



Bristol Borough School District Bristol, Pennsylvania Bucks County

Financial Statements
Year Ended June 30, 2023



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Philadelphia, PA 19103

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BRISTOL BOROUGH SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

**Board of School Directors
Bristol Borough School District
Bristol, Pennsylvania**

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bristol Borough School District, Bristol, Pennsylvania as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Bristol Borough 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 Bristol Borough School District, Bristol, Pennsylvania 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 Bristol Borough School District, Bristol, Pennsylvania, 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 1 to the financial statements, Bristol Borough School District adopted new accounting guidance, GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*". Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bristol Borough School District, Bristol, Pennsylvania'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 Bristol Borough 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 Bristol Borough 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.

Report on Summarized Comparative Information

We have previously audited Bristol Borough School District's 2022 financial statements, and our report dated December 23, 2022 expressed unmodified opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the schedules of the District's proportionate share of the net pension liability - PSERS and pension plan contributions - PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability - PSERS and OPEB plan contributions – PSERS on pages 4 through 13 and 46 through 51 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 Bristol Borough School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2024 on our consideration of Bristol Borough 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 Bristol Borough 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 Bristol Borough School District's internal control over financial reporting and compliance.

BBD, LLP

Philadelphia, Pennsylvania
February 18, 2024

BRISTOL BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

Management's discussion and analysis ("**MD&A**") of the financial performance of Bristol Borough School District (the "**District**") provides an overview of the District's financial performance for fiscal year ended June 30, 2023. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

DISTRICT PROFILE

The District consists of two schools – one elementary and a middle/high school consisting of approximately 1,129 students. The District is located in southeastern Bucks County and encompasses a total land area of 1.7 square miles. The District borders the Delaware River to the east, the Township of Falls to the south and west, and the Township of Lower Makefield to the north, and lies approximately 20 miles northeast of Philadelphia, Pennsylvania. The District employs approximately 185 full and part-time employees. The teaching staff and administration consists of 101 professionals.

The mission of the District is to empower all students to achieve excellence and become leaders in a global society, though an education system immersed in the fabric of a unique and diverse community.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, including all governmental activities and business-type activities, the liabilities and deferred inflows of resources exceed the assets and deferred outflows of resources resulting in a deficit in total net position at the close of the 2022-2023 fiscal year of \$14,477,068. During the 2022-2023 fiscal year, the District had an increase in total net position of \$3,214,804. The net position of governmental activities increased by \$3,221,773 and net position of business-type activities decreased by \$6,969.
- The General Fund reported a decrease in fund balance of \$365,450, bringing the cumulative balance to \$1,355,729 at the conclusion of the 2022-2023 fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish the functions of the District that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

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

BRISTOL BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

Governmental Activities

Most of the District's basic services are included here, such as regular and special education, support services, maintenance, transportation and administration.

Business-Type Activities

The District charges fees to cover the costs of its food services program.

The government-wide financial statements can be found on Pages 14 and 15 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governmental near-term financing decisions. Both the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* for each of the two major funds and one nonmajor fund.

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

The governmental fund financial statements can be found on Pages 16 through 19 of this report.

Proprietary Funds

The District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund is reported as an enterprise fund of the proprietary fund type.

The proprietary fund financial statements can be found on Pages 20 through 22 of this report.

BRISTOL BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The notes to the financial statements can be found on Pages 23 through 45 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the general fund, schedules of the District's proportionate share of the net pension liability-PSERS and pension plan contributions-PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability-PSERS and OPEB plan contributions-PSERS.

The required supplementary information can be found on Pages 46 through 51 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the District's financial condition. At the close of the 2022-2023 fiscal year the District's liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources by \$14,477,068. The following table presents condensed information for the *Statement of Net Position (Deficit)* of the District at June 30, 2023 and 2022.

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current assets	\$ 5,227,997	\$ 5,002,748	\$ 340,696	\$ 349,169	\$ 5,568,693	\$ 5,351,917
Noncurrent assets	<u>30,084,762</u>	<u>30,144,850</u>	<u>26,909</u>	<u>22,269</u>	<u>30,111,671</u>	<u>30,167,119</u>
Total assets	<u>35,312,759</u>	<u>35,147,598</u>	<u>367,605</u>	<u>371,438</u>	<u>35,680,364</u>	<u>35,519,036</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>5,669,638</u>	<u>5,869,319</u>	<u>111,320</u>	<u>107,607</u>	<u>5,780,958</u>	<u>5,976,926</u>
LIABILITIES						
Current liabilities	2,717,239	2,277,694	-	-	2,717,239	2,277,694
Noncurrent liabilities	<u>49,924,008</u>	<u>49,087,449</u>	<u>710,779</u>	<u>614,322</u>	<u>50,634,787</u>	<u>49,701,771</u>
Total liabilities	<u>52,641,247</u>	<u>51,365,143</u>	<u>710,779</u>	<u>614,322</u>	<u>53,352,026</u>	<u>51,979,465</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,547,069</u>	<u>7,079,466</u>	<u>39,295</u>	<u>128,903</u>	<u>2,586,364</u>	<u>7,208,369</u>
NET POSITION (DEFICIT)						
Net investment in capital assets	14,896,379	13,335,917	26,909	22,269	14,923,288	13,358,186
Restricted	524,683	453,468	-	-	524,683	453,468
Unrestricted (deficit)	<u>(29,626,981)</u>	<u>(31,217,077)</u>	<u>(298,058)</u>	<u>(286,449)</u>	<u>(29,925,039)</u>	<u>(31,503,526)</u>
Total net position (deficit)	<u>\$(14,205,919)</u>	<u>\$(17,427,692)</u>	<u>\$(271,149)</u>	<u>\$(264,180)</u>	<u>\$(14,477,068)</u>	<u>\$(17,691,872)</u>

The District's total assets as of June 30, 2023 were \$35,680,364 of which \$3,237,343 or 9.07% consisted of cash and \$29,698,307 or 83.23% consisted of the District's investment in capital assets. The District's total liabilities as of June 30, 2023 were \$53,352,026 of which \$14,862,237 or 27.86% consisted of general obligation debt used to acquire and construct capital assets and \$33,432,959 or 62.66% consisted of the actuarially determined net pension liability.

The District had a deficit in unrestricted net position of \$29,925,039 at June 30, 2023. The District's unrestricted net position increased by \$1,578,487 during 2022-2023 primarily due to the current results of operations and the change in the net pension liability and related deferred outflows and inflows.

BRISTOL BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

A portion of the District's net position reflects its restricted net position which totaled \$524,683 as of June 30, 2023. \$101,490 of the District's restricted net position related to amounts restricted for capital expenditures and the remaining \$423,193 is restricted for student activities and scholarships.

The largest portion of the District's net assets reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2023, the District's net investment in capital assets increased by \$1,565,102 because the District's the debt used to acquire the capital assets was being repaid faster than the capital assets were being depreciated.

The following table presents condensed information for the *Statement of Activities* of the District for 2023 and 2022:

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues						
Charges for services	\$ 492,061	\$ 445,046	\$ 85,324	\$ 13,317	\$ 577,385	\$ 458,363
Operating grants and contributions	8,540,855	8,265,453	661,285	937,902	9,202,140	9,203,355
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes levied for general purposes	11,551,831	11,313,655	-	-	11,551,831	11,313,655
Other taxes	391,289	434,543	-	-	391,289	434,543
Grants and entitlements not restricted to specific programs	8,096,758	7,542,400	-	-	8,096,758	7,542,400
Investment earnings	145,650	21,562	181	-	145,831	21,562
Total revenues	<u>29,218,444</u>	<u>28,022,659</u>	<u>746,790</u>	<u>951,219</u>	<u>29,965,234</u>	<u>28,973,878</u>
EXPENSES						
Instruction	19,388,525	18,062,446	-	-	19,388,525	18,062,446
Instructional student support services	939,299	996,847	-	-	939,299	996,847
Administrative and financial support services	1,852,058	2,139,064	-	-	1,852,058	2,139,064
Operation and maintenance of plant services	2,295,205	2,099,048	-	-	2,295,205	2,099,048
Pupil transportation	629,430	543,786	-	-	629,430	543,786
Student activities	577,488	487,322	-	-	577,488	487,322
Community services	-	979	-	-	-	979
Interest and amortization expense related to noncurrent liabilities	314,666	405,140	-	-	314,666	405,140
Food service	-	-	753,759	429,770	753,759	429,770
Total expenses	<u>25,996,671</u>	<u>24,734,632</u>	<u>753,759</u>	<u>429,770</u>	<u>26,750,430</u>	<u>25,164,402</u>
Change in net position (deficit) before transfers	3,221,773	3,288,027	(6,969)	521,449	3,214,804	3,809,476
Transfers	-	(173,555)	-	173,555	-	-
CHANGE IN NET POSITION (DEFICIT)	<u>\$ 3,221,773</u>	<u>\$ 3,114,472</u>	<u>\$ (6,969)</u>	<u>\$ 695,004</u>	<u>\$ 3,214,804</u>	<u>\$ 3,809,476</u>

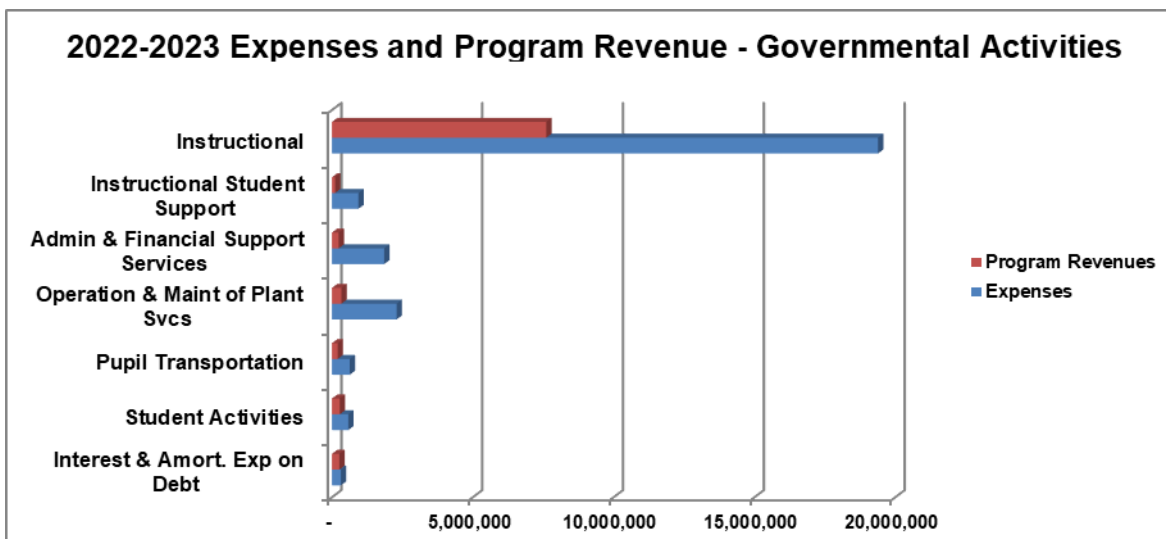
BRISTOL BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

