3,043          |
| <b>SUPPORT SERVICES:</b>                                     |                |
| Supplies   | 2,542          |
| Equipment  | 104,780        |
| <b>FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENT:</b> |                |
| Professional Services  | 255,986        |
| Construction   | 2,841,655      |
| Equipment  | <u>114,038</u> |

**TOTAL EXPENDITURES AND OTHER FINANCING USES** 3,322,044

**EXCESS REVENUES AND OTHER FINANCING  
SOURCES OVER (UNDER) EXPENDITURES AND OTHER  
FINANCING USES** 1,387,675

**FUND BALANCE - JULY 1, 2022** 15,827,139

**FUND BALANCE - JUNE 30, 2023** \$ 17,214,814

**Methacton School District**  
**Food Service Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2023**

|  |                 |                            |
|--|-----------------|----------------------------|
| <b>REVENUES</b>                          |                 |                            |
| Sales - Lunch                            | \$ 547,854      |                            |
| Ala Carte Sales                          | 726,087         |                            |
| Special Events                           | 44,177          |                            |
| State Subsidies                          | 163,911         |                            |
| Federal Subsidies                        | 779,144         |                            |
| Donated Commodities                      | 94,395          |                            |
| Capital Contributions                    | 3,147           |                            |
| Interest                                 | <u>23,936</u>   |                            |
| <b>TOTAL REVENUES</b>                    |                 | <b>\$ 2,382,651</b>        |
| <b>COST OF GOODS SOLD</b>                |                 |                            |
| Opening Inventory                        | 34,528          |                            |
| Purchases - Supplies                     | 2,822           |                            |
| Purchases - Donated Commodities          | 87,588          |                            |
| Food Management Services - Food          | 1,829,941       |                            |
| Ending Inventory                         | <u>(27,721)</u> | <u>1,927,158</u>           |
| <b>GROSS PROFIT</b>                      |                 | <b>455,493</b>             |
| <b>OPERATING EXPENSES</b>                |                 |                            |
| Advertising                              | 779             |                            |
| Repairs and Maintenance                  | 2,285           |                            |
| Depreciation                             | <u>58,488</u>   | <u>61,552</u>              |
| <b>CHANGES FUND IN NET POSITION</b>      |                 | <b>393,941</b>             |
| <b>FUND NET POSITION - JULY 1, 2022</b>  |                 | <u>671,125</u>             |
| <b>FUND NET POSITION - JUNE 30, 2023</b> |                 | <b><u>\$ 1,065,066</u></b> |

**Food Service Fund**  
**Reconciliation of Fund Net Position**  
**For the Year Ended June 30, 2023**

|  |                 |                            |
|--|-----------------|----------------------------|
| <b>RECONCILIATION OF FUND NET POSITION</b> |                 |                            |
| Cash and Equivalents                       | \$ 678,488      |                            |
| State and Federal Subsidies Receivable     | 40,687          |                            |
| Inventories                                | 27,721          |                            |
| Due from Other Funds                       | 13,845          |                            |
| Equipment, net of accumulated depreciation | 867,985         |                            |
| Accounts Payable                           | (514,380)       |                            |
| Deferred Revenue                           | (4,386)         |                            |
| Prepayments from Students                  | <u>(44,894)</u> |                            |
| <b>TOTAL FUND NET POSITION</b>             |                 | <b><u>\$ 1,065,066</u></b> |

**Methacton School District  
Student Activity Fund  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2023**

**ADDITIONS**

|   |    |         |            |
|---|----|---------|------------|
| Interest Income                               | \$ | 5,475   |            |
| Admissions                                    |    | 144,809 |            |
| Student Organization Membership Dues and Fees |    | 7,624   |            |
| Special Events                                |    | 196,898 |            |
| Contributions                                 |    | 2,185   |            |
| Other Activity Income                         |    | 480     |            |
| <b>TOTAL ADDITIONS</b>                        |    | 480     | \$ 357,471 |

**DEDUCTIONS**

|                                     |  |        |         |
|-------------------------------------|--|--------|---------|
| Professional and Technical Services |  | 16,325 |         |
| Repairs & Maintenance               |  | 496    |         |
| Rentals                             |  | 68,393 |         |
| Transportation Services             |  | 20,527 |         |
| Communications                      |  | 3,186  |         |
| Travel                              |  | 3,847  |         |
| Other Purchased Services            |  | 23,926 |         |
| General Supplies                    |  | 97,559 |         |
| Food                                |  | 25,604 |         |
| Dues & Fees                         |  | 6,440  |         |
| Donations                           |  | 16,436 |         |
| <b>TOTAL DEDUCTIONS</b>             |  | 16,436 | 282,739 |

**NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION 74,732**

**FUND NET POSITION - JULY 1, 2022 213,117**

**FUND NET POSITION - JUNE 30, 2023 \$ 287,849**

**Methacton School District  
Student Activity Fund  
Statement of Fiduciary Net Position  
As of June 30, 2023**

**ASSETS**

|                           |    |                |                          |
|---------------------------|----|----------------|--------------------------|
| Cash and Cash Equivalents | \$ | 273,563        |                          |
| Due From Other Funds      |    | 16,333         |                          |
| Other Receivables         |    | 6,070          |                          |
| Prepaid Expenses          |    | 6,934          |                          |
| <b>TOTAL ASSETS</b>       |    | <b>302,900</b> | <b>\$ <u>302,900</u></b> |

**LIABILITIES**

|                           |    |               |               |
|---------------------------|----|---------------|---------------|
| Accounts Payable          | \$ | 12,740        |               |
| Other Current Liabilities |    | 2,311         |               |
| <b>TOTAL LIABILITIES</b>  |    | <b>15,051</b> | <b>15,051</b> |

**NET POSITION**

|   |  |                |                          |
|---|--|----------------|--------------------------|
| Restricted for                                    |  |                |                          |
| Individuals, Organizations, and Other Governments |  | 287,849        |                          |
| <b>TOTAL LIABILITIES AND FUND NET POSITION</b>    |  | <b>302,900</b> | <b>\$ <u>302,900</u></b> |

**Methacton School District**  
**Schedule on General Obligation Bonds - Series of 2016**  
**For the Year Ended June 30, 2023**

| <u>FISCAL YEAR</u>       | <u>COUPON RATE</u> | <u>INTEREST</u>   | <u>PRINCIPAL</u>    |
|--------------------------|--------------------|-------------------|---------------------|
| 2023-24                  | 5.00%              | \$ 210,000        | \$ 4,200,000        |
| <b>TOTAL OUTSTANDING</b> |                    | <b>\$ 210,000</b> | <b>\$ 4,200,000</b> |

**Schedule on General Obligation Bonds - Series A of 2017**  
**For the Year Ended June 30, 2023**

| <u>FISCAL YEAR</u>       | <u>COUPON RATE</u> | <u>INTEREST</u>  | <u>PRINCIPAL</u>    |
|--------------------------|--------------------|------------------|---------------------|
| 2023-24                  | 2.00-4.00%         | \$ 18,300        | \$ 1,110,000        |
| <b>TOTAL OUTSTANDING</b> |                    | <b>\$ 18,300</b> | <b>\$ 1,110,000</b> |

**Schedule on General Obligation Bonds - Series B of 2017**  
**For the Year Ended June 30, 2023**

| <u>FISCAL YEAR</u>       | <u>COUPON RATE</u> | <u>INTEREST</u>     | <u>PRINCIPAL</u>    |
|--------------------------|--------------------|---------------------|---------------------|
| 2023-24                  | 2.00%              | \$ 239,428          | \$ 5,000            |
| 2024-25                  | 2.15%              | 239,055             | 30,000              |
| 2025-26                  | 2.15%              | 234,379             | 405,000             |
| 2026-27                  | 2.25%              | 221,813             | 730,000             |
| 2027-28                  | 3.00%              | 202,125             | 765,000             |
| 2028-29                  | 3.00%              | 176,025             | 975,000             |
| 2029-30                  | 2.63%              | 148,275             | 1,000,000           |
| 2030-31                  | 3.00%              | 119,625             | 1,035,000           |
| 2031-32                  | 3.00%              | 87,900              | 1,080,000           |
| 2032-33                  | 3.00%              | 54,825              | 1,125,000           |
| 2033-34                  | 3.00%              | 20,550              | 1,160,000           |
| 2034-35                  | 3.00%              | 1,575               | 105,000             |
| <b>TOTAL OUTSTANDING</b> |                    | <b>\$ 1,745,575</b> | <b>\$ 8,415,000</b> |

**Methacton School District**  
**Schedule on General Obligation Bonds - Series of 2018**  
**For the Year Ended June 30, 2023**

| <u>FISCAL YEAR</u>       | <u>COUPON<br/>RATE</u> | <u>INTEREST</u>   | <u>PRINCIPAL</u>    |
|--------------------------|------------------------|-------------------|---------------------|
| 2023-24                  | 4.00-2.30%             | \$ 189,244        | \$ 795,000          |
| 2024-25                  | 2.38%                  | 176,259           | 5,000               |
| 2025-26                  | 4.00%                  | 143,400           | 1,640,000           |
| 2026-27                  | 4.00%                  | 76,700            | 1,695,000           |
| 2027-28                  | 4.00%                  | 21,400            | 1,070,000           |
| <b>TOTAL OUTSTANDING</b> |                        | <b>\$ 607,003</b> | <b>\$ 5,205,000</b> |

