

Marple Newtown School District
Financial Statements and Single Audit
For Year Ended June 30, 2023

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Independent Auditor's Report

To the Board of School Directors
Marple Newtown School District
Newtown Square, Pennsylvania

Report on the Audit of the Financial Statements

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 Marple Newtown School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Marple Newtown 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 Marple Newtown School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Marple Newtown School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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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 Marple Newtown 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 Marple Newtown School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 – 12 and 61 – 67 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 Marple Newtown 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 March 19, 2024, on our consideration of Marple Newtown 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 Marple Newtown 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 Marple Newtown School District's internal control over financial reporting and compliance.

Barsz Gowie Amon & Fultz, LLC

Media, Pennsylvania
March 19, 2024

MARPLE NEWTOWN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

FOR THE YEAR ENDED JUNE 30, 2023

INTRODUCTION

As management of the Marple Newtown School District, we offer readers of the Marple Newtown School District's financial statements this narrative overview and analysis of the financial activities of Marple Newtown School District for the fiscal year ended June 30, 2023. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

DISTRICT PROFILE

The District consists of six schools – four elementary schools, a middle school and a high school consisting of approximately 3,678 students. Marple Newtown is a suburban Philadelphia school district in Delaware County, Pennsylvania, in a community of approximately 35,000 people, most of whom are involved in business and professions.

The mission of the Marple Newtown School District is to provide rigorous educational opportunities for all students in a safe, healthy, and responsive learning environment through a collaborative commitment to involve students, staff, families, and the community.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of the Marple Newtown School District at the close of the most recent fiscal year by \$27,882 (negative net position). The negative net position is the result of recording the district's proportionate share of net pension and other post-employment benefits liabilities and deferred pension and other post-employment benefit amounts in accordance with GASB Statement Nos. 68 and 75, which were implemented during 2015 and 2018, respectively.
- The Governmental Funds reported a decrease in fund balance of \$310, bringing the cumulative balance to \$34,221 at the conclusion of the 2022-2023 fiscal year. The decrease is primarily due to continued spending of capital funds for the Culbertson Elementary School New Wing and High School Athletic Fields.
- The General Fund reported a balance of \$18,941 at the end of the 2022-2023 fiscal year. Of this amount \$6,922 is committed for capital projects, \$3,250 is assigned for upcoming capital needs and tax appeals, \$264 is restricted, \$4 is nonspendable, and \$8,500 is unassigned. The unassigned balance of \$8,500 is 8 percent of the budgeted 2023-2024 general fund expenditures.
- Marple Newtown School District's total debt decreased by \$5,900 during the current fiscal year due to normal annual debt service payments during the year. The balance of outstanding bonds at the conclusion of the 2022-2023 fiscal year is \$78,955.

MARPLE NEWTOWN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Marple Newtown School District's basic financial statements. The accompanying financial statements have been prepared in accordance with GASB Statement Number 34 and present both government-wide and fund level financial statements using both the accrual and modified accrual basis of accounting respectively.

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

The *statement of net position* measures and reports all of Marple Newtown School District's assets and liabilities, with the difference between the two reported as *net position*. Capital assets should be depreciated over their estimated useful lives. Net position should be displayed in three components; net investment in capital assets, and restricted and unrestricted net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Marple Newtown School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues 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 functions of the Marple Newtown School District that are principally supported by school taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*business-type activities*). The governmental activities of the Marple Newtown School District include the general, and two capital projects funds. The business-type activities of the Marple Newtown School District include the Food Service Fund. The government-wide financial statements for Marple Newtown School District include both governmental activities plus business-type activities.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Marple Newtown School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Marple Newtown School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The District has adopted Governmental Accounting Standard Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as part of its fiscal year 2010-11 reporting. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

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

MARPLE NEWTOWN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

focus on *near-term inflows 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 a government's near-term financing requirements.

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

Marple Newtown School District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and two capital projects funds, all of which are considered to be major funds.

Marple Newtown School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Marple Newtown School District maintains one type of proprietary fund, an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Marple Newtown School District uses enterprise funds to account for its Food Service Fund. Proprietary funds provide the same type of information as the government-wide financial statements only in more detail.

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Marple Newtown School District, liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of the Marple Newtown School at the close of the most recent fiscal year by \$27,882 (negative net position).

MARPLE NEWTOWN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Marple Newtown School District's Net Position 2023

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

	Governmental Activities		Business-type Activities		Totals	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current & other assets	\$ 46,522	\$ 46,421	\$ 1,707	\$ 1,351	\$ 48,229	\$ 47,772
Noncurrent assets	138,386	131,519	149	16	138,535	131,535
Total assets	<u>\$ 184,908</u>	<u>\$ 177,940</u>	<u>\$ 1,856</u>	<u>\$ 1,367</u>	<u>\$ 186,764</u>	<u>\$ 179,307</u>
Deferred outflows of resources	<u>\$ 25,716</u>	<u>\$ 22,861</u>	<u>\$ 206</u>	<u>\$ 171</u>	<u>\$ 25,922</u>	<u>\$ 23,032</u>
Long-term liabilities						
outstanding	\$ 211,976	\$ 209,889	\$ 1,163	\$ 1,038	\$ 213,139	\$ 210,927
Other liabilities	19,503	18,713	(25)	(15)	19,478	18,698
Total liabilities	<u>\$ 231,479</u>	<u>\$ 228,602</u>	<u>\$ 1,138</u>	<u>\$ 1,023</u>	<u>\$ 232,617</u>	<u>\$ 229,625</u>
Deferred inflows of resources	<u>\$ 7,900</u>	<u>\$ 11,001</u>	<u>\$ 51</u>	<u>\$ 96</u>	<u>\$ 7,951</u>	<u>\$ 11,097</u>
Net Position:						
Invested in capital assets,						
net of related debt	\$ 40,281	\$ 31,473	\$ 149	\$ 16	\$ 40,430	\$ 31,489
Restricted	15,453	16,642			15,453	16,642
Unrestricted	(84,489)	(86,919)	724	404	(83,765)	(86,515)
Total net position	<u>\$ (28,755)</u>	<u>\$ (38,804)</u>	<u>\$ 873</u>	<u>\$ 420</u>	<u>\$ (27,882)</u>	<u>\$ (38,384)</u>

The restricted net position is comprised of \$15,189 representing the amount restricted in the Capital Projects Funds for future capital needs, and \$264 for taxes paid under protest.

Governmental activities. Governmental activities increased Marple Newtown School District net position by \$12,152 for the current year.

Business type activity. The business-type activity increased net position by \$519 for the current year.

MARPLE NEWTOWN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Marple Newtown School District Changes in Net Position – 2023

The following table reflects the revenues and expenses for the current and prior year (as adjusted).

	Governmental Activities		Business-type Activities		Totals	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,981	\$ 2,134	\$ 1,070	\$ 434	\$ 3,051	\$ 2,568
Operating Grants	14,850	14,967	1,104	2,136	15,954	17,103
Capital Grants	416	283			416	283
General Revenues:						
Taxes	81,077	77,017			81,077	77,017
Grants, not restricted to specific programs	4,772	4,128			4,772	4,128
Investment and other Income	2,139	81	24	1	2,163	82
Total Revenues	<u>105,235</u>	<u>98,610</u>	<u>2,198</u>	<u>2,571</u>	<u>107,433</u>	<u>101,181</u>
Expenses:						
Depreciation	6,733	8,147			6,733	8,147
Instruction	49,137	41,604			49,137	41,604
Instructional Student Support	8,481	6,805			8,481	6,805
Administration & Financial Support Services	8,436	7,092			8,436	7,092
Operation and Maintenance of Plant Services	8,827	7,459			8,827	7,459
Pupil Transportation	6,692	4,617			6,692	4,617
Student Activities	1,671	1,371			1,671	1,371
Community Services	55	47			55	47
Interest on long-term debt	3,051	3,651			3,051	3,651
Food Service			1,680	1,578	1,680	1,578
Total Expenses	<u>93,083</u>	<u>80,793</u>	<u>1,680</u>	<u>1,578</u>	<u>94,763</u>	<u>82,371</u>
Change in Net Position	12,152	17,817	518	993	12,670	18,810
Beginning Net Position (restated)	(40,906)	(56,621)	354	(573)	(40,552)	(57,194)
Ending Net Position	<u>\$ (28,754)</u>	<u>\$ (38,804)</u>	<u>\$ 872</u>	<u>\$ 420</u>	<u>\$ (27,882)</u>	<u>\$ (38,384)</u>

Compared to 2021-22, tax revenue increased \$4,060 in 2022-23. This increase is primarily due to an increase in assessed value and mileage rate.

MARPLE NEWTOWN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the Marple Newtown School District's governmental funds reported combined ending fund balance of \$34,221, a decrease of \$310 in comparison with the prior year. This balance consists of \$15,279 remaining in the capital projects funds, \$6,922 committed for capital projects, \$3,250 assigned, \$264 restricted, \$4 nonspendable, and \$8,500 of unassigned general fund balance or 8 percent of 2023-24 general fund expenditures budget.

The general fund is the chief operating fund of Marple Newtown School District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,500 or 8% of 2023-2024 budgeted expenditures and the total general fund balance is \$18,941.

As a measure of the general fund's liquidity, it may be useful to compare both 2022-2023 unassigned fund balance and total fund balance to total 2022-2023 fund expenditures. Unassigned fund balance represents 8.63% of total general fund expenditures, while total general fund balance represents 19.22% of that same amount.

Proprietary funds. Marple Newtown School District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights and significant changes

- The District's general fund revenues for the fiscal year ended June 30, 2023 were \$104,821.
- The general fund revenue budget (adjusted) compared to actual revenue is over budget by \$4,473. \$4,473 includes a positive variance of \$1,590 which is due to a new lease accounting standard and subscription-based information technology arrangements (SBITA) accounting standard. The positive variance of \$1,590 is offset by a negative variance in expenditures of \$1,590. As a result, the remaining positive variance of \$2,883 is primarily due to the following:
 - \$1,038 Interim Real Estate Taxes
 - \$347 Delinquent Real Estate Taxes
 - \$1,515 Interest earnings
- This year's expenditure and other financing uses variance is expected to be approximately \$3,537 under budget. The variance includes \$1,590 of expenditures because of the new lease accounting standard and SBITA standard noted above.

MARPLE NEWTOWN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Disregarding the lease and SBITA standard, expenditures were \$5,127 less than budgeted primarily due the following:

- \$2,000 debt service payments for Worrall not spent
- \$1,053 of employee benefit savings largely due to self insured medical plan
- \$945 of personnel savings including retirement and taxes
- \$638 of supplies and tuition savings
- \$326 of budgetary reserve not spent

Capital Asset and Debt Administration

Capital assets. Marple Newtown School District's investment in capital assets for its governmental and business type activities as of June 30, 2023 amount to \$132,518 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, site improvements, buildings and building improvements, and property and equipment.