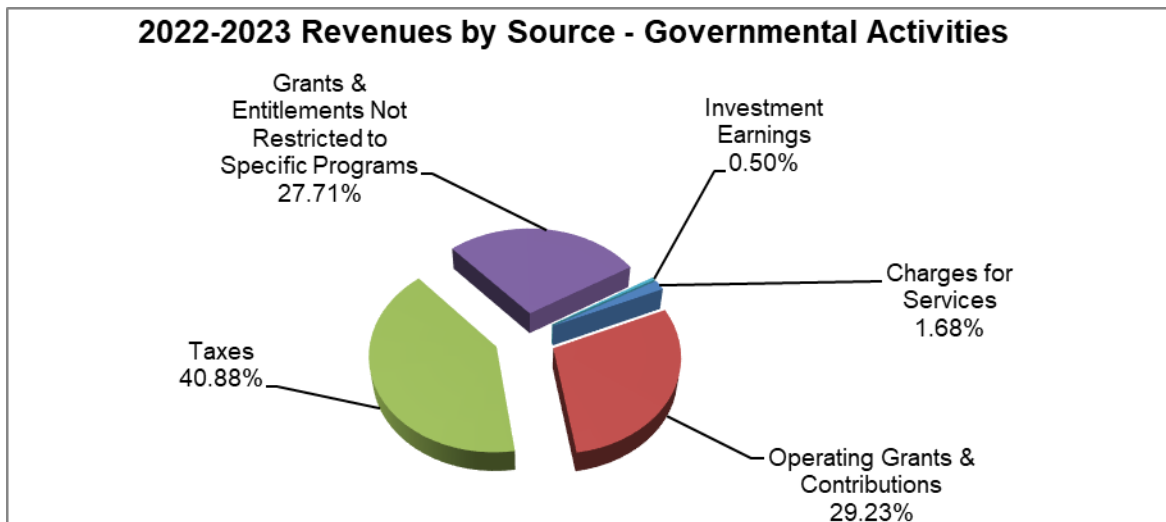
June 30, 2023

Overall, the District's financial position has been improving but challenges such as increased medical costs, pension contributions, state-mandated programs and negotiated contracts have a potential to offset these gains in future fiscal years. Management of the District continues to aggressively implement expense efficiency measures and revenue-generating strategies to combat these factors. In the governmental activities, the District's assessed tax base drives the majority of the revenue generated. Although the District is rural in nature, the District has a property tax base derived from commercial businesses.

The *Statement of Activities* provides detail that focuses on how the District finances its services. The *Statement of Activities* compares the costs of the District functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph, all of the District's governmental activities are not self-supporting, raising enough program revenue to cover their costs, as most traditional governmental services are not.



To the degree that the District's functions or programs cost more than they raise, the *Statement of Activities* shows how the District chose to finance the difference through general revenues. The following chart shows that the District relies on tax revenues, operating grants and contributions, and grants and entitlements not restricted for specific programs to finance its governmental activities.



BRISTOL BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

GOVERNMENTAL FUNDS

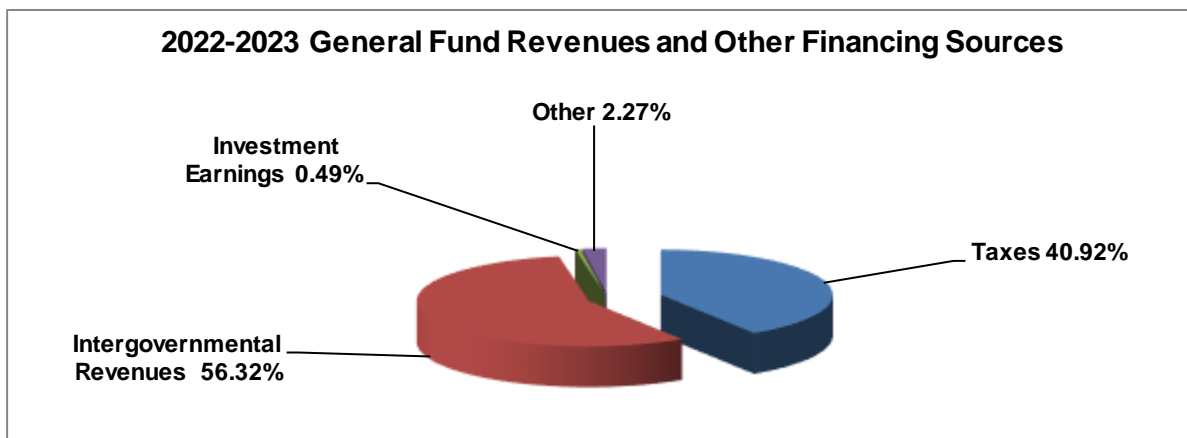
The governmental fund financial statements provide detailed information of the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2023, the District's governmental funds reported a combined fund balance of \$1,880,412 which is a decrease of \$294,235 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2023 and 2022 and the total 2023 change in governmental fund balances.

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>
General Fund	\$1,355,729	\$1,721,179	\$(365,450)
Capital Projects Fund	101,490	97,957	3,533
Special Revenue Fund	<u>423,193</u>	<u>355,511</u>	<u>67,682</u>
	<u>\$1,880,412</u>	<u>\$2,174,647</u>	<u>\$(294,235)</u>

GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2022-2023 fiscal year, the General Fund fund balance was \$1,355,729 representing a decrease of \$365,450 in relation to the prior year. The decrease in the District's General Fund fund balance is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2022-2023 fiscal year.

The District's reliance upon tax revenues is demonstrated by the graph below that indicates 40.92% of General Fund revenues are derived from local taxes.



General Fund Revenues and Other Financing Uses

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Taxes	\$11,887,398	\$11,881,540	\$ 5,858	0.05
Intergovernmental revenues	16,362,480	15,630,071	732,409	4.69
Investment earnings	142,117	21,192	120,925	570.62
Other	<u>661,534</u>	<u>489,890</u>	<u>171,644</u>	<u>35.04</u>
	<u>\$29,053,529</u>	<u>\$28,022,693</u>	<u>\$1,030,836</u>	<u>3.68</u>

Tax revenue increased by \$5,858 or 0.05% primarily due to an increase in real estate tax collections offset by decreases in interim, real estate transfer and delinquent real estate taxes in 2022-2023 compared to 2021-2022.

BRISTOL BOROUGH SCHOOL DISTRICT

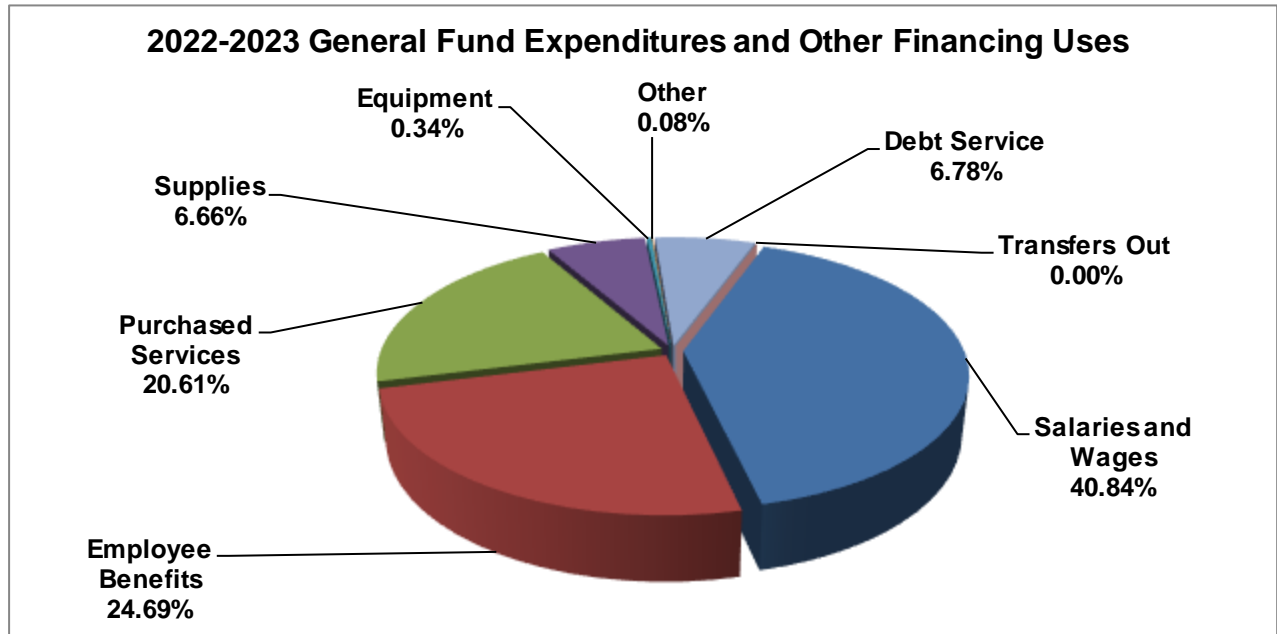
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

Intergovernmental revenues increased by \$732,409 or 4.69% in 2022-2023 when compared to 2021-2022, primarily due to increases in state subsidies.

Investment earnings increased as interest rates continued to rise throughout the year.

As the graph below illustrates, the largest portion of General Fund expenditures are for salaries and benefits. The District is an educational service entity and as such is labor intensive.



General Fund Expenditures and Other Financing Uses

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$12,013,766	\$11,644,117	\$ 369,649	3.17
Employee benefits	7,264,565	6,779,529	485,036	7.15
Purchased services	6,061,986	4,906,030	1,155,956	23.56
Supplies	1,960,753	1,880,227	80,526	4.28
Equipment	98,607	93,000	5,607	6.03
Other	23,266	18,034	5,232	29.01
Debt service	1,996,036	1,993,940	2,096	0.11
Transfers out	-	173,555	(173,555)	(100.00)
	<u>\$29,418,979</u>	<u>\$27,488,432</u>	<u>\$1,930,547</u>	<u>7.02</u>

Salaries and wages increased by \$369,649 or 3.17% in 2022-2023 compared to 2021-2022 primarily as a result of contractual agreements.