**Schedule on General Obligation Bonds - Series A of 2018**  
**For the Year Ended June 30, 2023**

| <u>FISCAL YEAR</u>       | <u>COUPON<br/>RATE</u> | <u>INTEREST</u>   | <u>PRINCIPAL</u>    |
|--------------------------|------------------------|-------------------|---------------------|
| 2023-24                  | 2.30%                  | \$ 178,093        | \$ 95,000           |
| 2024-25                  | 3.00-4.00%             | 99,975            | 4,515,000           |
| 2025-26                  | 3.00%                  | 11,475            | 765,000             |
| <b>TOTAL OUTSTANDING</b> |                        | <b>\$ 289,543</b> | <b>\$ 5,375,000</b> |

**Schedule on General Obligation Bonds - Series of 2019**  
**For the Year Ended June 30, 2023**

| <u>FISCAL YEAR</u>       | <u>COUPON<br/>RATE</u> | <u>INTEREST</u>     | <u>PRINCIPAL</u>    |
|--------------------------|------------------------|---------------------|---------------------|
| 2023-24                  | 1.60%                  | \$ 170,073          | \$ 5,000            |
| 2024-25                  | 1.65%                  | 169,991             | 5,000               |
| 2025-26                  | 2.00%                  | 169,800             | 15,000              |
| 2026-27                  | 3.00%                  | 164,625             | 335,000             |
| 2027-28                  | 3.00%                  | 153,000             | 440,000             |
| 2028-29                  | 4.00%                  | 135,400             | 550,000             |
| 2029-30                  | 4.00%                  | 112,900             | 575,000             |
| 2030-31                  | 4.00%                  | 89,600              | 590,000             |
| 2031-32                  | 4.00%                  | 64,500              | 665,000             |
| 2032-33                  | 4.00%                  | 37,600              | 680,000             |
| 2033-34                  | 4.00%                  | 12,000              | 600,000             |
| <b>TOTAL OUTSTANDING</b> |                        | <b>\$ 1,279,489</b> | <b>\$ 4,460,000</b> |



**Methacton School District**  
**Schedule on General Obligation Bonds - Series A of 2019**  
**For the Year Ended June 30, 2023**

| <u>FISCAL YEAR</u>       | <u>COUPON<br/>RATE</u> | <u>INTEREST</u>     | <u>PRINCIPAL</u>    |
|--------------------------|------------------------|---------------------|---------------------|
| 2023-24                  | 1.50%                  | \$ 141,865          | \$ 5,000            |
| 2024-25                  | 1.55%                  | 141,789             | 5,000               |
| 2025-26                  | 2.00%                  | 140,300             | 145,000             |
| 2026-27                  | 2.00%                  | 136,900             | 195,000             |
| 2027-28                  | 2.00%                  | 131,750             | 320,000             |
| 2028-29                  | 3.00%                  | 121,275             | 485,000             |
| 2029-30                  | 4.00%                  | 103,900             | 505,000             |
| 2030-31                  | 4.00%                  | 83,300              | 525,000             |
| 2031-32                  | 4.00%                  | 61,800              | 550,000             |
| 2032-33                  | 4.00%                  | 39,400              | 570,000             |
| 2033-34                  | 4.00%                  | 14,000              | 700,000             |
| <b>TOTAL OUTSTANDING</b> |                        | <b>\$ 1,116,279</b> | <b>\$ 4,005,000</b> |

**Schedule on General Obligation Bonds - Series AA of 2019**  
**For the Year Ended June 30, 2023**

| <u>FISCAL YEAR</u>       | <u>COUPON<br/>RATE</u> | <u>INTEREST</u>   | <u>PRINCIPAL</u>    |
|--------------------------|------------------------|-------------------|---------------------|
| 2023-24                  | 2.00-4.00%             | \$ 168,300        | \$ 1,010,000        |
| 2024-25                  | 4.00%                  | 101,800           | 2,540,000           |
| 2025-26                  | 2.00-4.00%             | 25,500            | 1,575,000           |
| <b>TOTAL OUTSTANDING</b> |                        | <b>\$ 295,600</b> | <b>\$ 5,125,000</b> |