Major capital asset events during the current fiscal year include the following:

- Elementary School New Wing addition
- High School Athletic Field renovations

Marple Newtown School District's Capital Assets – 2023 (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 143	\$ 143	\$	\$	\$ 143	\$ 143
Site Improvements	13,651	1,242			13,651	1,242
Construction in Progress	4,486	9,186			4,486	9,186
Building & Bldg. Improvements	111,233	117,339			111,233	117,339
Machinery & Equipment	2,857	2,773	148	17	1,301	2,790
Total	<u>\$ 132,370</u>	<u>\$ 130,683</u>	<u>\$ 148</u>	<u>\$ 17</u>	<u>\$132,518</u>	<u>\$ 130,700</u>

MARPLE NEWTOWN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Long Term Debt. At the end of the current fiscal year, the Marple Newtown School District had total bonded debt outstanding of \$78,955. Of this amount, \$78,955 comprises debt backed by the full faith and credit of the government.

	Governmental Activities		Business-type Activities		Total	
	2022	2022	2022	2022	2022	2022
General Obligation Bonds	\$ 78,955	\$ 84,855	\$	\$	\$ 78,955	\$ 84,855
Total	<u>\$ 78,955</u>	<u>\$ 84,855</u>	<u>\$</u>	<u>\$</u>	<u>\$ 78,955</u>	<u>\$ 84,855</u>

Marple Newtown School District's debt decreased by \$5,900 during the 2022-2023 fiscal year due to normal debt service payments.

Marple Newtown School District has improved its rating and was recently provided with an Aa1 rating from Moody's Investor service for its recent (June 2019) general obligation debt. Moody's Investors Service affirmed this rating in its annual issuer comment dated November 29, 2021.

State statutes limit the amount of general obligation debt a governmental entity may issue to 225% of a 3-year average of revenues. The current debt limitation for Marple Newtown School District is estimated at \$224,826 which is in excess of Marple Newtown School District's outstanding general obligation debt. Due to the growing student population and aging facilities, the school district is in the process of reviewing the need for additional capital improvements which could require the school district to increase its current debt level.

Economic Factors

- The most current unemployment rate for the Philadelphia Metro Area (August 2023), which the Marple Newtown School District is located, is currently 5.4 percent, which is a slight decrease from a rate of 5.9 percent a year ago. This is higher than the state's average unemployment rate of 3.5 percent, and higher than the national average of 3.8 percent. (BLS 2023). It is important to point out that although the district is within the Philadelphia Metro Area, the unemployment rate for Delaware County, in which the district lies, is 4.1%. (BLS 2023)
- The most current CPI-U index for the Philadelphia Area, which the Marple Newtown School District is located, is 3.9 percent compared to a national index of 3.5 percent for the same December 2023 time period.

Legislative changes

On June 12, 2017 the most recent pension reform was passed and signed into law. The legislation is Act 5 of 2017 (formerly SB1).

MARPLE NEWTOWN SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Act 5 changes the retirement benefits of all school employees hired on or after July 1, 2019. Act 5 will not impact the pension benefits of current employees or retirees. For more details on the new benefit levels provided for in the act please follow this link: <http://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2017&sessInd=0&act=5>

The employer contribution rate for 2023-2024 has been set and budgeted at 34.00%. The employer contribution rate for the upcoming 2024-2025 cycle is being projected at 33.90%.

On November 23, 2010 Pension Reform Legislation was signed into law. The legislation is now known as Act 120 of 2010. Act 120 includes a series of actuarial and funding changes to the public school employee's retirement system ("PSERS") and benefit reductions for individuals who become new members of PSERS on or after July 1, 2011. Act 120 will not impact the pension benefits of current or retired PSERS members.

Act 1 of 2006. This legislation changed how school districts in Pennsylvania plan, prepare, and approve their budgets and corresponding tax increases. Participation in this law is mandatory.

This law is referred to as the Taxpayer Relief Act that intends to utilize gaming revenue and a local tax shift to an earned income or personal income tax to fund the plan. The law also provides that all school districts must allow an option to taxpayers to pay their real estate taxes in installments beginning with the 2007-2008 fiscal year (PSBA, 2006). To date, this has not presented any significant challenges to the district's cash flow.

The most significant requirement under Act 1 is the limitation on school real estate tax increases. The School District will have to seek approval from the voters if it intends to increase taxes over a set inflationary index provided by the Pennsylvania Department of Education. The index for 2024-2025 budget year is 5.3%. Any tax increase that is proposed that exceeds this index must either meet several exceptions provided for in the Act or be approved by the voters. The school district increased the real estate tax rate 2.89% for the 23-24 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Marple Newtown School District's finances for all those with an interest in the district's finances. Questions concerning any of the information should be addressed to the Marple Newtown School District, Business Office, 38 Media Line Road, Suite 210, Newtown Square, PA 19073.

Marple Newtown School District
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
<u>Assets</u>			
Current Assets:			
Cash and cash equivalents	\$ 9,831,611	\$ 1,509,496	\$ 11,341,107
Cash-restricted	269,496	-	269,496
Investments	31,637,396	-	31,637,396
Taxes receivable, net	1,158,582	-	1,158,582
Due from other governments	2,591,945	139,803	2,731,748
Prepaid expenses	94,722	-	94,722
Other receivables, net	938,642	12,612	951,254
Inventories	-	44,614	44,614
<u>Total Current Assets</u>	<u>46,522,394</u>	<u>1,706,525</u>	<u>48,228,919</u>
Noncurrent assets:			
Capital assets:			
Land	142,627	-	142,627
Construction in progress	4,485,657	-	4,485,657
Site improvements	17,049,668	-	17,049,668
Buildings and building improvements	181,703,844	-	181,703,844
Machinery and equipment	12,956,826	753,430	13,710,256
Accumulated depreciation	(83,968,691)	(604,780)	(84,573,471)
Right to use assets	2,717,503	-	2,717,503
Accumulated amortization	(1,911,387)	-	(1,911,387)
Funds Held by Delaware County Public Schools			
Healthcare Trust	5,210,166	-	5,210,166
<u>Total Noncurrent Assets</u>	<u>138,386,213</u>	<u>148,650</u>	<u>138,534,863</u>
<u>Total Assets</u>	<u>184,908,607</u>	<u>1,855,175</u>	<u>186,763,782</u>
<u>Deferred Outflows of Resources</u>			
Deferred charge on refunding	3,571,916	-	3,571,916
Deferred amounts related to pensions	20,379,406	195,461	20,574,867
Deferred amounts related to other post-employment benefits	1,764,835	10,785	1,775,620
<u>Total Deferred Outflows of Resources</u>	<u>25,716,157</u>	<u>206,246</u>	<u>25,922,403</u>
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$ 210,624,764</u>	<u>\$ 2,061,421</u>	<u>\$ 212,686,185</u>

See accompanying notes to the basic financial statements.

Marple Newtown School District
Statement of Net Positions (Continued)
June 30, 2023

	Governmental Activities	Business-Type Activities	Totals
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 6,965,832	\$ 26,321	\$ 6,992,153
Accrued salaries and benefits	4,407,733	-	4,407,733
Accrued interest	289,959	-	289,959
Unearned revenue	57,370	18,876	76,246
Internal balances	69,738	(69,738)	-
Portion due or payable within one year			
Bonds payable	6,195,000	-	6,195,000
Notes payable	778,548	-	778,548
Operating lease liabilities	353,576	-	353,576
Subscription-based technology arrangement obligations	106,426	-	106,426
Accumulated compensated absences	278,547	-	278,547
<u>Total Current Liabilities</u>	<u>19,502,729</u>	<u>(24,541)</u>	<u>19,478,188</u>
Long-Term Liabilities:			
Portion due or payable after one year			
Bonds payable	84,033,818	-	84,033,818
Notes payable	1,063,134	-	1,063,134
Operating lease liabilities	364,150	-	364,150
Accumulated compensated absences	1,711,073	-	1,711,073
Net pension liability	116,432,284	1,116,716	117,549,000
Other post-employment benefits	8,371,289	46,303	8,417,592
<u>Total Long-Term Liabilities</u>	<u>211,975,748</u>	<u>1,163,019</u>	<u>213,138,767</u>
<u>Total Liabilities</u>	<u>231,478,477</u>	<u>1,138,478</u>	<u>232,616,955</u>
<u>Deferred Inflows of Resources</u>			
Deferred amounts related to pensions	4,031,335	38,665	4,070,000
Deferred amounts - other post-employment benefits	3,869,306	11,970	3,881,276
<u>Total Deferred Inflows of Resources</u>	<u>7,900,641</u>	<u>50,635</u>	<u>7,951,276</u>
<u>Net Position</u>			
Net investment in capital assets	40,281,395	148,650	40,430,045
Restricted for			
Taxes paid under protest	264,374	-	264,374
Capital projects	15,189,164	-	15,189,164
Unrestricted	(84,489,287)	723,658	(83,765,629)
<u>Total Net Position</u>	<u>(28,754,354)</u>	<u>872,308</u>	<u>(27,882,046)</u>
<u>Total Liabilities, Deferred Inflows of Resources, and Net Position</u>	<u>\$ 210,624,764</u>	<u>\$ 2,061,421</u>	<u>\$ 212,686,185</u>

See accompanying notes to the basic financial statements.

Marple Newtown School District
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses				Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
<u>Governmental Activities</u>							
Instruction	\$ 49,137,366	\$ 6,180	\$ 7,736,520	\$ -	\$ (41,394,666)	\$ -	\$ (41,394,666)
Instructional student support	8,481,303	1,851,632	3,096,227	-	(3,533,444)	-	(3,533,444)
Administrative support services	8,436,362	-	1,102,234	-	(7,334,128)	-	(7,334,128)
Operation and maintenance of plant services	8,827,312	123,069	744,857	416,381	(7,543,005)	-	(7,543,005)
Pupil transportation	6,691,877	-	1,868,389	-	(4,823,488)	-	(4,823,488)
Student activities	1,670,969	-	301,668	-	(1,369,301)	-	(1,369,301)
Community services	55,028	-	-	-	(55,028)	-	(55,028)
Interest on long-term debt	3,050,647	-	-	-	(3,050,647)	-	(3,050,647)
Unallocated depreciation	6,732,600	-	-	-	(6,732,600)	-	(6,732,600)
<u>Total Governmental Activities</u>	93,083,464	1,980,881	14,849,895	416,381	(75,836,307)		(75,836,307)
<u>Business-Type Activities</u>							
Food service	1,680,138	1,070,750	1,104,217	-	-	494,829	494,829
<u>Total Activities</u>	<u>\$ 94,763,602</u>	<u>\$ 3,051,631</u>	<u>\$ 15,954,112</u>	<u>\$ 416,381</u>	<u>(75,836,307)</u>	<u>494,829</u>	<u>(75,341,478)</u>
<u>General Revenues</u>							
Property taxes, levied for general purposes					79,241,360	-	79,241,360
Public utility taxes					71,841	-	71,841
Transfer taxes					1,764,126	-	1,764,126
Grants and entitlements not restricted to specific programs					4,771,926	-	4,771,926
Investment earnings					2,012,131	23,803	2,035,934
Other general revenues					126,526	-	126,526
<u>Total General Revenues</u>					<u>87,987,910</u>	<u>23,803</u>	<u>88,011,713</u>
<u>Change in Net Position</u>					<u>12,151,603</u>	<u>518,632</u>	<u>12,670,235</u>
<u>Net Position at Beginning of Year (as Restated)</u>					<u>(40,905,957)</u>	<u>353,676</u>	<u>(40,552,281)</u>
<u>Net Position at End of Year</u>					<u>\$ (28,754,354)</u>	<u>\$ 872,308</u>	<u>\$ (27,882,046)</u>

See accompanying notes to the basic financial statements.