Employee benefits increased primarily due to an increase in employer taxes associated with the increase in salaries and wages and an increase in healthcare coverage and costs.

Purchased services increased \$1,155,956 or 23.56% primarily due to building improvements and increased special education and alternative education tuition costs.

BRISTOL BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

CAPITAL PROJECTS FUND

The Capital Projects Funds accounts for construction and renovation activity associated with the District's building and major equipment purchases. This fund receives the majority of its funding from the issuance of general obligation debt and transfers from the General Fund. During 2022-2023, the Capital Projects Fund reported an increase in fund balance of \$3,533. The remaining fund balance of \$101,490 as of June 30, 2023 is restricted for future capital expenditures.

GENERAL FUND BUDGET INFORMATION

The District maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by management and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1 each year. The most significant budgeted fund is the General Fund.

Actual revenues and other financing sources were \$2,389,070 or 8.96% more than budgeted amounts and actual expenditures and other financing uses were \$2,754,520 or 10.33% more than budgeted amounts, resulting in a net negative variance of \$365,450. Both revenues and expenditures were more than budget primarily because of more than anticipated state fundings and increased instructional spending associated with those subsidies.

BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND

The net position of the business-type activities and food service fund decreased by \$6,969. As of June 30, 2023, the business-type activities and proprietary fund had a deficit in net position of \$271,149 due to the allocation of the Food Service Fund's proportion of the District's net pension and other post-employment benefit liabilities with PSERS.

CAPITAL ASSETS

The District's investment in capital asset for its governmental and business-type activities as of June 30, 2023 amounted to \$29,698,307 net of accumulated depreciation and amortization. This investment in capital assets includes land, buildings and improvements, furniture and equipment, and right-to-use subscription assets. The total increase in the District's investment in capital assets for the current fiscal year was \$6,557 or 0.02%. Current year capital additions were \$1,003,030 and depreciation and amortization expense was \$996,473. Current year additions consisted of building improvements, Chromebooks, and new subscription assets.

NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of \$14,862,237 consisting of \$5,365,000 in bonds payable, \$9,035,000 in notes payable and unamortized bond premiums of \$462,237. The entire amount is backed by the full faith and credit of the District. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior obligation debt. The District's general obligation debt decreased by \$1,695,682 or 10.24% during the fiscal year.

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The District's outstanding general obligation debt of \$14,862,237 is within the current debt limitation of the District which was \$62,087,679 as of June 30, 2023.

BRISTOL BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania State Employee Retirement System ("**PSERS**"). The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled \$33,432,959 as of June 30, 2023. The District's net pension liability increased by \$2,968,865 or 9.75% during the fiscal year.

The District reports a liability for its other post-employment benefits ("**OPEB**") related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB obligation which totaled \$1,436,673 as of June 30, 2023. The District's OPEB liability decreased by \$405,474 or 22.01% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for subscriptions, compensated absences, and termination benefits which totaled \$886,643 as of June 30, 2023. These liabilities increased by \$60,657 or 7.34% during the fiscal year.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- In 2006, Act 1 was passed which repealed Act 72, which provides taxpayer relief through gambling revenues generated at the State level. The intent of this legislation is to provide a mechanism to relieve the burden of funding public education from property owners. This new legislation has put a "ceiling" on the percentage increase of local real estate taxes that can be levied year-to-year in order to balance the school district budget. Pennsylvania school districts are now required to either change their taxing strategies to make up for the shortfall of increased real estate tax refunds or seek the taxpayers' approval through back-end referendum to increase taxes higher than the approved index. This law puts an already increased burden on the District's revenue stream in future years. This legislation introduces certain new requirements on school districts which include the following:
 - ◆ In the event a school district wishes to increase the property tax millage rate by more than an index annually prescribed by the state (5.7% for Bristol Borough School District for 2023-2024), the school district must seek voter approval (known commonly as a "back-end referendum") prior to implementing the millage rate increase. In the event voters do not approve the millage rate increase, the school district must limit its millage rate increase to the index.
 - ◆ Certain exceptions are provided under Act 1 that, if approved by the appropriate authority, may permit increases above the Act 1 index without the need for a back-end referendum. Typically, these exceptions relate to emergencies and cost increases in excess of the Act 1 index (e.g., retirement system contributions, special education expenditures) over which the school district has no control.
 - ◆ Any revenues distributed under the provisions of Act 1 are to be used for the purpose of reducing property taxes for homesteaders and farmsteaders. (Act 1 permitted slot machine gambling in Pennsylvania.)
 - In November 2010, and again in 2017, legislation was signed into law to implement a series of actuarial and funding changes to the Public School Employees' Retirement System ("**PSERS**"). The 2017 law took effect July of 2019. The law will change the pension plans for all new hires effective July 1, 2019. The new legislation does not impact the pension benefits of current or retired PSERS members. Based on available projections, school districts will not see relief from the new legislation until 10-20 years in the future. Currently, the employer contribution rate for 2023-2024 is 34.00% which is a decrease of 3.57% from the 2022-2023 employer contribution rate of 35.26%.
 - The District adopted a balanced 2023-2024 budget totaling \$27,087,762 and the real estate tax millage was unchanged.
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BRISTOL BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

- The professional staff consisting of teachers, counselors, librarian and school nurse of the District are represented by the Bristol Borough Education Association ("**BBEA**"). The current contract between the District and the BBEA expires on August 22, 2027.
- The operation and maintenance staff consisting of custodians, groundskeepers and maintenance workers are represented by AFSCME. The current contract between the District and AFSCME expires on June 30, 2026.
- The support staff consisting of clerical, technology, aides, security, bus drivers and cafeteria workers are represented by the Bristol Borough Education Support Professional Association ("**BBESPA**"). The current contract between the District and the BBESPA expires on June 30, 2026.
- The principals and vice principals of the District are represented by the Bristol Borough Educational Administrators' Association ("**BBEAA**"). The current contract between the District and the BBEAA expires on June 30, 2024.

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator, Bristol Borough School District, 1776 Farrugut Avenue, Bristol, Pennsylvania 19007 or by calling the Business Administrator at (215) 781-1000, extension 1017.

BRISTOL BOROUGH SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2023 with summarized comparative totals for 2022

	Governmental	Business-type	Totals	
	Activities	Activities	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,220,157	\$ 17,186	\$ 3,237,343	\$ 2,452,919
Taxes receivable	706,997	-	706,997	651,276
Due from other governments	1,592,420	20,981	1,613,401	2,122,619
Internal balances	(291,577)	291,577	-	-
Other receivables	-	1,412	1,412	5,279
Prepaid expenses	-	-	-	105,944
Inventories	-	9,540	9,540	13,880
Total current assets	5,227,997	340,696	5,568,693	5,351,917
NONCURRENT ASSETS				
Capital assets	29,671,398	26,909	29,698,307	29,691,750
Lease receivables	413,364	-	413,364	475,369
Total noncurrent assets	30,084,762	26,909	30,111,671	30,167,119
Total assets	35,312,759	367,605	35,680,364	35,519,036
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts on debt refunding	162,303	-	162,303	224,355
Deferred charges on proportionate share of OPEB - PSERS	280,737	2,167	282,904	313,141
Deferred charges on proportionate share of pension - PSERS	5,226,598	109,153	5,335,751	5,439,430
Total deferred outflows of resources	5,669,638	111,320	5,780,958	5,976,926
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)				
CURRENT LIABILITIES				
Accounts payable	80,071	-	80,071	83,296
Accrued salaries, payroll withholdings and benefits	1,839,698	-	1,839,698	2,091,688
Unearned revenue	720,819	-	720,819	1,841
Accrued interest payable	76,651	-	76,651	100,869
Total current liabilities	2,717,239	-	2,717,239	2,277,694
NONCURRENT LIABILITIES				
Due within one year	1,781,238	-	1,781,238	1,732,994
Due in more than one year	48,142,770	710,779	48,853,549	47,968,777
Total noncurrent liabilities	49,924,008	710,779	50,634,787	49,701,771
Total liabilities	52,641,247	710,779	53,352,026	51,979,465
DEFERRED INFLOWS OF RESOURCES				
Deferred credits on leases receivable	413,364	-	413,364	475,369
Deferred credits on proportionate share of OPEB - PSERS	399,914	3,086	403,000	112,000
Deferred credits on proportionate share of pension - PSERS	1,733,791	36,209	1,770,000	6,621,000
Total deferred inflows of resources	2,547,069	39,295	2,586,364	7,208,369
NET POSITION (DEFICIT)				
Net investment in capital assets	14,896,379	26,909	14,923,288	13,358,186
Restricted	524,683	-	524,683	453,468
Unrestricted (deficit)	(29,626,981)	(298,058)	(29,925,039)	(31,503,526)
Total net position (deficit)	\$ (14,205,919)	\$ (271,149)	\$ (14,477,068)	\$ (17,691,872)

See accompanying notes

BRISTOL BOROUGH SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year ended June 30, 2023 with summarized comparative totals for 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position (Deficit)			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	
							<u>2023</u>	<u>2022</u>
GOVERNMENTAL ACTIVITIES								
Instruction	\$ 19,388,525	\$ 485,038	\$ 7,125,168	\$ -	\$ (11,778,319)	\$ -	\$ (11,778,319)	\$ (10,616,921)
Instructional student support services	939,299	-	109,927	-	(829,372)	-	(829,372)	(876,699)
Administrative and financial support services	1,852,058	-	238,779	-	(1,613,279)	-	(1,613,279)	(1,885,169)
Operation and maintenance of plant services	2,295,205	-	336,350	-	(1,958,855)	-	(1,958,855)	(1,851,936)
Pupil transportation	629,430	-	200,917	-	(428,513)	-	(428,513)	(340,637)
Student activities	577,488	7,023	268,142	-	(302,323)	-	(302,323)	(292,445)
Community services	-	-	-	-	-	-	-	(979)
Interest and amortization expense related to noncurrent liabilities	314,666	-	261,572	-	(53,094)	-	(53,094)	(159,347)
Total governmental activities	<u>25,996,671</u>	<u>492,061</u>	<u>8,540,855</u>	<u>-</u>	<u>(16,963,755)</u>	<u>-</u>	<u>(16,963,755)</u>	<u>(16,024,133)</u>
BUSINESS-TYPE ACTIVITIES								
Food service	753,759	85,324	661,285	-	-	(7,150)	(7,150)	521,449
Total primary government	<u>\$ 26,750,430</u>	<u>\$ 577,385</u>	<u>\$ 9,202,140</u>	<u>\$ -</u>	<u>(16,963,755)</u>	<u>(7,150)</u>	<u>(16,970,905)</u>	<u>(15,502,684)</u>
GENERAL REVENUES								
Property taxes levied for general purposes					11,551,831	-	11,551,831	11,313,655
Other taxes					391,289	-	391,289	434,543
Grants and entitlements not restricted to specific programs					8,096,758	-	8,096,758	7,542,400
Investment earnings					145,650	181	145,831	21,562
Total general revenues					<u>20,185,528</u>	<u>181</u>	<u>20,185,709</u>	<u>19,312,160</u>
CHANGE IN NET POSITION (DEFICIT)					3,221,773	(6,969)	3,214,804	3,809,476
NET POSITION (DEFICIT)								
Beginning of year					(17,427,692)	(264,180)	(17,691,872)	(21,501,348)
End of year					<u>\$ (14,205,919)</u>	<u>\$ (271,149)</u>	<u>\$ (14,477,068)</u>	<u>\$ (17,691,872)</u>