**Schedule on General Obligation Bonds - Series of 2020**  
**For the Year Ended June 30, 2023**

| <u>FISCAL YEAR</u>       | <u>COUPON<br/>RATE</u> | <u>INTEREST</u>   | <u>PRINCIPAL</u>    |
|--------------------------|------------------------|-------------------|---------------------|
| 2023-24                  | 1.50%                  | \$ 87,763         | \$ 5,000            |
| 2024-25                  | 1.50%                  | 87,163            | 75,000              |
| 2025-26                  | 4.00%                  | 43,300            | 2,165,000           |
| <b>TOTAL OUTSTANDING</b> |                        | <b>\$ 218,226</b> | <b>\$ 2,245,000</b> |

**Methacton School District**  
**Schedule on General Obligation Bonds - Series A of 2020**  
**For the Year Ended June 30, 2023**

| <u>FISCAL YEAR</u>       | <u>COUPON<br/>RATE</u> | <u>INTEREST</u>     | <u>PRINCIPAL</u>     |
|--------------------------|------------------------|---------------------|----------------------|
| 2023-24                  | 1.00%                  | \$ 628,300          | \$ 5,000             |
| 2024-25                  | 1.00%                  | 628,250             | 5,000                |
| 2025-26                  | 1.00%                  | 628,200             | 5,000                |
| 2026-27                  | 2.00%                  | 628,138             | 5,000                |
| 2027-28                  | 2.00%                  | 628,063             | 5,000                |
| 2028-29                  | 4.00%                  | 615,625             | 620,000              |
| 2029-30                  | 4.00%                  | 590,325             | 645,000              |
| 2030-31                  | 2.50-4.00%             | 565,713             | 670,000              |
| 2031-32                  | 4.00%                  | 540,000             | 700,000              |
| 2032-33                  | 4.00%                  | 511,400             | 730,000              |
| 2033-34                  | 4.00%                  | 481,600             | 760,000              |
| 2034-35                  | 4.00%                  | 450,800             | 780,000              |
| 2035-36                  | 4.00%                  | 419,100             | 805,000              |
| 2036-37                  | 4.00%                  | 386,300             | 835,000              |
| 2037-38                  | 4.00%                  | 352,200             | 870,000              |
| 2038-39                  | 4.00%                  | 316,700             | 905,000              |
| 2039-40                  | 4.00%                  | 279,700             | 945,000              |
| 2040-41                  | 4.00%                  | 241,200             | 980,000              |
| 2041-42                  | 4.00%                  | 201,200             | 1,020,000            |
| 2042-43                  | 4.00%                  | 159,500             | 1,065,000            |
| 2043-44                  | 4.00%                  | 116,100             | 1,105,000            |
| 2044-45                  | 4.00%                  | 71,000              | 1,150,000            |
| 2045-46                  | 4.00%                  | 24,000              | 1,200,000            |
| <b>TOTAL OUTSTANDING</b> |                        | <b>\$ 9,463,414</b> | <b>\$ 15,810,000</b> |

**Schedule on General Obligation Notes - Series of 2020**  
**For the Year Ended June 30, 2023**

| <u>FISCAL YEAR</u>       | <u>COUPON<br/>RATE</u> | <u>INTEREST</u>   | <u>PRINCIPAL</u>    |
|--------------------------|------------------------|-------------------|---------------------|
| 2023-24                  |                        | \$ 93,519         | \$ -                |
| 2024-25                  |                        | 93,519            | -                   |
| 2025-26                  |                        | 93,519            | -                   |
| 2026-27                  | 1.77%                  | 59,756            | 3,815,000           |
| 2027-28                  | 1.87%                  | 12,997            | 1,390,000           |
| <b>TOTAL OUTSTANDING</b> |                        | <b>\$ 353,310</b> | <b>\$ 5,205,000</b> |

**Methacton School District**  
**Schedule on General Obligation Bonds - Series of 2021**  
**For the Year Ended June 30, 2023**