Marple Newtown School District
Balance Sheet - Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>Capital Projects Fund I</u>	<u>Capital Projects Fund II</u>	<u>Totals</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 8,972,693	\$ 703,714	\$ 155,204	\$ 9,831,611
Cash-restricted	269,496	-	-	269,496
Investments	15,496,481	16,140,915	-	31,637,396
Taxes receivable, net	1,183,357	-	-	1,183,357
Due from other governments	2,591,945	-	-	2,591,945
Interfund receivable	13,824	-	-	13,824
Other receivables	938,642	-	-	938,642
Prepaid expenditures	4,233	67,689	22,800	94,722
<u>Total Assets</u>	<u>\$ 29,470,671</u>	<u>\$ 16,912,318</u>	<u>\$ 178,004</u>	<u>\$ 46,560,993</u>
<u>Liabilities</u>				
Accounts payable and accrued expenses	\$ 5,155,163	\$ 1,698,701	\$ 111,968	\$ 6,965,832
Unearned revenue	57,370	-	-	57,370
Accrued salaries and benefits	4,407,733	-	-	4,407,733
Interfund payable	83,562	-	-	83,562
<u>Total Liabilities</u>	<u>9,703,828</u>	<u>1,698,701</u>	<u>111,968</u>	<u>11,514,497</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - real estate taxes	825,832	-	-	825,832
<u>Total Deferred Inflows of Resources</u>	<u>825,832</u>	<u>-</u>	<u>-</u>	<u>825,832</u>
<u>Fund Balances</u>				
Nonspendable:				
Prepaid expenditures	4,233	67,689	22,800	94,722
Restricted:				
Tax appeals	264,374	-	-	264,374
Capital projects	-	15,145,928	43,236	15,189,164
Committed:				
Capital projects	6,922,404	-	-	6,922,404
Assigned				
Assigned for capital expenditures	3,250,000	-	-	3,250,000
Unassigned	8,500,000	-	-	8,500,000
<u>Total Fund Balances</u>	<u>18,941,011</u>	<u>15,213,617</u>	<u>66,036</u>	<u>34,220,664</u>
<u>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</u>	<u>\$ 29,470,671</u>	<u>\$ 16,912,318</u>	<u>\$ 178,004</u>	<u>\$ 46,560,993</u>

See accompanying notes to the basic financial statements.

Marple Newtown School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Fund Balances \$ 34,220,664

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

Capital assets and right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 133,176,047

Funds Held by Delaware County Public Schools Healthcare Trust are not financial resources and, therefore, are not reported in the funds. 5,210,166

Some of the District's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. 801,057

Deferred charges on refunding are recorded as other financing uses in the Governmental funds, the statement of net position includes these amounts as deferred outflows of resources 3,571,916

Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	\$ 20,379,406	
Deferred inflows of resources related to pensions	(4,031,335)	
Deferred outflows - other post-employment benefits	1,764,835	
Deferred inflows - other post-employment benefits	(3,869,306)	
		14,243,600

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Accrued interest	(289,959)	
Bonds payable	(90,228,818)	
Notes payable	(1,841,682)	
Operating lease liabilities	(717,726)	
Subscription-based technology arrangement obligations	(106,426)	
Net pension liability	(116,432,284)	
Other post-employment benefits	(8,371,289)	
Accumulated compensated absences	(1,989,620)	
		(219,977,804)

Net Position of Governmental Activities \$ (28,754,354)

See accompanying notes to the basic financial statements.

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

	<u>General Fund</u>	<u>Capital Projects Fund I</u>	<u>Capital Projects Fund II</u>	<u>Totals</u>
<u>Revenues</u>				
Local sources	\$ 85,937,330	\$ 421,889	\$ 5,714	\$ 86,364,933
State sources	16,886,060	-	-	16,886,060
Federal sources	1,997,446	-	-	1,997,446
<u>Total Revenues</u>	<u>104,820,836</u>	<u>421,889</u>	<u>5,714</u>	<u>105,248,439</u>
<u>Expenditures</u>				
Instruction	51,428,218	-	-	51,428,218
Support services	33,560,108	-	115,960	33,676,068
Operation of non-instructional services	1,809,777	-	-	1,809,777
Capital outlay	-	8,437,817	193,709	8,631,526
Debt service				
Interest	3,975,311	-	-	3,975,311
Principal	7,754,194	-	-	7,754,194
<u>Total Expenditures</u>	<u>98,527,608</u>	<u>8,437,817</u>	<u>309,669</u>	<u>107,275,094</u>
<u>Excess (Deficiency) of Revenues</u>				
<u>Over (Under) Expenditures</u>	<u>6,293,228</u>	<u>(8,015,928)</u>	<u>(303,955)</u>	<u>(2,026,655)</u>
<u>Other Financing Sources (Uses)</u>				
Extended term financing proceeds	597,083	-	-	597,083
Leases and other right-to-use arrangements	993,458	-	-	993,458
Insurance recoveries	129,401	-	-	129,401
Refund of prior years' revenues	(3,018)	-	-	(3,018)
Interfund transfers in (out)	(6,851,406)	6,851,406	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>(5,134,482)</u>	<u>6,851,406</u>	<u>-</u>	<u>1,716,924</u>
<u>Net Change in Fund Balances</u>	<u>1,158,746</u>	<u>(1,164,522)</u>	<u>(303,955)</u>	<u>(309,731)</u>
<u>Fund Balances at Beginning of Year</u>	<u>17,782,265</u>	<u>16,378,139</u>	<u>369,991</u>	<u>34,530,395</u>
<u>Fund Balances at End of Year</u>	<u>\$ 18,941,011</u>	<u>\$ 15,213,617</u>	<u>\$ 66,036</u>	<u>\$ 34,220,664</u>

See accompanying notes to the basic financial statements.

Marple Newtown School District
Reconciliation of Net Change in Fund Balances - Governmental Funds to
Change in Net Position of Governmental Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances - Governmental Funds \$ (309,731)

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

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in Governmental Funds. (139,899)

Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense and capital outlays:

Capital outlay	\$ 10,631,945	
Depreciation and amortization expense	<u>(8,968,326)</u>	
		1,663,619

The change in the balance of funds Held by Delaware County Public Schools Healthcare Trust is included in the expenses reported in the statement of activities but is not reported in the fund financial statements. (97,723)

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 governmental funds. Neither transaction, however, has any effect on net position.

Notes payable	(597,083)	
Operating lease liabilities	(784,829)	
Subscription-based technology arrangement obligations	<u>(208,629)</u>	
		(1,590,541)

The repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Bonds payable	5,900,000	
Notes payable	842,477	
Operating lease liabilities	909,514	
Subscription-based technology arrangement obligations	<u>102,203</u>	
		7,754,194

Bond issuance premiums are amortized over the lives of the bonds in the statement of activities, but are recorded as other financing uses in the governmental funds. 900,484

Compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (105,714)

The net change in the net pension liability, as well as the change in the related deferred inflows and outflows, is reported in the statement of activities, but is not reported in the fund financial statements. 4,520,907

The net change in the net OPEB liability, as well as the change in the related deferred inflows and outflows, is reported in the statement of activities, but is not reported in the fund financial statements. (468,173)

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt in the statement of activities. 24,180

Change in Net Position of Governmental Activities \$ 12,151,603

See accompanying notes to the basic financial statements.

Marple Newtown School District
Statement of Net Position - Proprietary Fund
June 30, 2023

	Food Service Fund
<u>Assets</u>	
<u>Current Assets</u>	
Cash	\$ 1,509,496
Due from other governments	139,803
Other receivables	12,612
Interfund receivable	83,562
Inventories	44,614
<u>Total Current Assets</u>	<u>1,790,087</u>
<u>Property and Equipment</u>	
Property and Equipment	753,430
Accumulated Depreciation	(604,780)
<u>Net Property and Equipment</u>	<u>148,650</u>
<u>Total Assets</u>	<u>1,938,737</u>
<u>Deferred Outflows of Resources</u>	
Deferred amounts related to pensions	195,461
Deferred amounts - other post-employment benefits	10,785
<u>Total Deferred Outflows of Resources</u>	<u>206,246</u>
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$ 2,144,983</u>
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Interfund payable	\$ 13,824
Accounts payable	26,321
Unearned revenues	18,876
<u>Total Current Liabilities</u>	<u>59,021</u>
<u>Long-Term Liabilities</u>	
Net pension liability	1,116,716
Other post-employment benefits	46,303
<u>Total Long-Term Liabilities</u>	<u>1,163,019</u>
<u>Total Liabilities</u>	<u>1,222,040</u>
<u>Deferred Inflows of Resources</u>	
Deferred amounts related to pensions	38,665
Deferred amounts - other post-employment benefits	11,970
<u>Total Deferred Inflows of Resources</u>	<u>50,635</u>
<u>Net Position</u>	
Net investment in capital assets	148,650
Unrestricted	723,658
<u>Total Net Position</u>	<u>872,308</u>
<u>Total Liabilities, Deferred Inflows of Resources, and Net Position</u>	<u>\$ 2,144,983</u>

See accompanying notes to the basic financial statements.

Marple Newtown School District
Statement of Revenues, Expenses, and Changes in Net Position -
Proprietary Fund
For the Year Ended June 30, 2023

	<u>Food Service Fund</u>
<u>Operating Revenues</u>	<u>\$ 1,070,750</u>
<u>Operating Expenses</u>	
Payroll and benefits	566,185
Food service management	916,708
Supplies	153,540
Purchased services	18,703
Other operating expenses	6,040
Depreciation	<u>18,962</u>
<u>Total Operating Expenses</u>	<u>1,680,138</u>
<u>Operating (Loss)</u>	<u>(609,388)</u>
<u>Non-Operating Revenues</u>	
Earnings on investments	23,803
State sources	230,572
Federal sources	<u>873,645</u>
<u>Total Non-Operating Revenues</u>	<u>1,128,020</u>
<u>Change in Net Position</u>	518,632
<u>Net Position at Beginning of Year (as Restated)</u>	<u>353,676</u>
<u>Net Position at End of Year</u>	<u><u>\$ 872,308</u></u>

See accompanying notes to the basic financial statements.