See accompanying notes

BRISTOL BOROUGH SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2023 with summarized comparative totals for 2022

	Major Funds			Totals	
	General	Capital	Special	2023	2022
	Fund	Projects	Revenue		
		Fund	Fund		
CURRENT ASSETS					
Cash and cash equivalents	\$ 2,695,472	\$ 101,492	\$ 423,193	\$ 3,220,157	\$ 2,417,132
Taxes receivable	706,997	-	-	706,997	651,276
Prepaid expenses	-	-	-	-	105,944
Due from other governments	1,592,420	-	-	1,592,420	2,082,242
Due from other funds	2	-	-	2	2
Total current assets	4,994,891	101,492	423,193	5,519,576	5,256,596
NONCURRENT ASSETS					
Lease receivables	413,364	-	-	413,364	475,369
Total assets	\$ 5,408,255	\$ 101,492	\$ 423,193	\$ 5,932,940	\$ 5,731,965
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ 291,577	\$ 2	\$ -	\$ 291,579	\$ 253,848
Accounts payable	80,071	-	-	80,071	83,296
Accrued salaries, payroll withholdings and benefits	1,839,698	-	-	1,839,698	2,091,688
Unearned revenue	720,819	-	-	720,819	1,841
Total liabilities	2,932,165	2	-	2,932,167	2,430,673
DEFERRED INFLOWS OF RESOURCES					
Deferred credits on leases receivable	413,364	-	-	413,364	475,369
Unavailable revenues - property taxes	706,997	-	-	706,997	651,276
Total deferred inflows of resources	1,120,361	-	-	1,120,361	1,126,645
FUND BALANCES					
Nonspendable	-	-	-	-	105,944
Restricted for					
Capital projects	-	101,490	-	101,490	97,957
Student activities and scholarships	-	-	423,193	423,193	355,511
Unassigned	1,355,729	-	-	1,355,729	1,615,235
Total fund balances	1,355,729	101,490	423,193	1,880,412	2,174,647
Total liabilities, deferred inflows of resources and fund balances	\$ 5,408,255	\$ 101,492	\$ 423,193	\$ 5,932,940	\$ 5,731,965

See accompanying notes

BRISTOL BOROUGH SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION (DEFICIT)

June 30, 2023

TOTAL GOVERNMENTAL FUND BALANCES (DEFICIT)	\$ 1,880,412
<p>Amounts reported for governmental activities in the statement of net position (deficit) are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	29,671,398
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources on the governmental funds balance sheet.	706,997
Deferred outflows of resources for deferred amounts on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the life of the respective debt in the government-wide statement of net position (deficit).	162,303
Deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits are not reported as assets and liabilities in the governmental funds balance sheet.	3,373,630
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(49,924,008)
Accrued interest payable on long-term liabilities is included in the statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.	<u>(76,651)</u>
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (14,205,919)</u></u>

See accompanying notes

BRISTOL BOROUGH SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2023 with summarized comparative totals for 2022

	Major Funds			Totals	
	General	Capital	Special	2023	2022
	Fund	Projects	Revenue		
		Fund	Fund		
REVENUES					
Local sources	\$ 12,592,442	\$ 3,533	\$ 204,266	\$ 12,800,241	\$ 12,525,929
State sources	13,488,631	-	-	13,488,631	12,349,311
Federal sources	2,873,849	-	-	2,873,849	3,280,760
Total revenues	<u>28,954,922</u>	<u>3,533</u>	<u>204,266</u>	<u>29,162,721</u>	<u>28,156,000</u>
EXPENDITURES					
Current					
Instruction	20,098,220	-	-	20,098,220	18,904,218
Support services	6,099,411	-	-	6,099,411	6,081,149
Operation of noninstructional services	444,682	-	136,584	581,266	491,699
Facilities acquisition, construction and improvement services	773,697	-	-	773,697	63,410
Debt service	1,996,036	-	-	1,996,036	2,113,199
Total expenditures	<u>29,412,046</u>	<u>-</u>	<u>136,584</u>	<u>29,548,630</u>	<u>27,653,675</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(457,124)</u>	<u>3,533</u>	<u>67,682</u>	<u>(385,909)</u>	<u>502,325</u>
OTHER FINANCING SOURCES (USES)					
Issuance of refunding debt	-	-	-	-	9,239,000
Payment of refunding debt	-	-	-	-	(9,040,000)
Refund of prior year receipts	(6,933)	-	-	(6,933)	-
Proceeds from extended term financing	98,607	-	-	98,607	-
Transfers out	-	-	-	-	(173,555)
Total other financing sources (uses)	<u>91,674</u>	<u>-</u>	<u>-</u>	<u>91,674</u>	<u>25,445</u>
NET CHANGE IN FUND BALANCES	<u>(365,450)</u>	<u>3,533</u>	<u>67,682</u>	<u>(294,235)</u>	<u>527,770</u>
FUND BALANCES					
Beginning of year	<u>1,721,179</u>	<u>97,957</u>	<u>355,511</u>	<u>2,174,647</u>	<u>1,646,877</u>
End of year	<u>\$ 1,355,729</u>	<u>\$ 101,490</u>	<u>\$ 423,193</u>	<u>\$ 1,880,412</u>	<u>\$ 2,174,647</u>

See accompanying notes

BRISTOL BOROUGH SCHOOL DISTRICT

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF ACTIVITIES

Year ended June 30, 2023

NET CHANGE IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS \$ (294,235)

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

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

Capital outlay expenditures	\$ 993,530	
Depreciation and amortization expense	<u>(991,613)</u>	1,917

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.

Deferred inflows of resources June 30, 2022	(651,276)	
Deferred inflows of resources June 30, 2023	<u>706,997</u>	55,721

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of bonds and notes payable	1,564,000	
Proceeds from extended term financing	(98,607)	
Repayment of extended term financing	23,522	
Amortization of bond premiums, issuance costs, and deferred amounts on refundings	<u>69,630</u>	1,558,545

Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore are not reported as expenditures in the governmental funds.

Current year change in accrued interest payable	24,218	
Current year change in termination benefits	29,147	
Current year change in compensated absences	(14,719)	
Current year change in net pension liability - PSERS and deferred outflows and inflows	56,252	
Current year change in OPEB liability - single employer	27,450	
Current year change in net OPEB liability - PSERS and deferred outflows and inflows	<u>1,777,477</u>	<u>1,899,825</u>

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES \$ 3,221,773

See accompanying notes

BRISTOL BOROUGH SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT) - PROPRIETARY FUND

June 30, 2023 with summarized comparative totals for 2022

	<u>Food Service Fund</u>	
	<u>2023</u>	<u>2022</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	\$ 17,186	\$ 35,787
Due from other governments	20,981	40,377
Due from other funds	291,577	253,846
Other receivables	1,412	5,279
Inventories	9,540	13,880
Total current assets	<u>340,696</u>	<u>349,169</u>
NONCURRENT ASSETS		
Capital assets, net	<u>26,909</u>	<u>22,269</u>
Total assets	<u>367,605</u>	<u>371,438</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges - OPEB	2,167	2,419
Deferred charges - pension	<u>109,153</u>	<u>105,188</u>
Total deferred outflows of resources	<u>111,320</u>	<u>107,607</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
NONCURRENT LIABILITIES		
Compensated absences	16,275	11,625
Net OPEB liability - PSERS	10,570	13,578
Net pension liability - PSERS	<u>683,934</u>	<u>589,119</u>
Total liabilities	<u>710,779</u>	<u>614,322</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred credits - OPEB	3,086	865
Deferred credits - pension	<u>36,209</u>	<u>128,038</u>
Total deferred inflows of resources	<u>39,295</u>	<u>128,903</u>
NET POSITION (DEFICIT)		
Net investment in capital assets	26,909	22,269
Unrestricted	<u>(298,058)</u>	<u>(286,449)</u>
Total net position (deficit)	<u>\$(271,149)</u>	<u>\$(264,180)</u>

See accompanying notes

BRISTOL BOROUGH SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT) - PROPRIETARY FUND

Year ended June 30, 2023 with summarized comparative totals for 2022

	<u>Food Service Fund</u>	
	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Charges for services	\$ 85,324	\$ 13,317
OPERATING EXPENSES		
Salaries	269,615	268,146
Employee benefits	122,896	(188,890)
Purchased professional and technical services	3,370	2,900
Other purchased services	5,573	4,807
Supplies	347,445	338,754
Depreciation	4,860	4,053
Total operating expenses	<u>753,759</u>	<u>429,770</u>
Operating loss	<u>(668,435)</u>	<u>(416,453)</u>
NONOPERATING REVENUES		
Earnings on investments	181	-
State sources	33,204	25,880
Federal sources	628,081	912,022
Total nonoperating revenues	<u>661,466</u>	<u>937,902</u>
Income (loss) before transfers	(6,969)	521,449
TRANSFERS IN	<u>-</u>	<u>173,555</u>
CHANGE IN NET POSITION (DEFICIT)	(6,969)	695,004
NET POSITION (DEFICIT)		
Beginning of year	<u>(264,180)</u>	<u>(959,184)</u>
End of year	<u><u>\$ (271,149)</u></u>	<u><u>\$ (264,180)</u></u>

See accompanying notes

BRISTOL BOROUGH SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year ended June 30, 2023 with summarized comparative totals for 2022

	<u>Food Service Fund</u>	
	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 89,191	\$ 17,707
Cash paid to employees	(427,106)	(624,085)
Cash paid to suppliers	<u>(315,814)</u>	<u>(306,401)</u>
Net cash used for operating activities	<u>(653,729)</u>	<u>(912,779)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State sources	33,027	25,672
Federal sources	<u>611,420</u>	<u>852,828</u>
Net cash provided by noncapital financing activities	<u>644,447</u>	<u>878,500</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING		
Purchase of capital assets	<u>(9,500)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and investment income received	<u>181</u>	<u>-</u>
Net decrease in cash	<u>(18,601)</u>	<u>(34,279)</u>
CASH		
Beginning of year	<u>35,787</u>	<u>70,066</u>
End of year	<u>\$ 17,186</u>	<u>\$ 35,787</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (668,435)	\$ (416,453)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	4,860	4,053
Donated commodities used	36,234	46,282
(Increase) decrease in		
Due from other funds	(37,731)	(253,846)
Other receivables	3,867	4,390
Inventories	4,340	(6,222)
Deferred outflows	(3,713)	16,949
Increase (decrease) in		
Compensated absences	4,650	11,625
Net pension liability	94,815	(383,741)
Net other post employment benefits liability	(3,008)	(28,869)
Deferred inflows	<u>(89,608)</u>	<u>93,053</u>
Net cash used for operating activities	<u>\$ (653,729)</u>	<u>\$ (912,779)</u>
SUPPLEMENTAL DISCLOSURE		
Noncash noncapital financing activity		
USDA donated commodities	<u>\$ 36,234</u>	<u>\$ 46,282</u>

See accompanying notes

BRISTOL BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bristol Borough School District (the "***District***") operates one elementary school and one secondary school to provide education and related services to the residents of the Borough of Bristol. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the third class. The District operates under a locally elected nine-member board form of government (the "***School Board***").