| <u>FISCAL YEAR</u>       | <u>COUPON<br/>RATE</u> | <u>INTEREST</u>     | <u>PRINCIPAL</u>     |
|--------------------------|------------------------|---------------------|----------------------|
| 2023-24                  | 1.00%                  | \$ 523,650          | \$ 5,000             |
| 2024-25                  | 1.00%                  | 523,600             | 5,000                |
| 2025-26                  | 1.00%                  | 523,550             | 5,000                |
| 2026-27                  | 1.00%                  | 523,500             | 5,000                |
| 2027-28                  | 1.50%                  | 523,438             | 5,000                |
| 2028-29                  | 4.00%                  | 511,600             | 590,000              |
| 2029-30                  | 4.00%                  | 487,600             | 610,000              |
| 2030-31                  | 4.00%                  | 462,600             | 640,000              |
| 2031-32                  | 4.00%                  | 437,900             | 595,000              |
| 2032-33                  | 4.00%                  | 413,600             | 620,000              |
| 2033-34                  | 4.00%                  | 388,300             | 645,000              |
| 2034-35                  | 4.00%                  | 365,000             | 520,000              |
| 2035-36                  | 4.00%                  | 341,600             | 650,000              |
| 2036-37                  | 4.00%                  | 315,000             | 680,000              |
| 2037-38                  | 4.00%                  | 287,200             | 710,000              |
| 2038-39                  | 4.00%                  | 258,200             | 740,000              |
| 2039-40                  | 4.00%                  | 228,100             | 765,000              |
| 2040-41                  | 4.00%                  | 196,800             | 800,000              |
| 2041-42                  | 4.00%                  | 164,100             | 835,000              |
| 2042-43                  | 4.00%                  | 130,100             | 865,000              |
| 2043-44                  | 4.00%                  | 94,700              | 905,000              |
| 2044-45                  | 4.00%                  | 57,800              | 940,000              |
| 2045-46                  | 4.00%                  | 19,500              | 975,000              |
| <b>TOTAL OUTSTANDING</b> |                        | <b>\$ 7,777,438</b> | <b>\$ 13,110,000</b> |

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**S I N G L E   A U D I T   S E C T I O N**