Marple Newtown School District
Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2023

	<u>Food Service Fund</u>
<u>Cash Flows from Operating Activities</u>	
Cash received from customers	\$ 1,058,195
Payments to suppliers	(1,084,773)
Payments to employees	(588,208)
<u>Net Cash (Used) by Operating Activities</u>	<u>(614,786)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Net transfer from other funds	(6,238)
State sources	210,572
Federal sources	1,043,701
<u>Net Cash Provided by Noncapital Financing Activities</u>	<u>1,248,035</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of equipment	(151,026)
<u>Net Cash (Used) by Capital and Related Financing Activities</u>	<u>(151,026)</u>
<u>Cash Flows from Investing Activities</u>	
Earnings on investments	23,803
<u>Net Cash Provided by Investing Activities</u>	<u>23,803</u>
<u>Net Increase in Cash</u>	<u>506,026</u>
<u>Cash at Beginning of Year</u>	<u>1,003,470</u>
<u>Cash at End of Year</u>	<u>\$ 1,509,496</u>
<u>Reconciliation of Operating (Loss) to Net Cash Used by Operating Activities</u>	
Operating (Loss)	\$ (609,388)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities	
Depreciation	18,962
(Increase) decrease in assets and deferred outflows of resources:	
Receivables	(9,076)
Inventory	9,596
Deferred amounts related to pensions	(15,404)
Deferred amounts - other post-employment benefits	(48)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	622
Unearned revenue	(3,479)
Net pension and OPEB liability	127,920
Deferred amounts related to pensions	(144,731)
Deferred amounts - other post-employment benefits	10,240
<u>Net Cash (Used) by Operating Activities</u>	<u>\$ (614,786)</u>
<u>Schedule of noncash noncapital financing activities</u>	
Donated commodities received	\$ 135,367
Donated commodities used	138,960

See accompanying notes to the basic financial statements.

Marple Newtown School District
Statement of Fiduciary Net Position
June 30, 2023

	<u>Scholarship Trust Fund</u>	<u>Custodial Fund</u>
<u>Assets</u>		
Cash and cash equivalents	<u>\$ 122,335</u>	<u>\$ 157,281</u>
<u>Total Assets</u>	<u>122,335</u>	<u>157,281</u>
<u>Liabilities</u>		
Accounts Payable	<u>-</u>	<u>205</u>
<u>Total Liabilities</u>	<u>-</u>	<u>205</u>
<u>Net Position</u>		
Reserved for scholarships	122,335	-
Reserved for custodial purposes	<u>-</u>	<u>157,076</u>
<u>Total Net Position</u>	<u><u>\$ 122,335</u></u>	<u><u>\$ 157,076</u></u>

See accompanying notes to the basic financial statements.

Marple Newtown School District
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

	<u>Scholarship Trust Fund</u>	<u>Custodial Fund</u>
<u>Additions</u>		
Gifts and contributions	\$ 18,037	\$ -
Revenue from student sponsored activities	-	243,832
Interest earnings	2,329	2,870
	<u>20,366</u>	<u>246,702</u>
<u>Deductions</u>		
Fees paid and scholarships awarded	33,497	-
Student activity expenses	-	235,954
	<u>33,497</u>	<u>235,954</u>
<u>Change in Net Position</u>	(13,131)	10,748
<u>Net Position at Beginning of Year</u>	<u>135,466</u>	<u>146,328</u>
<u>Net Position at End of Year</u>	<u><u>\$ 122,335</u></u>	<u><u>\$ 157,076</u></u>

See accompanying notes to the basic financial statements.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 1 Summary of Significant Accounting Policies

The financial statements of Marple Newtown School District (the “District”) are prepared in accordance with the accounting system and procedures prescribed for school districts by the Commonwealth of Pennsylvania, Department of Education, which conforms to generally accepted accounting principles as applicable to governmental units.

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities, and functions for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit’s board and either (1) the District’s ability to impose its will over a component unit, or (2) the possibility that the component unit will provide a financial benefit or impose a financial burden on the District. In addition, component units can be other organizations or which the nature and significance of their relationship with the District are such that exclusion would cause the District’s financial statements to be misleading. Based on these criteria, there have been no component units defined within our reporting entity.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements

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

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the financial statements for governmental funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation and Accounting (continued)

Government-Wide Financial Statements (continued)

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The District does not have any nonmajor funds. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources; and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation and Accounting (continued)

Fund Financial Statements (continued)

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

Fiduciary Funds are reported using the economic resources measurement focus.

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

C. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which constitutes a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts. The various funds of the District are grouped into the categories governmental, proprietary, and fiduciary.

Governmental Funds

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental fund types:

General Fund – The General Fund is for the general operations of the District and all financial transactions not required to be accounted for in another fund.

Capital Projects Fund I – This capital projects fund is used to account for financial resources to be used for the acquisition or construction of capital facilities and other capital assets.

Capital Projects Fund II – This capital projects fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and improvements in accordance with the applicable general obligation bond agreements.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

C. Fund Accounting

Proprietary Fund

Food Service Fund – The proprietary fund accounts for the District’s Food Service operations, which is maintained to account for operations that are financed and operated in a manner similar to a private business enterprise. The fund accounts for all revenues, food purchases, costs, and expenses for the food service program on the accrual method of accounting. This method recognizes expenses when incurred and revenues when earned. All proprietary activities are accounted for using GASB pronouncements as established by GASB No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*.

Fiduciary Funds

Trust Fund – The Trust Fund accounts for assets held by the District in a trustee capacity or as an agent for individuals and private organizations.

Custodial Fund – Custodial Funds are used to account for assets held by the District as an agent for other funds and student clubs and other activities. Transactions are accounted for using the accrual basis of accounting. The District’s custodial fund consists of the Student Activities Fund.

D. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

E. Cash and Cash Equivalents

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

F. Investments

Investments are stated at amortized cost, which approximates fair value, the amount at which a financial instrument could be exchanged in a current transaction between parties, other than in a forced or liquidation sale. This method of valuation is in compliance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement No. 72, *Fair Value Measurement and Application*.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

G. Short-Term Interfund Receivables/Payables

During the course of operations, transactions may occur between individual funds for interfund reimbursements or transfers. These receivables and payables are classified as “interfund receivables” or “interfund payables” on the balance sheet – governmental funds and the statement of net position – proprietary fund. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities which, when present, are shown as internal balances.

H. Inventories

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

I. Capital Assets and Depreciation

Capital assets, which includes land, construction in progress, site improvements, buildings and building improvements, machinery and equipment, and right-to-use assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Right-to-use assets are recorded at the present value of the lease liability plus any additional costs paid to place the asset in service.

Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

The District defines capital assets as assets with an initial individual cost equal to or greater than \$2,500 and an estimated useful life in excess of one year. Depreciation has been calculated on each class of depreciable property using the straight-line method.

Estimated useful lives are as follows:

	<u>Years</u>
Site improvements	10-20
Buildings and building improvements	25-50
Machinery and equipment	5-20

Right to use assets are amortized over the smaller of the useful life of the asset or the lease term.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

J. Unearned Revenue

Unearned revenue arises when assets are recognized before the revenue recognition criteria have been satisfied. Unearned revenue arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the governmental funds balance sheet and revenue is recognized.

K. Compensated Absences

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

L. Long-Term Obligations

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

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

M. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District has three items that qualify for reporting under this category on the Statement of Net Position. One item is deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. The other two items are proportionate share of the collective deferred outflows of resources related to the District's net pension and other post-employment benefit obligations ("OPEB"). Pension and OPEB contributions made after the measurement date are required to be reported as deferred outflows.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

M. Deferred Outflows/Inflows of Resources (continued)

Deferred inflows of resources represent an acquisition of net position that applied to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. Unavailable revenue from property taxes or insurance proceeds, reported in the governmental balance sheet, are deferred and recognized as an inflow from resources in the period that the amounts become available. The other two items are proportionate share of the collective deferred inflows of resources related to the District's net pension and OPEB obligations are reported on the Statement of Net Position.

Pensions

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

N. Net Position

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

O. Fund Balances

The District classifies fund balance in accordance with GASB Statement No. 54. GASB Statement No. 54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, the definitions of the general fund, special revenue fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain items within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types have also been modified for clarity and consistency.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

O. Fund Balances (continued)

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

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

Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal action (board motion) of the Board of School Directors, the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of School Directors removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance. This classification reflects amounts constrained by the District's "intent" to be used for specific purposes but are neither restricted nor committed. The business administrator has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Use of fund balance – The restricted fund balance shall be reduced to the extent that the underlying reason for the restriction has been eliminated. Then committed, assigned and unassigned, in that order, as needed. If the Board of School Directors has approved a plan for periodic use of committed fund balance, the balance will not be reduced by more than the amount designated in the plan.

P. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration and project control in the general and capital projects funds.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

Q. Use of Estimates

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

R. New Accounting Standards Adopted

The District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, (“GASB 96”), beginning July 1, 2022. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. GASB 96 defines a SBITA as a contract that conveys control of the right to use another party’s information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 96 establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

Note 2 Cash and Investments

Cash

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s investment policy states that all funds invested shall be insured or secured by approved assets pledged as collateral and the financial institutions will be monitored for credit worthiness. As of June 30, 2023, the carrying amount of the District’s deposits was \$11,890,219 and the bank balance was \$13,464,159. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$13,214,159 was exposed to custodial credit risk because it was uninsured, and the collateral held by the depository’s agent was not in the District’s name.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 2 Cash and Investments (Continued)

Investments

Under Section 440.1 of the Public School Act of 1949 as amended, the District is permitted to invest funds consistent with sound business practices in the following types of investments: obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Accounting principles generally accepted in the United States of America establish a fair value hierarchy that is based on the valuation inputs used in the fair value measurements. Measurements using quoted prices in active markets for identical assets and liabilities fall within Level 1 of the hierarchy; measurements using significant other observable inputs fall within Level 2, and measurements using significant unobservable inputs fall within Level 3. All of the District's investments are Level 1.

As of June 30, 2023, all of the District's investments, totaling \$31,637,396, were held with the Pennsylvania Local Government Investment Trust (PLGIT).

Custodial Credit Risk – Investments

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

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings, however, the primary objective of the policy is ensuring safety through the mitigation of credit risk. As of June 30, 2023, the District's investments in PLGIT were rated AAAM by Standard & Poor's

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 3 Taxes

The tax on real estate, as levied by the Board of School Directors, was 11.2839 mills (\$11.2839 per \$1,000 of assessed valuation) for the year ended June 30, 2023. Assessed valuation of property is established by the Board of Assessments, and the elected or appointed tax collectors are responsible for collection. Real property in the district for the July 1, 2022, levy was assessed at \$7,113,081,735. The schedule for real estate taxes levied for each fiscal year is as follows:

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

For the government-wide financial statements, the District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes in the amount of \$24,775 as determined by management. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements.

Note 4 Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 13,824	\$ 83,562
Food Service Fund	<u>83,562</u>	<u>13,824</u>
	<u><u>\$ 97,386</u></u>	<u><u>\$ 97,386</u></u>

These balances resulted from the time lag between the dates that reimbursable expenditures occurred and the dates the payments between funds were made.