The 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 authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

Reporting Entity

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

Basis of Presentation

Government-Wide Financial Statements

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

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flow. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide statement of net position (deficit) presents the financial position of the District which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the District is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The statement of net position (deficit) includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

BRISTOL BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

Fund Financial Statements

During the school year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Governmental Funds

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

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

The Capital Projects Fund accounts for financial resources restricted, committed or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment.

In addition, the District reports the following nonmajor governmental funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. This fund includes the District's Student Sponsored Activity and Scholarship funds.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Deferred inflows of resources are reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

BRISTOL BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, special termination benefits, other post-employment benefits and claims and judgments are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

Like the government-wide financial statements, proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District reports the following major proprietary fund:

The Food Service Fund accounts for the revenues and costs of providing meals to students during the school year.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges for services. Operating expenses for the District's proprietary funds include payroll, employee benefits, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value based upon quoted market prices, except for certificates of deposit which are recorded at cost, which approximates fair value.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property Taxes

Taxes are levied on July 1 and are payable in the following periods:

July 1	- Levy date
July 1 – September 30	- 2% discount period
October 1 – November 30	- Face value period
December 1 – December 31	- 10% penalty period
January 1	- Lien date

BRISTOL BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

The Bucks County Board of Assessments determines assessed valuations of property, and the District's taxes are billed and collected by a local elected tax collector. The tax on real estate for public school purposes for fiscal 2022-2023 was 154.0000 mills (\$154.00 for \$1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

Taxpayers who have a primary residence within the District have the option of paying in three installments. These installments have the following due dates:

Installment One	-	August 15
Installment Two	-	October 15
Installment Three	-	December 15

The discount (two percent) is not applicable to installment payments; however, the penalty (10 percent) will be added if second and third installments are paid subsequent to the due dates.

Prepaid Items and Inventories

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

All inventories are valued at the lower of cost (first-in, first-out method) or market.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant and equipment (net of salvage value) of the District is depreciated or amortized using the straight-line method over the following estimated useful lives: buildings and improvements – 40-50 years, furniture and equipment – 5-25 years, and subscription assets – 3-5 years.

Impairment of Long-Lived Assets

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment should be measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the District. No impairment losses were recognized in the year ended June 30, 2023.

BRISTOL BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Compensated Absences

District policies permit employees to accumulate earned but unused vacation, personal and sick days. The liability for these compensated absences is recorded as a noncurrent liability in the government-wide financial statements. A liability for these amounts is recorded in the governmental funds financial statements only to the extent they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds. Deferred amounts on refunding are recorded as a deferred outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the straight-line method.

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

Fund Equity

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The District reports the following fund balance classifications:

Nonspendable

Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted

Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the District's highest level of decision-making authority, the School Board. Committed amounts cannot be used for any other purpose unless the School Board removes those constraints by taking the same type of formal action (e.g., resolution).

Assigned

Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Business Administrator or (b) an appointed body (e.g., finance committee) or (c) an official to which the District has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

BRISTOL BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

Unassigned

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources—committed, assigned or unassigned—in order as needed.

The School Board has set a policy to maintain an unassigned General Fund fund balance of not more than 8% of the following year's expenditure budget in accordance with guidelines prescribed by the Pennsylvania Department of Education.

Comparative Data

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

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.

Implementation of New Accounting Pronouncements

Effective July 1, 2022, the District adopted the provisions of GASB Statement No. 94 "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*" and GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*".

The objective of GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements ("**PPP**"s). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP 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. The implementation of GASB Statement No. 94 had no impact on the financial statements of the District for the year ended June 30, 2023.

BRISTOL BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

The objective of GASB Statement No. 96 is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements ("**SBITA**"s) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an 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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. As a result of the implementation of Statement No. 96, the District recognized its right-to-use subscription assets and corresponding subscription liabilities for the year ended June 30, 2023.

New Accounting Pronouncements

GASB Statement No. 100, "*Accounting Changes and Error Corrections*" will be effective for the District for the year ended June 30, 2024. GASB Statement No. 100 enhances 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.

GASB Statement No. 101, "*Compensated Absences*" will be effective for the District for the year ended June 30, 2025. GASB Statement No. 101 will update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 101 will require that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for the Capital Projects Fund.

The District is required to publish notice by advertisement at least once in two newspapers of general circulation in the municipalities in which it is located, and within 20 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to when final action on adoption is taken by the School Board.

After the legal adoption of the budget, the School Board is required to file a copy of the budget with the Pennsylvania Department of Education by July 31. Additional copies of the budget also are required to be filed with the House Education Committee and the Senate Education Committee by September 15.

Legal budgetary control is maintained at the sub-function/major object level. The School Board may make transfers of funds appropriated in any particular item of expenditure by legislative action in accordance with Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without approval from the School Board. 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 include the effect of approved budget amendments.

BRISTOL BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(3) DEPOSITS

State statutes authorize the District to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation or in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, State Treasurer's investment pools or mutual funds.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. At June 30, 2023, the carrying amount of the District's deposits was \$3,237,343 and the bank balance was \$3,787,278. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania or any other political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, \$444,559 was covered by federal depository insurance, and \$3,065,884 was collateralized by the District's depositories in accordance with Act 72 and the collateral was held by the depositories' agent in pooled public funds. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund ("**PSDLAF**"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to independent annual audit. As of June 30, 2023, PSDLAF was rated as AAAM by a nationally recognized statistical rating agency.

(4) CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 542,076	\$ -	\$ -	\$ 542,076
Capital assets being depreciated:				
Buildings and improvements	42,022,454	774,523	-	42,796,977
Furniture and equipment	2,760,249	120,400	-	2,880,649
Right-to-use subscription assets	-	98,607	-	98,607
Total capital assets being depreciated	<u>44,782,703</u>	<u>993,530</u>	<u>-</u>	<u>45,776,233</u>
Less accumulated depreciation for:				
Buildings and improvements	(13,121,257)	(862,554)	-	(13,983,811)
Furniture and equipment	(2,534,041)	(104,957)	-	(2,638,998)
Right-to-use subscription assets	-	(24,102)	-	(24,102)
Total accumulated depreciation	<u>(15,655,298)</u>	<u>(991,613)</u>	<u>-</u>	<u>(16,646,911)</u>
Total capital assets being depreciated, net	<u>29,127,405</u>	<u>1,917</u>	<u>-</u>	<u>29,129,322</u>
Governmental activities, net	<u>\$ 29,669,481</u>	<u>\$ 1,917</u>	<u>\$ -</u>	<u>\$ 29,671,398</u>
Business-type activities				
Furniture, machinery and equipment	\$ 386,287	\$ 9,500	\$ -	\$ 395,787
Less accumulated depreciation	(364,018)	(4,860)	-	(368,878)
Business-type activities, net	<u>\$ 22,269</u>	<u>\$ 4,640</u>	<u>\$ -</u>	<u>\$ 26,909</u>

BRISTOL BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

Governmental activities	
Instruction	\$723,331
Instructional student support services	36,002
Administrative and financial support services	78,203
Operation and maintenance of plant services	110,158
Transportation	22,999
Student activities	<u>20,920</u>
Total depreciation expense – governmental activities	<u>\$991,613</u>
Business-type activities	
Food service	<u>\$ 4,860</u>

(5) INTERNAL RECEIVABLES AND PAYABLES

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

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
Food Service Fund	\$291,577	General Fund	\$291,577
General Fund	<u>2</u>	Capital Projects Fund	<u>2</u>
	<u>\$291,579</u>		<u>\$291,579</u>

Interfund balances between funds represent temporary loans recorded at year-end as the result of a final allocation of expenses.

(6) NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>	<u>Amount Due Within One Year</u>
Governmental activities					
General obligation debt					
Bonds payable	\$ 6,850,000	\$ -	\$1,485,000	\$ 5,365,000	\$1,560,000
Notes payable	9,114,000	-	79,000	9,035,000	79,000
Bond premiums	<u>593,919</u>	<u>-</u>	<u>131,682</u>	<u>462,237</u>	<u>112,244</u>
Total general obligation debt	<u>16,557,919</u>	<u>-</u>	<u>1,695,682</u>	<u>14,862,237</u>	<u>1,751,244</u>
Other noncurrent liabilities					
Subscriptions payable	-	98,607	23,522	75,085	23,894
Compensated absences	726,269	14,719	-	740,988	-
Termination benefits	99,717	-	29,147	70,570	6,100
OPEB liability	83,545	4,995	32,445	56,095	-
Net OPEB liability – PSERS	1,745,024	-	375,016	1,370,008	-
Net pension liability – PSERS	<u>29,874,975</u>	<u>2,874,050</u>	<u>-</u>	<u>32,749,025</u>	<u>-</u>
Total other noncurrent liabilities	<u>32,529,530</u>	<u>2,992,371</u>	<u>460,130</u>	<u>35,061,771</u>	<u>29,994</u>
Total governmental activities	<u>49,087,449</u>	<u>2,992,371</u>	<u>2,155,812</u>	<u>49,924,008</u>	<u>1,781,238</u>

BRISTOL BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Business-type activities					
Compensated absences	11,625	4,650	-	16,275	-
Net OPEB liability – PSERS	13,578	-	3,008	10,570	-
Net pension liability – PSERS	<u>589,119</u>	<u>94,815</u>	<u>-</u>	<u>683,934</u>	<u>-</u>
Total business-type activities	<u>614,322</u>	<u>99,465</u>	<u>3,008</u>	<u>710,779</u>	<u>-</u>
Total noncurrent liabilities	<u>\$49,701,771</u>	<u>\$3,091,836</u>	<u>\$2,158,820</u>	<u>\$50,634,787</u>	<u>\$1,781,238</u>

Noncurrent liabilities of governmental activities are generally liquidated by the General Fund, while noncurrent liabilities of the business-type activities are liquidated by the Food Service Fund.