**METHACTON SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**Fiscal Year Ended June 30, 2023**

| FEDERAL GRANTOR<br>PROJECT TITLE   | SOURCE<br>CODE | FEDERAL<br>ALN | PASS<br>THROUGH<br>GRANTOR<br>NUMBER | GRANT PERIOD      | AWARD<br>AMOUNT | TOTAL<br>RECEIVED | ACCRUED<br>OR<br>(DEFERRED)<br>7/1/22 | REVENUE   | EXPEND.   | ACCRUED<br>OR<br>(DEFERRED)<br>6/30/23 | FOOTNOTES |
|--|----------------|----------------|--------------------------------------|-------------------|-----------------|-------------------|---------------------------------------|-----------|-----------|--|-----------|
| <b>U.S. DEPT. OF EDUCATION</b>   |                |                |                                      |                   |                 |                   |                                       |           |           |  |           |
| <b>PASSED THROUGH THE PA DEPARTMENT OF EDUCATION (PDE)</b>                       |                |                |                                      |                   |                 |                   |                                       |           |           |  |           |
| TITLE IA - IMPROVING BASIC PROGRAMS  | I              | 84.010         | FA-013-22-0245                       | 7/1/20 - 9/30/22  | \$ 237,718      | \$ 48,156         | \$ 23,061                             | \$ 25,095 | \$ 25,095 | \$ -                                   | 2         |
| TITLE IA - IMPROVING BASIC PROGRAMS  | I              | 84.010         | FA-013-23-0245                       | 7/1/21 - 9/30/23  | \$ 214,041      | 168,179           | -                                     | 183,170   | 183,170   | 14,991                                 |           |
| <b>TOTAL TITLE I PROGRAM</b>   |                |                |                                      |                   |                 | 216,335           | 23,061                                | 208,265   | 208,265   | 14,991                                 |           |
| <b>PASSED THROUGH THE PDE</b>  |                |                |                                      |                   |                 |                   |                                       |           |           |  |           |
| TITLE IIIA - SUPPORTING EFFECTIVE INSTRUCTION                                    | I              | 84.367         | FA-020-22-0245                       | 7/1/21 - 9/30/22  | \$ 98,298       | 1,168             | 1,168                                 | -         | -         | -                                      | 2         |
| TITLE IIIA - SUPPORTING EFFECTIVE INSTRUCTION                                    | I              | 84.367         | FA-020-23-0245                       | 7/1/22 - 9/30/23  | \$ 82,634       | 75,831            | -                                     | 82,634    | 82,634    | 6,803                                  |           |
| <b>TOTAL TITLE II PROGRAM</b>  |                |                |                                      |                   |                 | 76,999            | 1,168                                 | 82,634    | 82,634    | 6,803                                  |           |
| <b>PASSED THROUGH THE PDE</b>  |                |                |                                      |                   |                 |                   |                                       |           |           |  |           |
| TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT                              | I              | 84.424         | FA-144-22-0245                       | 7/1/21 - 9/30/22  | \$ 17,510       | 3,510             | 2,007                                 | 1,503     | 1,503     | -                                      | 2         |
| TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT                              | I              | 84.424         | FA-144-23-0245                       | 7/1/22 - 9/30/23  | \$ 18,182       | 13,609            | -                                     | 15,554    | 15,554    | 1,945                                  |           |
| <b>TOTAL TITLE IV PROGRAM</b>  |                |                |                                      |                   |                 | 17,119            | 2,007                                 | 17,057    | 17,057    | 1,945                                  |           |
| <b>PASSED THROUGH THE PDE</b>  |                |                |                                      |                   |                 |                   |                                       |           |           |  |           |
| COVID-19 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND - ESSER I | I              | 84.425D        | FA-200-21-0245                       | 3/13/20 - 9/30/23 | \$ 859,835      | 139,973           | 65,332                                | 74,641    | 74,641    | -                                      | 2         |
| COVID-19 AMERICAN RESCUE PLAN - ESSER (ARP-ESSER)                                | I              | 84.425U        | 223-21-0245                          | 3/13/20 - 9/30/24 | \$ 1,739,197    | 189,731           | (103,764)                             | 601,004   | 601,004   | 307,509                                |           |
| COVID-19 ARP-ESSER - LEARNING LOSS SET ASIDE                                     | I              | 84.425U        | FA-225-21-0245                       | 3/13/20 - 9/30/24 | \$ 96,553       | 1,756             | (7,022)                               | 12,118    | 12,118    | 3,340                                  |           |
| COVID-19 ARP-ESSER - SUMMER SCHOOL SET ASIDE                                     | I              | 84.425U        | FA-225-21-0245                       | 3/13/20 - 9/30/24 | \$ 19,311       | 351               | (1,404)                               | 2,572     | 2,572     | 817                                    |           |
| COVID-19 ARP-ESSER - AFTER SCHOOL SET ASIDE                                      | I              | 84.425U        | FA-225-21-0245                       | 3/13/20 - 9/30/24 | \$ 19,311       | 351               | (1,404)                               | 4,016     | 4,016     | 2,261                                  |           |
| COVID-19 ARP-ESSER - HOMELESS CHILDREN AND YOUTH                                 | I              | 84.425W        | FA-181-21-2254                       | 7/01/21 - 9/30/24 | \$ 6,857        | 176               | (527)                                 | -         | -         | (703)                                  |           |
| <b>TOTAL EDUCATION STABILIZATION FUND</b>  |                |                |                                      |                   |                 | 332,338           | (48,789)                              | 694,351   | 694,351   | 313,224                                |           |
| <b>PASSED THROUGH THE MONTGOMERY COUNTY I.U.</b>                                 |                |                |                                      |                   |                 |                   |                                       |           |           |  |           |
| IDEA, PART B   | I              | 84.027         | N/A                                  | 7/1/20 - 9/30/21  | \$ 900,973      | 613               | 613                                   | -         | -         | -                                      | 2         |
| IDEA, PART B   | I              | 84.027         | N/A                                  | 7/1/21 - 9/30/22  | \$ 883,513      | 303,975           | 303,975                               | -         | -         | -                                      | 1         |
| IDEA, PART B   | I              | 84.027         | N/A                                  | 7/1/22 - 9/30/23  | \$ 865,787      | 502,349           | -                                     | 865,787   | 865,787   | 363,438                                | 1         |
| COVID-19 ARP-IDEA  | I              | 84.027X        | 062-22-0023                          | 7/1/21 - 9/30/23  | \$ 207,244      | 207,244           | 78,572                                | 128,672   | 128,672   | -                                      | 1         |
| IDEA SECTION 619 - PRESCHOOL   | I              | 84.173         | N/A                                  | 7/1/22 - 9/30/23  | \$ 2,472        | 2,472             | -                                     | 2,472     | 2,472     | -                                      | 1         |
| <b>TOTAL IDEA CLUSTER</b>  |                |                |                                      |                   |                 | 1,016,653         | 383,160                               | 996,931   | 996,931   | 363,438                                |           |
| <b>PASSED THROUGH THE MONTGOMERY COUNTY I.U.</b>                                 |                |                |                                      |                   |                 |                   |                                       |           |           |  |           |
| TITLE III - LANGUAGE INSTRUCTION FOR ENGLISH LEARNERS AND IMMIGRANT STUDENTS     | I              | 84.365         | N/A                                  | 7/1/21 - 9/30/22  | \$ 7,958        | -                 | -                                     | -         | -         | -                                      | 2         |
| TITLE III - LANGUAGE INSTRUCTION FOR ENGLISH LEARNERS AND IMMIGRANT STUDENTS     | I              | 84.365         | N/A                                  | 7/1/22 - 9/30/23  | \$ 8,250        | 8,250             | -                                     | 8,250     | 8,250     | -                                      | 1         |
| <b>TOTAL TITLE III PROGRAM</b>   |                |                |                                      |                   |                 | 8,250             | -                                     | 8,250     | 8,250     | -                                      |           |
| <b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>                                       |                |                |                                      |                   |                 | 1,667,694         | 360,607                               | 2,007,488 | 2,007,488 | 700,401                                |           |