Interfund Transfers

The District typically transfers funds from the General Fund to the Capital Project Fund I to pay for improvements and capital acquisitions. Transfers from the General Fund to the Capital Project Fund I totaled \$6,851,406 during the year ended June 30, 2023.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 5 Capital Assets

A summary of changes in capital assets is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
<u>Governmental Activities</u>				
<u>Capital assets not being depreciated</u>				
Land	\$ 142,627	\$ -	\$ -	\$ 142,627
Construction in progress	9,186,229	2,990,390	(7,690,962)	4,485,657
Total capital assets not being depreciated	9,328,856	2,990,390	(7,690,962)	4,628,284
<u>Capital assets being depreciated</u>				
Site improvements	4,080,308	12,969,360	-	17,049,668
Buildings and building improvements	181,637,354	66,490	-	181,703,844
Machinery and equipment	11,886,008	1,303,065	(232,247)	12,956,826
Total capital assets being depreciated	197,603,670	14,338,915	(232,247)	211,710,338
Accumulated depreciation				
Site improvements	(2,838,315)	(560,180)	-	(3,398,495)
Buildings and building improvements	(64,298,120)	(6,172,420)	-	(70,470,540)
Machinery and equipment	(9,113,061)	(1,218,842)	232,247	(10,099,656)
Total accumulated depreciation	(76,249,496)	(7,951,442)	232,247	(83,968,691)
Total capital assets being depreciated, net	121,354,174	6,387,473	-	127,741,647
<u>Capital assets being amortized</u>				
Right-to-use assets - equipment	1,730,245	993,458	(6,200)	2,717,503
Less: Accumulated amortization	(894,503)	(1,016,884)	-	(1,911,387)
Total capital assets being amortized, net	835,742	(23,426)	(6,200)	806,116
Governmental activities capital assets, net	<u>\$ 131,518,772</u>	<u>\$ 9,354,437</u>	<u>\$ (7,697,162)</u>	<u>\$ 133,176,047</u>
<u>Business-Type Activities</u>				
<u>Capital assets being depreciated</u>				
Machinery and equipment	\$ 602,404	\$ 151,026	\$ -	\$ 753,430
Accumulated depreciation	(585,818)	(18,962)	-	(604,780)
Business-type activities capital assets, net	<u>\$ 16,586</u>	<u>\$ 132,064</u>	<u>\$ -</u>	<u>\$ 148,650</u>

Certain capital assets for which the related leases are deemed financing leases, previously classified as right-to-use assets totaling \$2,776,859, have been reclassified as capital assets being depreciated.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 5 Capital Assets (Continued)

Depreciation and amortization expense was charged to governmental functions as follows:

Instruction	\$ 718,585
Instructional student support	37,425
Administrative support services	222,570
Operation and maintenance of plant services	124,734
Pupil transportation	89,837
Student activities	<u>25,691</u>
Total Depreciation Charged as Direct Expense	1,218,842
Unallocated depreciation	<u>6,732,600</u>
Total Governmental Activities Depreciation Expense	<u>\$ 7,951,442</u>

Note 6 Funds Held by Delaware County Public Schools Healthcare Trust

The District is a member of Delaware County Public Schools Healthcare Trust, a cost-sharing multiple-employer welfare benefit plan, which was formed to provide self-insurance programs for health and prescription insurance coverage and related expenses for eligible employees, spouses, and dependents. The Trust works with a broker consultant and carriers to create comprehensive health benefits. The Trust also has an excess (stop-loss) insurance policy to limit the self-insured loss retention on individual health insurance claims. As of June 30, 2023, the balance of the District's member account was \$1,551,207 and is reported on the government-wide Statement of Net Position as "Funds Held by Southeastern Pennsylvania Schools Trust". Since these funds do not represent available financial resources, they are not reported as an asset in the governmental fund financial statements. Members' accounts are available to be utilized to fund future claims.

The following table presents the components of the self-insurance claims surplus (liability) and the related changes in the claims surplus (liability) for the year ended June 30, 2023:

Insurance claims surplus, July 1, 2022	\$ 5,307,889
Current year District contributions and interest	11,233,994
Current year insurance claims and changes in estimates	<u>(11,331,717)</u>
Insurance claims surplus, June 30, 2023	<u>\$ 5,210,166</u>

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 7 Long-Term Debt

General Obligation Bonds

The District issues general obligation bonds to provide funds for acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Bonds outstanding as of June 30, 2023, include the following bond issues:

General Obligation Bond Series of 2019: Original principal amount of \$39,485,000; the remaining bonds are stated to mature on June 1 of each year through 2044, bearing interest from 3% to 5%. Interest is paid semi-annually on June 1 and December 1 each year. \$35,630,000

General Obligation Bond Series of 2016: Original principal amount of \$66,480,000; the remaining bonds are stated to mature on June 1 of each year through 2031, bearing interest from 3% to 5%. Interest is paid semi-annually on June 1 and December 1 each year. 43,325,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 6,195,000	\$ 3,537,500	\$ 9,732,500
2025	6,505,000	3,227,750	9,732,750
2026	6,830,000	2,902,500	9,732,500
2027	7,170,000	2,561,000	9,731,000
2028	7,530,000	2,202,500	9,732,500
2029-2033	22,375,000	5,929,500	28,304,500
2034-2038	9,205,000	2,928,400	12,133,400
2039-2043	10,790,000	1,343,100	12,133,100
2044	<u>2,355,000</u>	<u>70,650</u>	<u>2,425,650</u>
Totals	<u>\$ 78,955,000</u>	<u>\$ 24,702,900</u>	<u>\$ 103,657,900</u>

General obligation bond debt service payments are made from the District's general fund.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 7 Long-Term Debt (Continued)

Notes Payable

The District leases certain equipment under various long-term leases that are deemed financing leases. For the government-wide financial statements, these lease obligations are reported as debt and the related assets are included in capital assets subject to depreciation. For the fund financial statements, the proceeds from the financing are reported as “extended term financing proceeds” in the year the lease was initiated, and subsequent lease payments are classified as debt service expenditures. Actual or imputed interest rates on the long-term leases range from 2.58% to 4.49%. Future required payments are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 778,548	\$ 60,764	\$ 839,312
2025	632,406	34,808	667,214
2026	301,623	14,864	316,487
2027	129,105	5,242	134,347
Totals	<u>\$ 1,841,682</u>	<u>\$ 115,678</u>	<u>\$ 1,957,360</u>

Notes payable debt service payments are made from the District’s general fund.

Operating Lease Liabilities

The District leases certain equipment under various long-term leases that are deemed operating leases in accordance with GASB Statement No. 87. For the government-wide financial statements, these lease obligations are reported as debt and the related assets are categorized as right-to-use assets subject to amortization. For the fund financial statements, the proceeds from the operating leases are reported as “leases and other right-to-use arrangements” in the year the lease was initiated, and subsequent lease payments are classified as debt service expenditures. Actual or imputed interest rates on the long-term leases range from 2.25% to 4.49%. Future required payments are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 353,576	\$ 21,493	\$ 375,069
2025	364,151	10,918	375,069
Totals	<u>\$ 717,727</u>	<u>\$ 32,411</u>	<u>\$ 750,138</u>

Operating lease debt service payments are made from the District’s general fund.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 7 Long-Term Debt (Continued)

Subscription-Based Information Technology Arrangement (SBITA) Obligations

The District has certain long-term subscription-based information technology arrangements that have been recorded as debt in accordance with GASB Statement No. 96. For the government-wide financial statements, these obligations are reported as debt and the related assets are categorized as right-to-use assets subject to amortization. For the fund financial statements, the proceeds from the obligations are reported as “leases and other right-to-use arrangements” in the year the lease was initiated, and subsequent obligation payments are classified as debt service expenditures. The imputed interest rate on these obligations is 4.06%. Future required payments are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 106,426	\$ 4,321	\$ 110,747

SBITA payments are made from the School District’s general fund.

Summary

The following is a summary of long-term liability activity of the District for the year ended June 30, 2023.

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
General obligation bonds					
Series of 2016	\$ 48,220,000	\$ -	\$ (4,895,000)	\$ 43,325,000	\$ 1,055,000
Series of 2019	36,635,000	-	(1,005,000)	35,630,000	5,140,000
Total general obligation bonds	84,855,000	-	(5,900,000)	78,955,000	6,195,000
Bond premiums	12,625,270	-	(1,351,452)	11,273,818	-
Total general obligation bonds, net	97,480,270	-	(7,251,452)	90,228,818	6,195,000
Notes payable	2,087,076	597,083	(842,477)	1,841,682	778,548
Operating lease liabilities	848,755	784,829	(915,858)	717,726	353,576
Subscription-based technology arrangement obligations	208,629	-	(102,203)	106,426	106,426
Compensated absences	1,883,906	105,714	-	1,989,620	278,547
Net pension liability (PSERS plan)	105,228,399	12,320,601	-	117,549,000	-
Net OPEB obligation					
PSERS plan	6,072,000	-	(1,198,000)	4,874,000	-
District plan	4,776,719	-	(1,233,127)	3,543,592	-
Total long-term liabilities	\$ 218,585,754	\$ 13,808,227	\$ (11,543,117)	\$ 220,850,864	\$ 7,712,097

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 8 Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

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

Benefits are generally between 1% to 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 8 Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (continued)

Benefits Provided (continued)

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

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%

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 8 Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (continued)

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2023, was 34.31%* of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$13,776,228 for the year ended June 30, 2023.

*The defined contribution rate of 0.20% is an estimated rate. It is recommended employers use the actual defined contributions made to the PSERS defined contribution plan. This may impact contributions made to the pension plan.

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

As of June 30, 2023, the District reported a liability of \$117,549,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021, to June 30, 2022. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. As of June 30, 2023, the District's proportion was 0.2644%, which was an increase of 0.0081% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$9,215,170. As of 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	\$ 53,000	\$ 1,017,000
Change in assumptions	3,510,000	-
Net difference between projected and actual investment earnings	-	1,994,000
Changes in proportions	3,231,000	1,059,000
Difference between employer contributions and proportionate share of total contributions	22,352	-
Contributions subsequent to the measurement date	13,758,515	-
Totals	<u>\$ 20,574,867</u>	<u>\$ 4,070,000</u>

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 8 Defined Benefit Pension Plan (Continued)

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

An amount of \$13,758,515 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:

<u>Year Ended June 30</u>	<u>Amount</u>
2024	\$ 1,247,000
2025	823,000
2026	(2,129,000)
2027	<u>2,783,000</u>
	<u>\$ 2,724,000</u>

Changes in actuarial assumptions

The total pension liability as of June 30, 2022, was determined by rolling forward the System's total pension liability as of the June 30, 2021, actuarial valuation 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, 2022, and 2021.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 8 Defined Benefit Pension Plan (Continued)

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

Changes in actuarial assumptions (continued)

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

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

<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%
Absolute return	9.0%	5.4%
Infrastructure/MLPs	11.0%	4.6%
Real estate	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	<u>-11.0%</u>	0.5%
Total	<u>100.0%</u>	

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 8 Defined Benefit Pension Plan (Continued)

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

Discount Rate

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Center's proportionate share of the net pension liability	\$ 152,041,000	\$ 117,549,000	\$ 88,467,000

Pension Plan Fiduciary Net Position

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

Note 9 Post-Employment Benefits Other Than Pensions (OPEB)

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the statement of activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefits. The post-employment benefit liability is recognized on the statement of net position over time.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 9 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Health Insurance Premium Assistance Program

General Information about the Health Insurance Premium Assistance Program

The System provides Premium Assistance, which is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

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

For Class DC members to become eligible for premium assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

Pension Plan Description

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

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.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 9 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Health Insurance Premium Assistance Program (continued)

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 \$301,142 for the year ended June 30, 2023.