(7) GENERAL OBLIGATION DEBT

General obligation debt is a direct obligation of the District from which full faith and credit are pledged and are payable from unrestricted local sources. The District has not pledged any assets as collateral for general obligation debt. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior general obligation debt.

General obligation debt outstanding as of June 30, 2023 consisted of the following:

<u>Description</u>	<u>Interest Rate(s)</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
General obligation bonds				
Series of 2016B	0.77% - 5.00%	\$15,025,000	03/01/2031	\$ 5,365,000
General obligation notes				
Series of 2021	1.131%	\$9,239,000	02/25/2031	<u>9,035,000</u>
Total general obligation debt				<u>\$14,400,000</u>

Annual debt service requirements to maturity on these obligations is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,639,000	\$ 332,111	\$ 1,971,111
2025	1,714,000	253,217	1,967,217
2026	1,769,000	186,924	1,955,924
2027	1,839,000	118,430	1,957,430
2028	1,847,000	84,434	1,931,434
2029-2031	<u>5,592,000</u>	<u>127,245</u>	<u>5,719,245</u>
	<u>\$14,400,000</u>	<u>\$1,102,361</u>	<u>\$15,502,361</u>

BRISTOL BOROUGH SCHOOL DISTRICT

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Interest Rate Management Plan

The General Obligation Notes of the District have been issued to the Delaware Valley Regional Finance Authority ("**DVRFA**"). The DVRFA was formed by certain counties in Southeastern Pennsylvania to provide financing to local government units ("**participants**") for various projects. DVRFA obtained the funds used to finance these projects by issuing its Local Government Revenue Bonds. In order to reduce the interest costs of participants in its loan program and to enhance their ability to manage their interest rate risks, DVRFA and the participants in its loan program, including the District, have entered into an Interest Rate Management Plan, the provisions of which allow the participants to select fixed or variable rates of interest on their loans. In order to provide this option to the participants, DVRFA has entered into an interest rate swap agreement with a financial institution. In the event that the swap agreement between DVRFA and the financial institution is terminated and the value of the swap to DVRFA at the time of termination is a liability, the participants are required to pay their proportionate share of the liability. The value of the swap agreement relative to the General Obligation Notes at June 30, 2023 was an asset of \$1,446,355. The value of the swap agreement relative to the General Obligation Notes is not reflected on the District's statement of net position (deficit).

(8) SUBSCRIPTIONS PAYABLE

The District has entered into long-term subscription agreements for subscription-based information technology arrangements. Initial subscription liabilities were recorded in the amount of \$98,607. As of June 30, 2023, the value of the subscription liabilities is \$75,085. The subscriptions have imputed interest rates of 1.58%. The subscriptions' estimated useful lives were between 3 and 5 years as of their contract commencements. The value of the intangible right-to-use subscription assets as of June 30, 2023 is \$74,505, net of accumulated amortization of \$24,102, and is included with noncurrent assets on the statement of net position (deficit).

Future minimum payments under these subscriptions are as follows:

Year ending June 30,

2024	\$25,080
2025	25,080
2026	13,780
2027	13,780
Less: amount representing interest	<u>(2,635)</u>
Present value of minimum subscription payments	<u>\$75,085</u>

(9) TERMINATION BENEFITS

The District from time to time offers additional termination benefits or retirement incentives known as early retirement incentive plans ("**ERIP**") to senior professional staff and administrators contemplating retirement. An ERIP is formally approved by School Board action in the year an ERIP plan is implemented.

In order for an employee to retire and participate in a District sponsored ERIP, the District must first decide whether or not to offer an ERIP in the year the employee is retiring and a specified minimum number of employees must opt into the ERIP. The District's various ERIP plans provide for the payment of specific annuity amounts to the participating retiree or the payment of a specified dollar amount to be applied toward participating retiree healthcare premiums through Medicare eligible age.

The District's liability for its ERIP plans has been reported at the discounted present value of expected future benefit payments in the government-wide financial statements. For the year ended June 30, 2023, 6 retirees received benefits under the District's ERIP plans and the District paid \$29,147 in ERIP benefits to retirees.

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(10) OTHER POST-EMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

The District's other post-employment benefits ("**OPEB**") include a single-employer defined benefit plan that provides medical insurance to certain eligible retirees through the date of medicare eligibility. The School Board has the authority to establish and amend benefit provisions. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

OPEB Plan Membership

Membership in the OPEB plan consisted of the following at June 30, 2023:

Active participants	5
Vested former participants	-
Retired participants	<u>2</u>
Total	<u>7</u>

Funding Policy

The District's contributions are funded on a pay-as-you-go basis. The contribution requirements of retirees are established and may be amended by the School Board.

OPEB Liability

The District's OPEB liability has been measured as of June 30, 2023. The total OPEB liability was determined by a valuation as of June 30, 2023, and by rolling forward the liabilities from the June 30, 2022 valuation through the measurement date. The OPEB liability is \$56,095, all of which is unfunded. As of June 30, 2023, the OPEB liability is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

The District's change in its OPEB liability for the year ended June 30, 2023 was as follows:

Balances as of July 1, 2022	<u>\$ 83,545</u>
Changes for the year:	
Service cost	3,198
Interest on total OPEB liability	1,797
Changes in assumptions	(19,173)
Benefit payments	<u>(13,272)</u>
Net changes	<u>(27,450)</u>
Balances as of June 30, 2023	<u>\$ 56,095</u>

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

For the year ended June 30, 2023, the District recognized negative net OPEB expense of \$27,450. At June 30, 2023, the District had no deferred outflows of resources or deferred inflows of resources related to the OPEB plan.

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

The following presents the OPEB liability for June 30, 2023, calculated using current healthcare cost trends as well as what the OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

BRISTOL BOROUGH SCHOOL DISTRICT

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	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$53,205</u>	<u>\$56,095</u>	<u>\$59,548</u>

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District calculated using the discount rate of 2.28%, as well as what the OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (1.28%) or 1 percentage point higher (3.28%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>1.28%</u>	<u>2.28%</u>	<u>3.28%</u>
OPEB Liability	<u>\$58,090</u>	<u>\$56,095</u>	<u>\$53,872</u>

Calculation Methods and Significant Assumptions

The OPEB Liability as of June 30, 2023, was determined by rolling forward the OPEB Liability as of June 30, 2022 to June 30, 2023 using the following assumptions, applied to all periods included in the measurement:

- Discount rate – 2.28%
- Salary growth – salary increases are composed of 3.00%, inclusive of inflation.
- Assumed healthcare cost trends – 6.00%

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

PSERS provides health insurance premium assistance which is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance 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.

Retirees of PSERS can participate in the health insurance premium assistance program if they satisfy the following criteria:

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

For Class DC members to become eligible for health insurance 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.

BRISTOL BOROUGH SCHOOL DISTRICT

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Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program.

Employer Contributions

The District's 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 \$85,904 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 \$1,380,578 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 PSERS' 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 0.0750 percent, which was an increase of 0.0008 percent from its proportion measured as of June 30, 2022. As of June 30, 2023, the OPEB liability of \$1,370,008 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining \$10,570 of the OPEB liability is recorded as a liability in the proprietary fund statement of net position (deficit), and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2023, the District recognized negative net OPEB expense of \$56,787. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 13,000	\$ 7,000
Changes in assumptions	153,000	326,000
Net difference between projected and actual investment earnings	4,000	-
Changes in proportions	27,000	70,000
Contributions subsequent to the measurement date	<u>85,904</u>	<u>-</u>
	<u>\$282,904</u>	<u>\$403,000</u>

\$85,904 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

BRISTOL BOROUGH SCHOOL DISTRICT

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June 30, 2023

Year ended June 30,

2024	\$ (45,000)
2025	(36,000)
2026	(34,000)
2027	(43,000)
2028	<u>(48,000)</u>
	<u><u>\$(206,000)</u></u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2022, was determined by rolling forward the PSERS' 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% – Standard & Poor's 20-year municipal bond rate
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Participation rate:

- Eligible retirees will elect to participate pre age 65 at 50%
- Eligible retirees will elect to participate post age 65 at 70%

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 year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: the actual data for retirees benefiting under the OPEB 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 OPEB 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 health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year.

BRISTOL BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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<u>OPEB – Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	<u>100.00%</u>	0.50%

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%. Under the OPEB plan’s funding policy, contributions are structured for short term funding of health insurance premium assistance. The funding policy sets contribution rates necessary to assure solvency of health insurance premium assistance through the third fiscal year after the actuarial valuation date. The health insurance premium assistance account is funded to establish reserves that are sufficient for the payment of health insurance 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 OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 4.09% which represents the Standard & Poors 20-year municipal bond rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

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

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

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

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District’s proportionate share of the net OPEB liability	<u>\$1,380,438</u>	<u>\$1,380,578</u>	<u>\$1,380,691</u>

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 3.09%</u>	<u>Current Discount Rate 4.09%</u>	<u>1% Increase 5.09%</u>
District’s proportionate share of the net OPEB liability	<u>\$1,561,268</u>	<u>\$1,380,578</u>	<u>\$1,229,379</u>

OPEB Plan Fiduciary Net Position

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

BRISTOL BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(11) PENSION PLAN

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

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

Benefits Provided

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

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

Benefits are generally equal to 1.00% or 2.50%, 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.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.00% or 2.50%, 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.

BRISTOL BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Contributions

Member Contributions

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

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

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

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2023 was 34.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$3,952,751 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 \$33,432,959 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 PSERS' total pension liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.0752 percent, which was an increase of 0.0010 percent from its proportion measured as of June 30, 2022.

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As of June 30, 2023, the pension liability of \$32,749,025 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining \$683,934 of the pension liability is recorded as a liability in the proprietary fund statement of net position (deficit), and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2023, the District recognized negative net pension expense of \$1,778,456. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 15,000	\$ 289,000
Changes in assumptions	998,000	-
Net difference between projected and actual investment earnings	-	567,000
Changes in proportions	370,000	914,000
Contributions subsequent to the measurement date	<u>3,952,751</u>	<u>-</u>
	<u>\$5,335,751</u>	<u>\$1,770,000</u>

\$3,952,751 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,

2024	\$(201,000)
2025	(223,000)
2026	(756,000)
2027	<u>793,000</u>
	<u>\$(387,000)</u>

Actuarial Assumptions

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

- Valuation date – June 30, 2021
- Actuarial cost method – entry age normal – level % 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.