SOURCE: D -DIRECT; I -INDIRECT

**METHACTON SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**Fiscal Year Ended June 30, 2023**

| FEDERAL GRANTOR<br>PROJECT TITLE   | SOURCE<br>CODE | FEDERAL<br>ALN | PASS<br>THROUGH<br>GRANTOR<br>NUMBER | GRANT PERIOD      | AWARD<br>AMOUNT | TOTAL<br>RECEIVED | ACCRUED<br>OR<br>(DEFERRED)<br>7/1/22 | REVENUE      | EXPEND.      | ACCRUED<br>OR<br>(DEFERRED)<br>6/30/23 | FOOTNOTES |
|--|----------------|----------------|--------------------------------------|-------------------|-----------------|-------------------|---------------------------------------|--------------|--------------|--|-----------|
| <u>U. S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</u><br><u>PASSED THROUGH THE PA. DEPARTMENT OF PUBLIC WELFARE</u><br>TITLE 19 MEDICAL REIMBURSEMENT               | I              | 93.778         | N/A                                  | 10/1/22 - 9/30/23 | N/A             | 22,766            | 13,464                                | 18,702       | 18,702       | 9,400                                  | 2         |
| <b>TOTAL U. S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>   |                |                |                                      |                   |                 | 22,766            | 13,464                                | 18,702       | 18,702       | 9,400                                  |           |
| <u>U.S. DEPARTMENT OF TREASURY</u><br><u>PASSED THROUGH MONTGOMERY COUNTY DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</u><br>CORONAVIRUS STATE & LOCAL FISCAL RECOVERY | I              | 21.027         | N/A                                  | 3/3/21 - 12/31/26 | \$ 225,710      | 225,710           | -                                     | -            | -            | (225,710)                              | 2         |
| <b>TOTAL U.S. DEPARTMENT OF TREASURY</b>   |                |                |                                      |                   |                 | 225,710           | -                                     | -            | -            | (225,710)                              |           |
| <u>U. S. DEPARTMENT OF AGRICULTURE</u><br><u>PASSED THROUGH THE PDE</u><br>NATIONAL SCHOOL LUNCH   | I              | 10.555         | N/A                                  | 7/1/21 - 6/30/22  | N/A             | 13,450            | 13,450                                | -            | -            | -                                      | 2         |
| NATIONAL SCHOOL LUNCH  | I              | 10.555         | N/A                                  | 7/1/22 - 6/30/23  | N/A             | 514,117           | -                                     | 538,886      | 538,886      | 24,769                                 |           |
| COVID-19 NATIONAL SCHOOL LUNCH - SUPPLY CHAIN ASSISTANCE   | I              | 10.555         | N/A                                  | N/A               | N/A             | 136,419           | -                                     | 136,419      | 136,419      | -                                      |           |
| BREAKFAST PROGRAM  | I              | 10.553         | N/A                                  | 7/1/21 - 6/30/22  | N/A             | 1,762             | 1,762                                 | -            | -            | -                                      |           |
| BREAKFAST PROGRAM  | I              | 10.553         | N/A                                  | 7/1/22 - 6/30/23  | N/A             | 97,031            | -                                     | 103,211      | 103,211      | 6,180                                  |           |
| <u>PASSED THROUGH THE PA DEPT OF AGRICULTURE</u><br>NATIONAL SCHOOL LUNCH - USDA COMMODITIES   | I              | 10.555         | N/A                                  | 7/1/22 - 6/30/23  | N/A             | 86,193            | (12,588)                              | 94,395       | 94,395       | (4,386)                                | 2<br>3    |
| <b>TOTAL CHILD NUTRITION CLUSTER</b>   |                |                |                                      |                   |                 | 848,972           | 2,624                                 | 872,911      | 872,911      | 26,563                                 |           |
| <u>PASSED THROUGH THE PDE</u><br>COVID-19 STATE PANDEMIC ELECTRONIC BENEFIT TRANSFER (P-EBT) ADMIN. COSTS  | I              | 10.649         | N/A                                  | N/A               | N/A             | 628               | -                                     | 628          | 628          | -                                      | 2         |
| <b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>  |                |                |                                      |                   |                 | 849,600           | 2,624                                 | 873,539      | 873,539      | 26,563                                 |           |
| <b>TOTAL FEDERAL FINANCIAL AWARDS</b>  |                |                |                                      |                   |                 | \$ 2,540,061      | \$ 376,696                            | \$ 2,899,729 | \$ 2,899,729 | \$ 736,364                             |           |

SOURCE: D -DIRECT; I -INDIRECT

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

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**Note 1 - Basis of Presentation**

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

**Note 2 - Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting for all federal awards charged to governmental funds and on the accrual basis of accounting for all federal awards charged to proprietary funds, as contemplated by accounting principles, generally accepted in the United States of America.