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

As of June 30, 2023, the District reported a liability of \$4,874,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021, to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. As of June 30, 2023, the District's proportion was 0.2648%, which was an increase of 0.0086% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$201,957. As of 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	\$ 45,000	\$ 26,000
Changes in Assumptions	541,000	1,151,000
Net Difference between Projected and Actual Investment Earnings	13,000	-
Changes in Proportions	227,000	83,000
Difference between employer contributions and proportionate share of total contributions	8,542	-
Contributions Subsequent to the Measurement Date	300,754	-
Totals	<u>\$ 1,135,296</u>	<u>\$ 1,260,000</u>

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 9 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Health Insurance Premium Assistance Program (continued)

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

An amount of \$300,754 reported as deferred outflows of resources related to OPEB resulting from the District's 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:

<u>Year Ended June 30</u>	<u>Amount</u>
2024	\$ (74,000)
2025	(62,000)
2026	(75,000)
2027	(97,000)
2028	<u>(126,000)</u>
	<u>\$ (434,000)</u>

Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in Premium Assistance per year.
- 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%

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 9 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Health Insurance Premium Assistance Program (continued)

Actuarial Assumptions (continued)

The following assumptions were used to determine the contribution rate:

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

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

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

The following 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	<u>100.0%</u>	0.50%
Total	<u><u>100.0%</u></u>	

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 9 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Health Insurance Premium Assistance Program (continued)

Actuarial Assumptions (continued)

The discount rate used to measure the Total OPEB Liability was 4.09%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.09%, which represents the S&P 20 year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

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

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

The following presents the System net OPEB liability for June 30, 2021, calculated using current Healthcare cost trends as well as what the System 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>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 4,874,000	\$ 4,874,000	\$ 4,875,000

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 9 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Health Insurance Premium Assistance Program (continued)

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

The following presents the net OPEB liability, calculated using the discount rate of 4.09%, 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:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
Total OPEB liability	\$ 5,512,000	\$ 4,874,000	\$ 4,341,000

OPEB Plan Fiduciary Net Position

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

Single-Employer Defined Benefit OPEB Plan

The District's other post-employment benefits ("OPEB") include a single employer defined benefit plan that provides medical, prescription drug, dental, and vision benefits to eligible retirees and their dependents. Teachers and non-professional union and non-union employees who retire from the District and eligible dependents may continue to participate in the district's group health plan by paying full premiums until the retired employee reaches Medicare age. Employees are eligible when they become eligible for PSERS retirement. Administrators hired after July 1, 2010, who have attained age 59 with 10 consecutive years of service are eligible for subsidized coverage paying 50% of the premiums until the retired employee reaches Medicare age; if the employees do not meet the eligibility for subsidized coverage, they must pay full premiums. Administrators, teachers, and non-union employees hired before July 1, 2010, who have attained superannuation with 5 consecutive years of service are eligible for subsidized coverage paying the same percentage as active employees at the time of retirement until the retired employee reaches Medicare age; if the employees do not meet the subsidized coverage, they must pay full premiums.

The Board of School Directors 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.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 9 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Single-Employer Defined Benefit OPEB Plan (continued)

OPEB Plan Membership

Membership in the OPEB plan consisted of the following as of July 1, 2022

Active participants	533
Vested former participants	-
Retired participants	<u>13</u>
Total	<u>546</u>

Funding Policy

No assets are accumulated in a trust; 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 Board of School Directors.

OPEB Liability

The District's OPEB liability has been measured as of June 30, 2023. The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, and by rolling forward the liabilities from the July 1, 2022, actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is \$3,543,592, all of which is unfunded.

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

OPEB liability as of July 1, 2022	\$ 4,776,719
Changes for the year:	
Service cost	417,110
Interest	117,146
Changes of benefit terms	339,861
Difference between actual and expected experience	(1,211,431)
Changes of assumptions	(792,756)
Benefit payments	<u>(103,057)</u>
OPEB liability as of June 30, 2023	<u>\$ 3,543,592</u>

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 9 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Single-Employer Defined Benefit OPEB Plan (continued)

OPEB Expense and Deferred Outflows Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$696,950. As of June 30, 2023, the District had deferred inflows and outflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Assumptions	\$ 517,390	\$ 2,442,964
Differences between expected and actual experience	-	178,312
Benefit payments subsequent to the measurement date	<u>122,934</u>	<u>-</u>
Totals	<u><u>\$ 640,324</u></u>	<u><u>\$ 2,621,276</u></u>

An amount of \$122,934 reported as deferred outflows of resources related to the OPEB plan resulting from District benefit payments subsequent to the measurement date will be recognized as 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 the OPEB plan will be recognized in OPEB expense as follows:

For the Year Ending June 30	Amount
2024	\$ (177,167)
2025	(177,167)
2026	(177,167)
2027	(177,167)
2028	(177,167)
Thereafter	<u>(1,218,051)</u>
Total	<u><u>\$ (2,103,886)</u></u>

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 9 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Single-Employer Defined Benefit OPEB Plan (continued)

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:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 3,168,879	\$ 3,543,592	\$ 3,982,886

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 4.06%, as well as what the OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (3.06%) or 1 percentage point higher (5.06%) than the current rate:

	<u>1% Decrease 3.06%</u>	<u>Current Discount Rate 4.06%</u>	<u>1% Increase 5.06%</u>
Total OPEB liability	\$ 3,817,081	\$ 3,543,592	\$ 3,286,488

Actuarial Methods and Significant Assumptions

The OPEB Liability as of June 30, 2023, was determined by rolling forward the OPEB Liability as of July 1, 2022, to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal
- Discount rate – 4.06%, based on S&P Municipal Bond 20-Year High Grade Index as of July 1, 2022. The discount rate changed from 2.28% to 4.06%.
- Salary growth – An annual rate of 2.50% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase ranging from 2.75% to 0%.
- Withdrawal – Rates of withdrawal are based on PSERS plan experience and vary by age, gender, years of service, and PSERS Pension Class.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 9 Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Single-Employer Defined Benefit OPEB Plan (continued)

Actuarial Methods and Significant Assumptions (continued)

- Mortality rates – PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers; PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.
- Disability – No disability was assumed.
- Retirement – Assumed retirement rates are based on PSERS plan experience and vary by age, service, and gender.
- Percent of eligible retirees electing coverage in the Plan – 75% of teachers, 90% of administrators and non-union employees, 25% of non-professional union employees, and 0% of part-time employees.
- Healthcare cost trend rate – 6.5% in 2022, 6.0% in 2023, 5.5% in 2024 through 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Summary of Net Other Post-Employment Liabilities and Related Deferred Outflows of Resources and Deferred Inflows of Resources

The following is a summary of the District's net other post-employment liabilities and related deferred outflows of resources and deferred inflows of resources:

	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Health insurance premium assistance program (PSERS)	\$ 4,874,000	\$ 1,135,296	\$ 1,260,000
District's post-employment benefit plan	<u>3,543,592</u>	<u>640,324</u>	<u>2,621,276</u>
Totals	<u><u>\$ 8,417,592</u></u>	<u><u>\$ 1,775,620</u></u>	<u><u>\$ 3,881,276</u></u>

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 10 Joint Ventures and Jointly Governed Organization

Delaware County Intermediate Unit

The District and the other Delaware County school districts are participating members of the Delaware County Intermediate Unit (“DCIU”). DCIU is a regional education 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 DCIU, but the participating districts have no ongoing fiduciary interest or responsibility to DCIU. DCIU is a self-sustaining organization that provides a broad array of services to participating districts which includes curriculum development and instructional improvement, educational planning services, instructional material, continuing professional development, pupil personnel services, management services, and state and federal liaison services.

Delaware County Vocational Technical School and Delaware Vocational Technical School Authority

Delaware County School Districts (including the District) participate in the Delaware County Vocational Technical School (“DCVTS”). DCVTS provides vocational-technical training and education to students of the participating districts. DCVTS is controlled by a joint Board comprised of school board members of the participating districts. District oversight of DCVTS operations is the responsibility of the joint board. The District’s share of operating costs for DCVTS fluctuates based on the District’s percentage of enrollment.

Delaware County School Districts (including the District) participate in a joint venture for the operation of the Delaware County Vocational-Technical Authority (“DCVTSA”). DCVTSA oversees acquiring, holding, constructing, improving, and maintaining the DCVTSA school buildings. DCVTSA is controlled by a joint board comprised of school board members of each participating school district.

Both DCVTS and DCVTSA prepare financial statements that are available to the public from their administrative offices located at 200 Yale Avenue, Morton, PA 19070.

Note 11 Commitments and Contingencies

Construction Contracts

The District has various commitments under long-term construction contracts totaling approximately \$3,109,045 as of June 30, 2023.

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 11 Commitments and Contingencies (Continued)

Contingencies

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

Note 12 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. It is the policy of the District to purchase commercial insurance for the risks of loss to which it is exposed, including workers' compensation and liability insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Note 13 Restatement of Net Position of Governmental Activities, Business-Type Activities, and Proprietary Fund

Reflected in these financial statements are the following adjustments to the beginning net position of governmental activities, business-type activities, and the proprietary fund.

Misstatement of Net Pension Liability, Net OPEB Liability, and Related Deferred Outflows and Inflows of Resources

Management determined that the balances of the District's net pension liability, net OPEB liability, and the related deferred outflows of resources and deferred inflows of resources as of June 30, 2022, were misstated due to an inappropriate interpretation of actuarial data provided by the Public School Employees' Retirement System (PSERS). A summary of the adjustments are as follows:

	<u>As Restated</u>	<u>As Previously Stated</u>	<u>Net Effect on Beginning of Year Net Position</u>
<u>Governmental Activities:</u>			
<u>Pension:</u>			
Net pension (liability)	\$ (104,249,380)	\$ (104,247,074)	\$ (2,306)
Deferred outflows of resources	19,180,864	17,193,210	1,987,654
Deferred (inflows) of resources	(19,536,604)	(10,025,625)	(9,510,979)
<u>OPEB (PSERS Plan):</u>			
Net OPEB (liability)	(6,016,521)	(6,015,375)	(1,146)
Deferred outflows of resources	1,143,731	965,412	178,319
Deferred (inflows) of resources	(184,270)	(123,032)	(61,238)
<u>Total Net Effect on Beginning of Year Net Position</u>			<u>\$ (7,409,696)</u>

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 13 Restatement of Net Position of Governmental Activities, Business-Type Activities, and Proprietary Fund (Continued)

Misstatement of Net Pension Liability, Net OPEB Liability, and Related Deferred Outflows and Inflows of Resources (continued)

	<u>As Restated</u>	<u>As Previously Stated</u>	<u>Net Effect on Beginning of Year Net Position</u>
<u>Business-Type Activities and Proprietary Fund:</u>			
<u>Pension:</u>			
Net pension (liability)	\$ (978,620)	\$ (981,325)	\$ 2,705
Deferred outflows of resources	180,057	161,848	18,209
Deferred (inflows) of resources	(183,396)	(94,376)	(89,020)
<u>OPEB (PSERS Plan):</u>			
Net OPEB (liability)	(56,479)	(56,626)	147
Deferred outflows of resources	10,737	9,087	1,650
Deferred (inflows) of resources	(1,730)	(1,157)	(573)
<u>Total Net Effect on Beginning of Year Net Position</u>			<u>\$ (66,882)</u>

Funds Held by Delaware County Public Schools Healthcare Trust

As described in Note 6, the District is a member of Delaware County Public Schools Healthcare Trust. The balance of funds held as of June 30, 2022, totaling \$5,307,889, was not reflected as an asset in the government-wide statement of net position as of June 30, 2022. Accordingly, the beginning balance of the funds held is reflected in these financial statements as an adjustment to the beginning balance of net position of the government activities.