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- 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.

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.

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

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

Discount Rate

The discount 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 represents 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:

BRISTOL BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

	<u>1% Decrease</u> <u>6.00%</u>	<u>Current Discount</u> <u>Rate</u> <u>7.00%</u>	<u>1% Increase</u> <u>8.00%</u>
District's proportionate share of the net pension liability	<u>\$43,243,246</u>	<u>\$33,432,959</u>	<u>\$25,161,700</u>

Pension Plan Fiduciary Net Position

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

(12) LEASE RECEIVABLE

The District has entered into long-term lease agreement as lessor of property. An initial lease receivable and deferred inflows of resources were recorded in the amount of \$651,051. As of June 30, 2023, the value of the lease receivable and deferred inflows of resources was \$413,364. The lease term was 10 years as of the contract commencement. Management elected not to present value the future payments as the impact on the financial statements was considered immaterial. Future minimum lease payments under this lease is as follows:

Year ending June 30,

2024	\$ 62,005
2025	67,172
2026	68,205
2027	68,205
2028	68,205
2029-2030	<u>79,572</u>
	<u>\$413,364</u>

(13) JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

Bucks County Technical High School

The District and five other Bucks County school districts participate in the Bucks County Technical High School (the "**BCTHS**"). The BCTHS provides vocational-technical training and education to students of the participating school districts. The BCTHS is controlled by a joint board comprised of representative school board members of the participating school districts. District oversight of the BCTHS operations is the responsibility of the joint board. The District's share of operating costs for the BCTHS fluctuates based on the District's percentage of enrollment. The District share of operating costs for 2022-2023 was \$845,429.

Bucks County Technical School Authority

The District and five other Bucks County school districts also participate in a joint venture for the operation of the Bucks County Technical School Authority (the "**Authority**"). The Authority oversees acquiring, holding, constructing, improving and maintaining the BCTHS school buildings. The Authority is controlled by a joint board comprised of representative school board members of the participating school districts in the BCTHS. During 2022-2023, the participating school districts entered into a long-term lease agreement with the Authority to provide rental payments sufficient to retire the Authority's outstanding debt obligations. The agreement expires on June 30, 2043 unless the related debt is retired earlier. The District's share of rent expense for 2022-2023 was \$12,547.

The District's future annual lease payments to the Authority are as follows:

BRISTOL BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Year ending June 30,

2024	\$ 48,520
2025	48,712
2026	48,795
2027	48,829
2028	48,814
2029-2033	244,352
2034-2038	244,656
2039-2043	<u>227,956</u>
	<u>\$960,634</u>

Both the BCTHS and the Authority prepare financial statements that are available to the public from their administrative offices located at 610 Wistar Road, Fairless Hills, PA 19030.

Bucks County Intermediate Unit

The District and the other Bucks County school districts are participating members of the Bucks County Intermediate Unit (the "**BCIU**"). The BCIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating district. The School Board of each participating district must approve the annual operating budget of the BCIU but the participating districts have no ongoing fiduciary interest or responsibility to the BCIU. The BCIU is a self-sustaining organization that provides a broad array of services to participating districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services and state and federal liaison services.

(14) CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

The District receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. District officials do not expect any significant adjustments as a result of these examinations.

Litigation

The District is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any of these matters.

(15) RISK MANAGEMENT

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

BRISTOL BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

The District along with other governmental entities from Pennsylvania and Delaware participate in the Delaware Valley Health Trust (the "**Trust**"). The Trust is a public entity risk pool designed to provide healthcare coverage for eligible employees, spouses and dependents. The Trust was established for the sole and exclusive benefit of the employees of the member governmental entities. While the Trust is self-funded, each member governmental entity receives a fully-insured equivalent rate which is guaranteed for twelve months and represents a total risk transfer to the Trust. The District is not responsible for any additional assessments upon termination. The Trust assumes the risk for all claims including large claims and purchases commercial reinsurance for claims over \$1 million.

(16) SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 18, 2024, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2023 that required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BRISTOL BOROUGH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 12,279,968	\$ 12,279,968	\$ 12,592,442	\$ 312,474
State sources	12,170,198	12,170,198	13,488,631	1,318,433
Federal sources	2,214,294	2,214,293	2,873,849	659,556
Total revenues	<u>26,664,460</u>	<u>26,664,459</u>	<u>28,954,922</u>	<u>2,290,463</u>
EXPENDITURES				
Instruction				
Regular programs	11,371,084	11,996,394	14,057,196	(2,060,802)
Special programs	4,703,654	4,988,654	4,705,962	282,692
Vocational programs	963,413	959,414	1,021,551	(62,137)
Other instructional programs	1,035,024	110,712	313,511	(202,799)
Total instruction	<u>18,073,175</u>	<u>18,055,174</u>	<u>20,098,220</u>	<u>(2,043,046)</u>
Support services				
Pupil support services	766,140	766,140	611,163	154,977
Instructional staff services	188,777	188,777	11,286	177,491
Administrative services	1,463,000	1,473,574	1,369,933	103,641
Pupil health	325,448	325,448	377,894	(52,446)
Business services	380,249	380,247	385,898	(5,651)
Operation and maintenance of plant services	1,639,304	1,653,060	2,287,115	(634,055)
Student transportation services	493,801	493,801	639,043	(145,242)
Support services - central	362,583	352,583	409,666	(57,083)
Other support services	4,936	4,936	7,413	(2,477)
Total support services	<u>5,624,238</u>	<u>5,638,566</u>	<u>6,099,411</u>	<u>(460,845)</u>
Operation of noninstructional services				
Student activities	355,587	393,001	444,682	(51,681)
Community services	4,000	4,000	-	4,000
Total operation of noninstructional services	<u>359,587</u>	<u>397,001</u>	<u>444,682</u>	<u>(47,681)</u>
Facilities acquisition, construction, and improvement services				
	598,730	598,730	773,697	(174,967)
Debt service				
	2,008,730	1,974,988	1,996,036	(21,048)
Total expenditures	<u>26,664,460</u>	<u>26,664,459</u>	<u>29,412,046</u>	<u>(2,747,587)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(457,124)</u>	<u>(457,124)</u>
OTHER FINANCING USES				
Refund of prior year receipts	-	-	(6,933)	(6,933)
Proceeds from extended term financing	-	-	98,607	98,607
Total other financing uses	<u>-</u>	<u>-</u>	<u>91,674</u>	<u>91,674</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(365,450)</u>	<u>\$ (365,450)</u>
FUND BALANCE				
Beginning of year			1,721,179	
End of year			<u>\$ 1,355,729</u>	

BRISTOL BOROUGH SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PSERS

Year ended June 30

	<u>Measurement Date</u>									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.0752%	0.0742%	0.0780%	0.0778%	0.0767%	0.0794%	0.0784%	0.0777%	0.0757%	0.0745%
District's proportionate share of the net pension liability	\$ 33,432,959	\$ 30,464,094	\$ 38,406,000	\$ 36,397,000	\$ 36,820,000	\$ 39,214,000	\$ 38,852,551	\$ 33,656,149	\$ 29,962,603	\$ 30,497,510
District's covered payroll	\$ 11,023,411	\$ 10,523,712	\$ 10,925,617	\$ 10,725,140	\$ 10,326,467	\$ 10,565,219	\$ 10,152,812	\$ 9,995,047	\$ 9,663,787	\$ 9,559,880
District's proportionate share of the net pension liability as a percentage of its covered payroll	303.29%	289.48%	351.52%	339.36%	356.56%	371.16%	382.68%	336.73%	310.05%	319.02%
Plan fiduciary net position as a percentage of the total pension liability	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%	54.49%

BRISTOL BOROUGH SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	Measurement Date									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,952,751	\$ 3,763,393	\$ 3,582,272	\$ 3,650,027	\$ 3,499,423	\$ 3,271,116	\$ 3,095,085	\$ 2,601,865	\$ 2,187,052	\$ 1,638,863
Contributions in relation to the contractually required contribution	<u>3,952,751</u>	<u>3,763,393</u>	<u>3,582,272</u>	<u>3,650,027</u>	<u>3,499,423</u>	<u>3,271,116</u>	<u>3,095,085</u>	<u>2,601,865</u>	<u>2,187,052</u>	<u>1,638,863</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 11,453,929	\$ 11,023,411	\$ 10,523,712	\$ 10,925,617	\$ 10,734,426	\$ 10,326,467	\$ 10,565,219	\$ 10,152,182	\$ 9,995,047	\$ 9,663,787
Contributions as a percentage of covered payroll	34.51%	34.14%	34.04%	33.41%	32.60%	31.68%	29.30%	25.63%	21.88%	16.96%

BRISTOL BOROUGH SCHOOL DISTRICT

SCHEDULE OF CHANGES IN OPEB LIABILITY - SINGLE EMPLOYER PLAN

Year ended June 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY						
Service cost	\$ 3,198	\$ 5,485	\$ 6,190	\$ 11,574	\$ 5,951	\$ 7,228
Interest on total OPEB liability	1,797	2,693	3,044	3,681	3,669	4,089
Changes of assumptions	(19,173)	(7,501)	(3,301)	(4,618)	(17,451)	4,636
Benefit payments	<u>(13,272)</u>	<u>(13,272)</u>	<u>(13,272)</u>	<u>(12,495)</u>	<u>-</u>	<u>(22,774)</u>
Net change in total OPEB liability	(27,450)	(12,595)	(7,339)	(1,858)	(7,831)	(6,821)
Total OPEB liability, beginning	<u>83,545</u>	<u>96,140</u>	<u>103,479</u>	<u>105,337</u>	<u>113,168</u>	<u>119,989</u>
Total OPEB liability, ending	<u>\$ 56,095</u>	<u>\$ 83,545</u>	<u>\$ 96,140</u>	<u>\$ 103,479</u>	<u>\$ 105,337</u>	<u>\$ 113,168</u>
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 660,325	\$ 581,571	\$ 711,585	\$ 565,995	\$ 522,470	\$ 505,870
Net OPEB liability as a % of covered payroll	8.50%	14.37%	13.51%	18.28%	20.16%	22.37%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