**Note 3 - Organization and Scope**

The District recognized 1.6% of its total general fund revenue in federal awards, and 36.7% of its total enterprise fund revenue.

**Note 4 - Indirect Costs**

The District did not charge any indirect costs to any of their federal grants and programs during this fiscal year. As such, the District did not use the 10% de minimis cost rate.

**Note 5 - Program Disclosure - Footnotes**

1. The federal awards passed through the Montgomery County I.U., under the U.S. Department of Education heading, is part of a consortium of participating school districts. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenue.
2. The Federal Grants were passed through the following entities in the totals below:

| <u>Passed through</u>                                   | <u>Total Awards</u> | <u>Total Expenditures</u> |
|---|---------------------|---------------------------|
| PA Department of Education                              | 3,409,447           | 1,781,451                 |
| Montgomery County I.U.                                  | 2,876,197           | 1,005,181                 |
| PA Department of Public Welfare                         | N/A                 | 18,702                    |
| PA Department of Agriculture                            | N/A                 | 94,395                    |
| Montgomery County Department of Health & Human Services | 225,710             | -                         |
| <b>Totals</b>   | <b>\$ 6,511,354</b> | <b>\$ 2,899,729</b>       |

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$86,193, in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2022-23 fiscal-year, the District used \$94,395 in commodities and established a year-end inventory of \$4,386 at June 30, 2023.



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

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4. The Medical Access grant passed through the PA Department of Education is reflected as federal source revenue on the basic financial statements; however pursuant to instructions from the commonwealth of PA, it is not reported as revenue on the Schedule of Expenditures of Federal Awards.

**FINANCIAL STATEMENT RECONCILIATION**

|  |                            |
|--|----------------------------|
| General Fund Federal Source Revenues                   | \$ 1,021,009               |
| Federal Grants in Local Sources                        | 1,005,181                  |
| Food Service Fund Federal Revenue                      | <u>873,539</u>             |
| <b>Total Federal Revenue, per financial statements</b> | <b>2,899,729</b>           |
| Less: Medical Access Reimbursement                     | <u>-</u>                   |
| <b>Total Federal Revenue Reported on SEFA</b>          | <b><u>\$ 2,899,729</u></b> |

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**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**

Board of School Directors  
Methacton School District  
1001 Kriebel Mill Road  
Eagleview, PA 19403

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Methacton School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Methacton School District's basic financial statements, and have issued our report thereon dated November 14, 2023.

**Report on Internal Control over Financial Reporting**

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

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

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

## METHACTON SCHOOL DISTRICT

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### Report on Compliance and Other Matters

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

### Purpose of this Report

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

Respectfully submitted,



Northampton, Pennsylvania  
November 14, 2023



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

Board of School Directors  
Methacton School District  
1001 Kriebel Mill Road  
Eagleville, PA 19403

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

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

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

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

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

***Report on Internal Control over Compliance***

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 have not been identified.

**METHACTON SCHOOL DISTRICT**

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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

Respectfully submitted,

*Norman Associates, P.C.*

Northampton, Pennsylvania  
November 14, 2023

**Methacton School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023**

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**Section I - Summary of Auditor Results**

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified?  yes  no
- Significant Deficiencies identified that are not considered to be material weaknesses?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) Identified?  yes  no
- Significant Deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance?  yes  no

Identification of major program:

| <b>AL Number(s)</b> | <b>Name of Federal Program or Cluster</b> |
|---------------------|---|
| 10,553, 10.555      | Child Nutrition Cluster                   |

Percentage of programs tested to total awards 30.1%

Dollar threshold used to distinguish between type A and type B program: \$ 750,000  
Auditee qualified as low-risk auditee?  yes  no

**Methacton School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023**

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**Section II - Financial Statement Findings**

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There are no findings discovered relating to the financial statements, which are required to be reported in accordance with generally accepted government auditing standards.

**Section III - Findings and Questioned Costs for Federal Awards**

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We did not discover any findings or questioned costs on federal awards, in accordance with Uniform Guidance Section 200.516.

*Audit Follow-Up Procedures*

We did not perform any follow-up procedures on last year findings since there were no prior year findings to report.