Implementation of GASB 96

Due to the implementation of GASB 96 as described in Note 2, the beginning-of-year net position of the governmental activities has been restated to include the value of right-to-use assets acquired in prior years. Since the cost of the right-to-use assets was equal to the related debt as of June 30, 2022, there was no effect on the beginning balance of net position.

Summary

The net effect of the prior-period adjustments to the beginning net position of governmental activities, business-type activities, and the proprietary fund is shown below.

	<u>Governmental Activities</u>	<u>Business-Type Activities and Proprietary Fund</u>
Net position, as previously reported	\$ (38,804,150)	\$ 420,558
Restatement of the net pension liability, net OPEB liability, and the related deferred outflows of resources and deferred inflows of resources	(7,409,696)	(66,882)
Funds Held by Delaware County Public Schools Healthcare Trust	5,307,889	-
Implementation of GASB 96	-	-
Net position, as previously reported	<u>\$ (40,905,957)</u>	<u>\$ 353,676</u>

Marple Newtown School District
Notes to the Basic Financial Statements
June 30, 2023

Note 14 Subsequent Events

The District has evaluated all subsequent events through March 19, 2024, the date the financial statements were available to be issued.

Marple Newtown School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
District's Proportion of the Net Pension Liability	0.2644%	0.2563%	0.2607%	0.2571%	0.2567%	0.2595%	0.2500%	0.2519%	0.2476%	0.2456%
District's Proportionate Share of the Net Pension Liability	\$ 117,549,000	\$ 105,228,000	\$ 128,366,000	\$ 120,278,000	\$ 123,229,000	\$ 128,163,000	\$ 123,892,000	\$ 109,111,000	\$ 98,002,000	\$ 100,540,000
District's Covered-employee Payroll	\$ 38,943,253	\$ 36,324,914	\$ 36,579,995	\$ 35,461,069	\$ 34,565,142	\$ 34,546,852	\$ 32,379,885	\$ 32,408,377	\$ 31,595,541	\$ 31,517,435
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	301.85%	289.69%	350.92%	339.18%	356.51%	370.98%	382.62%	336.68%	310.18%	319.00%
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%

The amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

Marple Newtown School District
Schedule of District's Pension Contributions
Last Ten Fiscal Years

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Contractually Required Contribution	\$ 13,776,228	\$ 13,236,812	\$ 12,172,479	\$ 12,203,086	\$ 11,560,308	\$ 10,970,976	\$ 10,087,681	\$ 8,094,971	\$ 6,643,717	\$ 5,055,287
Contributions in Relation to the Contractually Required Contribution	<u>(13,776,228)</u>	<u>(13,236,812)</u>	<u>(12,172,479)</u>	<u>(12,203,086)</u>	<u>(11,560,308)</u>	<u>(10,970,976)</u>	<u>(10,087,681)</u>	<u>(8,094,971)</u>	<u>(6,643,717)</u>	<u>(5,055,287)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-employee Payroll	\$ 40,152,225	\$ 38,943,253	\$ 36,324,914	\$ 36,579,995	\$ 35,461,069	\$ 34,565,142	\$ 34,546,852	\$ 32,379,885	\$ 32,408,377	\$ 31,595,541
Contributions as a Percentage of Covered- employee Payroll	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%	20.50%	16.00%

The amounts presented for each fiscal year were determined as of the end of the current fiscal year.

Marple Newtown School District
Schedule of the District's Proportionate Share of the Net OPEB Liability
Health Insurance Premium Assistance Plan
Last Seven Fiscal Years

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
District's Proportion of the Net OPEB Liability	0.2648%	0.2562%	0.2606%	0.2571%	0.2567%	0.2595%	0.2500%
District's Proportionate Share of the Net OPEB Liability	\$ 4,874,000	\$ 6,073,000	\$ 5,631,000	\$ 5,468,000	\$ 5,352,000	\$ 5,287,000	\$ 5,385,000
District's Covered-employee Payroll	\$ 38,943,253	\$ 36,324,914	\$ 36,579,995	\$ 35,461,069	\$ 34,565,142	\$ 34,546,852	\$ 32,379,885
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-employee Payroll	12.52%	16.72%	15.39%	15.42%	15.48%	15.30%	16.63%
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%

The amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

Marple Newtown School District
Schedule of District's OPEB Contributions
Health Insurance Premium Assistance Plan
Last Seven Fiscal Years

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Contractually Required Contribution	\$ 301,142	\$ 311,546	\$ 297,864	\$ 307,272	\$ 294,327	\$ 286,891	\$ 286,739
Contributions in Relation to the Contractually-Required Contribution	<u>(301,142)</u>	<u>(311,546)</u>	<u>(297,864)</u>	<u>(307,272)</u>	<u>(294,327)</u>	<u>(286,891)</u>	<u>(286,739)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-employee Payroll	\$ 40,152,225	\$ 38,943,253	\$ 36,324,914	\$ 36,579,995	\$ 35,461,069	\$ 34,565,142	\$ 34,546,852
Contributions as a Percentage of Covered-employee Payroll	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%	0.83%

The amounts presented for each fiscal year were determined as of the end of the current fiscal year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

Marple Newtown School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Single Employer Plan
Last Six Fiscal Years

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
<u>Total OPEB liability</u>						
Service cost	\$ 417,110	\$ 401,329	\$ 313,481	\$ 313,611	\$ 309,481	\$ 294,686
Interest	117,146	90,829	146,833	124,201	129,987	91,291
Changes of benefit terms	339,861	-	-	-	-	-
Differences between expected and actual experience	(1,211,431)	-	(462,478)	-	(289,757)	-
Changes of assumptions	(792,756)	(156,979)	534,539	(121,427)	(32,990)	212,411
Benefit payments, including refunds of member contributions	<u>(103,057)</u>	<u>(88,170)</u>	<u>(129,173)</u>	<u>(96,185)</u>	<u>(117,561)</u>	<u>(137,193)</u>
<u>Net change in total OPEB liability</u>	(1,233,127)	247,009	403,202	220,200	(840)	461,195
<u>Total OPEB liability - beginning</u>	<u>4,776,719</u>	<u>4,529,710</u>	<u>4,126,508</u>	<u>3,906,308</u>	<u>3,907,148</u>	<u>3,445,953</u>
<u>Total OPEB liability - ending</u>	<u>\$ 3,543,592</u>	<u>\$ 4,776,719</u>	<u>\$ 4,529,710</u>	<u>\$ 4,126,508</u>	<u>\$ 3,906,308</u>	<u>\$ 3,907,148</u>
<u>Covered-employee payroll</u>	\$ 34,407,141	\$ 33,988,336	\$ 33,988,336	\$ 30,414,520	\$ 30,414,520	\$ 28,883,107
<u>Total OPEB liability as a percentage of covered-employee payroll</u>	10.30%	14.05%	13.33%	13.57%	12.84%	4.94%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75.

Marple Newtown School District
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(GAAP Basis)</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
<u>Revenues</u>				
Local sources	\$ 82,895,780	\$ 82,912,038	\$ 85,937,330	\$ 3,025,292
State sources	16,697,290	17,024,014	16,886,060	(137,954)
Federal sources	2,006,930	2,010,932	1,997,446	(13,486)
<u>Total Revenues</u>	<u>101,600,000</u>	<u>101,946,984</u>	<u>104,820,836</u>	<u>2,873,852</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular programs	31,227,644	31,224,593	30,997,433	227,160
Special programs	21,169,118	21,029,433	19,821,855	1,207,578
Vocational programs	376,000	401,000	420,567	(19,567)
Other instructional and nonpublic programs	285,315	269,966	188,363	81,603
<u>Total Instruction</u>	<u>53,058,077</u>	<u>52,924,992</u>	<u>51,428,218</u>	<u>1,496,774</u>
<u>Support Services</u>				
Pupil personnel services	3,648,256	3,713,858	3,393,376	320,482
Instructional staff services	4,403,465	4,531,765	3,563,031	968,734
Administration services	4,519,404	4,613,795	4,647,153	(33,358)
Pupil health	1,924,676	1,980,431	1,965,653	14,778
Business services	1,399,211	1,407,094	1,457,150	(50,056)
Operation and maintenance of plant services	8,565,366	8,878,859	8,697,205	181,654
Student transportation	7,151,914	7,167,105	6,874,401	292,704
Central services	2,611,973	2,972,653	2,835,758	136,895
Other support services	114,297	114,297	126,381	(12,084)
<u>Total Support Services</u>	<u>34,338,562</u>	<u>35,379,857</u>	<u>33,560,108</u>	<u>1,819,749</u>
<u>Operation of Non-instructional Services</u>				
Student activities	1,617,138	1,646,634	1,754,749	(108,115)
Community services	51,173	54,227	55,028	(801)
<u>Total Operation of Non-instructional Services</u>	<u>1,668,311</u>	<u>1,700,861</u>	<u>1,809,777</u>	<u>(108,916)</u>
<u>Debt Service</u>	<u>11,735,050</u>	<u>11,735,050</u>	<u>11,729,505</u>	<u>5,545</u>
<u>Total Expenditures</u>	<u>100,800,000</u>	<u>101,740,760</u>	<u>98,527,608</u>	<u>3,213,152</u>
<u>Excess of Revenues Over</u>				
<u>(Under) Expenditures</u>	<u>800,000</u>	<u>206,224</u>	<u>6,293,228</u>	<u>6,087,004</u>
<u>Other Financing Sources and (Uses)</u>				
Leases issued	-	-	993,458	993,458
Other extended term financing proceeds	-	-	597,083	597,083
Insurance recoveries	-	120,406	129,401	8,995
Refund of prior years' revenues	-	-	(3,018)	(3,018)
Interfund transfers out	-	-	(6,851,406)	(6,851,406)
Budgetary reserve	(800,000)	(326,630)	-	326,630
<u>Total Other Financing Sources (Uses)</u>	<u>(800,000)</u>	<u>(206,224)</u>	<u>(5,134,482)</u>	<u>(4,928,258)</u>
<u>Net Change in Fund Balance</u>	<u>-</u>	<u>-</u>	<u>1,158,746</u>	<u>1,158,746</u>
<u>Fund Balances at Beginning of Year</u>	<u>10,535,582</u>	<u>10,535,582</u>	<u>17,782,265</u>	<u>7,246,683</u>
<u>Fund Balances at End of Year</u>	<u>\$ 10,535,582</u>	<u>\$ 10,535,582</u>	<u>\$ 18,941,011</u>	<u>\$ 8,405,429</u>