BRISTOL BOROUGH SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -PSERS

Year ended June 30

	Measurement Date						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability	0.0750%	0.0742%	0.0778%	0.0778%	0.0767%	0.0794%	0.0784%
District's proportionate share of the net OPEB liability	\$ 1,380,578	\$ 1,758,602	\$ 1,681,000	\$ 1,655,000	\$ 1,599,000	\$ 1,618,000	\$ 1,689,000
District's covered payroll	\$ 11,023,411	\$ 10,523,712	\$ 10,925,617	\$ 10,734,426	\$ 10,326,467	\$ 10,565,219	\$ 10,152,812
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	12.52%	16.71%	15.39%	15.42%	15.48%	15.31%	16.64%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

BRISTOL BOROUGH SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	Measurement Date						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 85,904	\$ 88,187	\$ 86,311	\$ 91,660	\$ 89,096	\$ 85,539	\$ 87,977
Contributions in relation to the contractually required contribution	<u>85,904</u>	<u>88,187</u>	<u>86,311</u>	<u>91,660</u>	<u>89,096</u>	<u>85,539</u>	<u>87,977</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered payroll	\$ 11,453,929	\$ 11,023,411	\$ 10,523,712	\$ 10,925,617	\$ 10,734,426	\$ 10,326,467	\$ 10,565,219
Contributions as a percentage of covered-employee payroll	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%	0.83%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SINGLE AUDIT

BRISTOL BOROUGH SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2023

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<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal ALN Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2022</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2023</u>	<u>Passed Through to Subrecipients</u>
U.S. Department of Education											
Passed-Through the Pennsylvania Department of Education											
Title I - Improving Basic Programs	I	84.010	013-220048	07/01/21-09/30/22	\$ 455,377	\$ 162,635	\$ 102,786	\$ 59,849	\$ 59,849	\$ -	\$ -
Title I - Improving Basic Programs	I	84.010	013-230048	07/01/22-09/30/23	423,524	271,753	-	343,871	343,871	72,118	-
Total ALN #84.010						434,388	102,786	403,720	403,720	72,118	-
Title II - Improving Teacher Quality	I	84.367	020-220048	07/01/21-09/30/22	56,833	16,238	16,238	-	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-230048	07/01/22-09/30/23	46,124	35,719	-	40,326	40,326	4,607	-
Total ALN #84.367						51,957	16,238	40,326	40,326	4,607	-
Title IV - Student Support and Academic Achievement	I	84.424	144-220048	07/01/21-09/30/22	33,649	-	(1,841)	-	-	(1,841)	-
Title IV - Student Support and Academic Achievement	I	84.424	144-230048	07/01/22-09/30/23	35,653	35,653	-	35,653	35,653	-	-
Total ALN #84.424						35,653	(1,841)	35,653	35,653	(1,841)	-
21st Century Community Learning Centers	I	84.287	FC #41-00078083	10/01/20-09/30/25	399,600	389,490	50,750	396,869	396,869	58,129	341,641
21st Century Community Learning Centers	I	84.287	FC #41-00083490	10/01/21-09/30/26	165,000	144,025	27,921	138,426	138,426	22,322	117,966
21st Century Community Learning Centers	I	84.287	FC #41-00093289	10/01/22-09/30/27	500,000	139,778	-	181,115	181,115	41,337	167,747
Total ALN #84.287						673,293	78,671	716,410	716,410	121,788	627,354
COVID-19 - ESSER (8743)	I	84.425U	200-210048	03/13/20-09/30/23	1,653,278	961,208	43,684	416,390	416,390	(501,134)	-
COVID-19 - ESSER (8744)	I	84.425U	223-210048	03/13/20-09/30/24	3,344,104	1,520,047	426,256	914,029	914,029	(179,762)	-
COVID-19 - ARP ESSER 7%	I	84.425U	225-210048	03/13/20-09/30/24	259,911	85,062	-	46,980	46,980	(38,082)	-
Total ALN #84.425						2,566,317	469,940	1,377,399	1,377,399	(718,978)	-
Passed Through the Bucks County I.U.											
I.D.E.A. - Part B, Section 611	I	84.027	062-230022	07/01/22-06/30/23	298,201	289,112	-	289,112	289,112	-	-
I.D.E.A - Part B, Section 619	I	84.173	131-220022	07/01/22-06/30/23	1,099	1,099	-	1,099	1,099	-	-
Total U.S. Department of Education						4,051,819	665,794	2,863,719	2,863,719	(522,306)	627,354
U.S. Department of Health and Human Services											
Medical Assistance Program	D	93.778	N/A	07/01/22-06/30/23	N/A	10,131	-	10,131	10,131	-	-

Continued on next page

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal ALN Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2022</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2023</u>	<u>Passed Through to Subrecipients</u>
<u>U.S. Department of Agriculture</u>											
<u>Passed-Through the Pennsylvania Department of Education</u>											
P-EBT Local Admin Funds	I	10.649	N/A	07/01/22-06/30/23	N/A	628	-	628	628	-	-
Breakfast Program	I	10.553	N/A	07/01/21-06/30/22	N/A	12,069	12,069	-	-	-	-
Breakfast Program	I	10.553	N/A	07/01/22-06/30/23	N/A	91,176	-	95,942	95,942	4,766	-
Total ALN #10.553						103,245	12,069	95,942	95,942	4,766	-
Supply Chain Assistance	I	10.555	N/A	07/01/22-06/30/23	N/A	41,194	-	41,194	41,194	-	-
National School Lunch Program	I	10.555	N/A	07/01/21-06/30/22	N/A	27,056	27,056	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	439,297	-	454,083	454,083	14,786	-
<u>Passed-Through the Pennsylvania Department of Agriculture</u>											
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	36,234	-	36,234	36,234	-	-
Total ALN #10.555						543,781	27,056	531,511	531,511	14,786	-
Total U.S. Department of Agriculture						<u>647,654</u>	<u>39,125</u>	<u>628,081</u>	<u>628,081</u>	<u>19,552</u>	<u>-</u>
Total Federal Awards						<u>\$ 4,709,604</u>	<u>\$ 704,919</u>	<u>\$ 3,501,931</u>	<u>\$ 3,501,931</u>	<u>\$ (502,754)</u>	<u>\$ 627,354</u>
Special Education Cluster (IDEA) (ALN's #84.027 and #84.173)						<u>\$ 290,211</u>	<u>\$ -</u>	<u>\$ 290,211</u>	<u>\$ 290,211</u>	<u>\$ -</u>	<u>\$ -</u>
Child Nutrition Cluster (ALN's #10.553 and #10.555)						<u>\$ 647,026</u>	<u>\$ 39,125</u>	<u>\$ 627,453</u>	<u>\$ 627,453</u>	<u>\$ 19,552</u>	<u>\$ -</u>

Source Codes

D - Direct Funding

I - Indirect Funding

BRISTOL BOROUGH SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

(1) FEDERAL EXPENDITURES

The Schedule of Expenditures of Federal Awards reflects federal expenditures for all individual grants which were active during the fiscal year.

(2) BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note 3. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

(3) NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards under Assistance Listing #10.555, USDA Donated Commodities, represent federal surplus food consumed by the District during the 2022-2023 fiscal year.

(4) ACCESS PROGRAM

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2023 was \$0.

(5) INDIRECT COSTS

The District has expended amounts claimed as an indirect cost recovery using an approved indirect cost rate. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(6) PRIOR PERIOD CORRECTION

The District omitted \$11,339 of expenditures in the prior year related to Education Stabilization Funds (ALN 84.425D) passed through the Pennsylvania Commission on Crime and Delinquency. This correction has no impact on the current year Schedule of Expenditures of Federal Awards.

BRISTOL BOROUGH SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2023

Finding 2022-01

Criteria: Duties should be segregated by assigning different people the responsibilities of authorizing transactions, recording transactions and maintaining custody of related assets.

Condition: A single individual prepares checks, reconciles bank accounts, performs accounts payable duties, has access to the check signing machine and maintains the general ledger.

Effect: No effect on the financial statements.

Cause: Due to the limited number of personnel in the District's administrative office, there are inherent limitations to segregation of duties among the District's personnel.

Recommendation: The District should continue to evaluate the duties of their internal staff to determine whether staff is available to fully segregate duties.

Current Status: The finding has not been corrected. Management continues to find that it is not cost beneficial to hire additional personnel in order to mitigate this issue. Management continues to evaluate the cost/benefit of hiring more personnel in order to employ proper segregation of duties.



**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
Bristol Borough School District
Bristol, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bristol Borough School District, Bristol, Pennsylvania, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Bristol Borough School District's basic financial statements, and have issued our report thereon dated February 18, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bristol Borough 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 Bristol Borough School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bristol Borough 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bristol Borough 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*.

Bristol Borough School District's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on Bristol Borough School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Bristol Borough School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

BBD, LLP

Philadelphia, Pennsylvania
February 18, 2024



**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
Bristol Borough School District
Bristol, Pennsylvania**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bristol Borough School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Bristol Borough School District's major federal programs for the year ended June 30, 2023. Bristol Borough 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, Bristol Borough 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 Bristol Borough 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 Bristol Borough 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 Bristol Borough 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 Bristol Borough 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 Bristol Borough 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 Bristol Borough 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 Bristol Borough 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 Bristol Borough School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

BBD, LLP

Philadelphia, Pennsylvania
February 18, 2024

BRISTOL BOROUGH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2023

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Bristol Borough School District were prepared in accordance with GAAP.
2. One significant deficiency and no material weaknesses relating to the audit of the financial statements of Bristol Borough School District are reported in the 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.
3. No instances of noncompliance material to the financial statements of Bristol Borough School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Bristol Borough School District expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were:
 - Education Stabilization Fund – Assistance Listing #84.425
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Bristol Borough School District did qualify as a low-risk auditee.

FINDINGS—FINANCIAL STATEMENT AUDIT

Finding 2023-01

Criteria: Duties should be segregated by assigning different people the responsibilities of authorizing transactions, recording transactions and maintaining custody of related assets.

Condition: A single individual prepares checks, reconciles bank accounts, performs accounts payable duties, has access to the check signing machine and maintains the general ledger.

Effect: No effect on the financial statements.

Cause: Due to the limited number of personnel in the District's administrative office, there are inherent limitations to segregation of duties among the District's personnel.

Recommendation: The District should continue to evaluate the duties of their internal staff to determine whether staff is available to fully segregate duties.

Corrective Action: The District continually evaluates its assignment of duties to determine whether staff is available to fully segregate duties. Management has evaluated the cost/benefit and determined that it is not feasible to hire more personnel to mitigate this issue. Management provides monthly financial reports, including accounts payable detail, to the Board of Directors for review as a compensating control.

BRISTOL BOROUGH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2023

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None