Marple Newtown School District
Note to the Budgetary Comparison Schedule
For the Year Ended June 30, 2023

Note 1 **Budgetary Information**

The District follows the following procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to May 31, the Board of School Directors submits a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund.
- b. Public hearings are conducted at the Marple Newtown School District building to obtain taxpayer comments.
- c. Prior to June 30, the budget is legally enacted through passage of an ordinance.
- d. Legal budgetary control is maintained by the Board of School Directors at the departmental level. Transfers between departments, whether between funds or within a fund, or revisions that alter the total revenues and expenditures of any fund must be approved by the Board of School Directors as provided by school code.
- e. Budgetary data are included in the District's management information system and are employed as a management control device during the year.
- f. A budget for the General Fund is adopted substantially on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

Marple Newtown School District
Notes to the Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2023

Grantor/Pass Through Grantor/Program Title	Federal AL Number	Pass Through Grantor's Number	Grant Period	Program or Award Amount	Total Received For the Year	Accrued or (Deferred) at July 1, 2022	Accrued or (Deferred) at June 30, 2023	Revenue Recognized	Expenditures	Passed Through to Subrecipients
U.S. DEPT. OF EDUCATION										
Passed Through the PA Dept. of Education										
Title I Improving Basic Programs	84.010	013-22-0239	7/1/2021-9/30/2022	\$ 230,301	\$ 61,808	\$ 31,716	\$ 13,972	\$ 44,064	\$ 44,064	\$ -
Title I Improving Basic Programs	84.010	013-23-0239	8/9/2022-9/30/2023	195,756	125,843	-	69,913	195,756	195,756	-
Total AL 84.010					187,651	31,716	83,885	239,820	239,820	-
Title II Improving Teacher Quality	84.367	020-21-0239	7/28/2020-9/30/2021	78,740	787	799	-	(12)	(12)	-
Title II Improving Teacher Quality	84.367	020-22-0239	7/1/2021-9/30/2022	86,406	(248)	(4,898)	-	4,650	4,650	-
Title II Improving Teacher Quality	84.367	020-23-0239	8/9/2022-9/30/2023	74,003	26,306	-	47,697	74,003	74,003	-
Total AL 84.367					26,845	(4,099)	47,697	78,641	78,641	-
Title III Language Inst LEP/ Immigrant Students	84.365	010-18-0239	9/4/2019-9/30/2022	28,266	(2,921)	(2,788)	-	(133)	(133)	-
Title III Language Inst LEP/ Immigrant Students	84.365	010-21-0239	7/28/2020-9/30/2021	21,980	1,274	1,370	-	(96)	(96)	-
Title III Language Inst LEP/ Immigrant Students	84.365	010-22-0239	7/1/2021-9/30/2022	25,619	5,060	(2,922)	2,005	9,987	9,987	-
Title III Language Inst LEP/ Immigrant Students	84.365	010-23-0239	8/9/2022-9/30/2023	26,318	10,638	-	14,797	25,435	25,435	-
Total AL 84.365					14,051	(4,340)	16,802	35,193	35,193	-
Title IV – Student Support and Academic Enrichment	84.424	144-23-0239	8/9/2022-9/30/2023	18,071	8,607	-	9,320	17,927	17,927	-
Total AL 84.424					8,607	-	9,320	17,927	17,927	-
COVID-19 - Education Stabilization Fund - ESSER Fund	84.425D	200-21-0239	3/13/2020-9/30/2023	914,904	149,001	(2,069)	69,049	220,119	220,119	-
COVID-19 - ARP ESSER	84.425U	223-21-0239	3/13/2020-9/30/2024	1,850,587	1,076,705	624,143	91,336	543,898	543,898	-
COVID 19-ARP ESSER 7% - Learning Loss	84.425U	225-21-0239	3/13/2020-9/30/2024	102,737	39,227	(5,253)	23,361	67,840	67,840	-
COVID 19-ARP ESSER 7% - Summer Enrichment	84.425U	225-21-0239	3/13/2020-9/30/2024	20,547	7,845	-	(7,845)	-	-	-
COVID 19-ARP ESSER 7% - Afterschool Programs	84.425U	225-21-0239	3/13/2020-9/30/2024	20,547	7,845	-	(7,845)	-	-	-
Total AL 84.425					1,280,623	616,821	168,055	831,857	831,857	-
Passed Through Intermediate Units #25										
Special Education - Grants to States (IDEA)	84.027	N/A	7/1/2022-6/30/2023	820,142	820,172	-	-	820,172	820,172	-
Total AL 84.027					820,172	-	-	820,172	820,172	-
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	7/1/2022-6/30/2023	4,380	4,380	-	-	4,380	4,380	-
Total AL 84.173					4,380	-	-	4,380	4,380	-
Total Special Education Cluster					824,552	-	-	824,552	824,552	-
TOTAL U.S. DEPT. OF EDUCATION					2,342,330	640,098	325,759	2,027,990	2,027,990	-
US DEPT of HEALTH & HUMAN SERVICES										
Passed through the PA Dept of Public Welfare										
Medical Assistance Reimbursement for Administration	93.778	N/A	7/1/2022-6/30/2023	N/A	38,456	-	-	38,456	38,456	-
Total AL 93.778					38,456	-	-	38,456	38,456	-
TOTAL U.S. DEPT of HEALTH & HUMAN SERVICES					38,456	-	-	38,456	38,456	-
U.S. DEPT. OF AGRICULTURE										
Passed Through the PA Dept. of Education										
National School Breakfast Program	10.553	N/A	7/1/2021-6/30/2022	N/A	56,250	56,250	-	-	-	-
National School Breakfast Program	10.553	N/A	7/1/2022-6/30/2023	N/A	64,547	-	17,206	81,753	81,753	-
Total AL 10.553					120,797	56,250	17,206	81,753	81,753	-
Passed Through the PA Dept. of Education										
National School Lunch Program	10.555	N/A	7/1/2021-6/30/2022	N/A	225,068	225,068	-	-	-	-
National School Lunch Program	10.555	N/A	7/1/2022-6/30/2023	N/A	558,249	-	94,055	652,304	652,304	-
Passed Through the PA Dept. of Agriculture										
Value of USDA Commodities	10.555	N/A	7/1/2022-6/30/2023		135,367	(22,355)	(18,762)	138,960	138,960	-
Total AL 10.555					918,684	202,713	75,293	791,264	791,264	-
Total Child Nutrition Cluster					1,039,481	258,963	92,499	873,017	873,017	-
Passed Through the PA Dept. of Education										
P-EBT Administrative Costs Grant	10.649	N/A	7/1/2021-6/30/2022	N/A	628	-	-	628	628	-
TOTAL U.S. DEPT. OF AGRICULTURE					1,040,109	258,963	92,499	873,645	873,645	-
TOTAL FEDERAL AWARDS					\$ 3,420,895	\$ 899,061	\$ 418,258	\$ 2,940,091	\$ 2,940,091	\$ -

Marple Newtown School District
Notes to the Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2023

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Pass Through Grantor's Number</u>	<u>Grant Period</u>	<u>Program or Award Amount</u>	<u>Total Received For the Year</u>	<u>Accrued or (Deferred) at July 1, 2022</u>	<u>Accrued or (Deferred) at June 30, 2023</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
National School Lunch Program			7/1/2021-6/30/2022	N/A	\$ 8,541	\$ 8,541	\$ -	\$ -	\$ -	
National School Lunch Program			7/1/2022-6/30/2023	N/A	119,587	-	28,541	148,128	148,128	
TOTAL CERTAIN STATE AWARDS					<u>128,128</u>	<u>8,541</u>	<u>28,541</u>	<u>148,128</u>	<u>-</u>	<u>148,128</u>
TOTAL FEDERAL AND CERTAIN STATE AWARDS					<u>\$ 3,549,023</u>	<u>\$ 907,602</u>	<u>\$ 446,799</u>	<u>\$ 3,088,219</u>	<u>\$ 3,088,219</u>	

Marple Newtown School District
Notes to the Schedule of Expenditures of Federal
Awards and Certain State Grants
For the Year Ended June 30, 2023

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and Certain State Grants (the Schedule) includes the federal award activity, as well as certain state grant activity, of Marple Newtown School District under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Marple Newtown School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Marple Newtown School District.

Note 2 **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Note 3 **Indirect Cost Rate**

Marple Newtown School District did not elect to use the 10% *de minimis* indirect cost rate.

Note 4 **Non-Monetary Federal Awards – Donated Commodities**

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures for USDA Donated Commodities, reported in the Schedule of Expenditures of Federal Awards under CFDA #10.555, National School Lunch Program, represent surplus food consumed by Marple Newtown School District during the year ended June 30, 2023. Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.



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*

To the Board of School Directors
Marple Newtown School District
Newtown Square, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marple Newtown School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Marple Newtown School District's basic financial statements, and have issued our report thereon dated March 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marple Newtown 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 Marple Newtown School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Marple Newtown School District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Barsz Gowie Amon & Fultz, LLC

Media, Pennsylvania
March 19, 2024



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

To the Board of School Directors
Marple Newtown School District
Newtown Square, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Marple Newtown 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 Marple Newtown School District's major federal programs for the year ended June 30, 2023. Marple Newtown 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, Marple Newtown 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 Marple Newtown 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 Marple Newtown 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 Marple Newtown 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 Marple Newtown 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 Marple Newtown 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 Marple Newtown 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 Marple Newtown 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 Marple Newtown 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.

Barsz Gowie Amon & Fultz, LLC

Media, Pennsylvania
March 19, 2024

Marple Newtown School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards:

Type of auditor’s report issued on compliance for major programs:	Unmodified
Internal control over major program:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of Major Programs:

<u>Program Title</u>	<u>Federal AL Number</u>	<u>Expenditures of Federal Awards</u>
Total Education Stabilization Fund		
COVID-19 - Education Stabilization Fund - ESSER Fund	84.425D	\$ 220,119
COVID-19 - ARP ESSER	84.425U	543,898
COVID 19-ARP ESSER 7% - Learning Loss	84.425U	<u>67,840</u>
Total Education Stabilization Fund		<u>831,857</u>
Child Nutrition Cluster		
National School Breakfast Program	10.553	81,753
National School Lunch Program	10.555	<u>791,264</u>
Total Child Nutrition Cluster		<u>873,017</u>
Total Major Programs		<u><u>\$ 1,704,874</u></u>

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low risk auditee?	No

Marple Newtown School District
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

Section II – Financial Statement Findings

Status of Prior-Year Findings:

None

Current-Year Findings and Questioned Costs:

None

Section III – Federal Award Findings and Questioned Costs

Status of Prior-Year Findings:

None

Current-Year Findings and Questioned Costs:

None