# UPPER MERION AREA SCHOOL DISTRICT

## FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

*Year Ended June 30, 2024*

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ACCOUNTANTS • ADVISORS

# INTRODUCTORY SECTION

# UPPER MERION AREA SCHOOL DISTRICT

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YEAR ENDED JUNE 30, 2024


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# FINANCIAL SECTION

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## *Independent Auditors' Report*

To the Board of School Directors
Upper Merion Area School District
King of Prussia, Pennsylvania

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Upper Merion Area School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Upper Merion Area School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Upper Merion Area School District, as of June 30, 2024, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Upper Merion Area School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter - Prior Period Restatement***

As disclosed in Note T to the basic financial statements, Upper Merion Area School District restated its beginning of year capital assets on the government-wide financial statement to agree statement balances to the revised Industrial Appraisal Company Revaluation Report. Our opinion is not modified with respect to this matter.

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

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

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

***Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6 through 6x, budgetary comparison information on pages 61 and 62, schedule of the school district's proportionate share of the PSERS net pension liability on page 63, schedule of the school district's PSERS pension contributions on page 64, schedule of the school district's proportionate share of the PSERS net other postemployment benefit plan liability on page 65, schedule of the school district's PSERS other postemployment benefit plan contributions on page 66 and schedule of changes in the total other postemployment benefit plan liability and related ratios on page 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.

To the Board of School Directors
Upper Merion Area School District
King of Prussia, Pennsylvania

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Upper Merion Area School District's basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of federal and certain state awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024, on our consideration of Upper Merion Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Upper Merion Area School District's internal control over financial reporting and compliance.



Limerick, Pennsylvania
November 19, 2024

The discussion and analysis of the Upper Merion Area School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

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

## SCHOOL DISTRICT HIGHLIGHTS

Upper Merion Area School District is comprised of the municipal subdivisions of the Borough of Bridgeport, the Borough of West Conshohocken and Upper Merion Township in Montgomery County, Pennsylvania, and covers an area of approximately 19 square miles. The School District had an enrollment of 4,396 students in 2023-2024. The School District employs approximately 398 professional staff, 281 support staff, and 26 administrators as of June 30, 2024.

Upper Merion Area School District consists of five elementary schools, one middle school and one high school.

The School District's commitment to providing an excellent education for each student can be seen in the quality of programs and opportunities the School District maintains and supports.

## FINANCIAL HIGHLIGHTS

The School District's budget is prepared according to Pennsylvania law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The School District uses site-based budgeting, and the budgeting system is designed to tightly control total site budgets but provide flexibility for site management.

Overall operating expenditures of the General Fund were $130,398,261. Actual operating expenses exceeded actual operating revenues by $202,660.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with GASB Statement No. 34 and present both government-wide and fund level financial statements using both the accrual and modified accrual basis of accounting, respectively.

This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements and the required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District.

- The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the School District's overall financial status.

- The remaining statements are *fund financial statements* that focus on individual parts of the School District, reporting the School District's operations in more detail than the government-wide statements.

  **Governmental Funds** statements tell how basic services, such as regular and special education, were financed in the short term, as well as what remains for future spending.

  **Proprietary Funds** statements offer short- and long-term financial information about the activities the School District operates like businesses, such as food services.

  **Fiduciary Funds** statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others.

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

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

***Figure A-1***
***Organization of the Upper Merion Area School District Annual Financial Report***

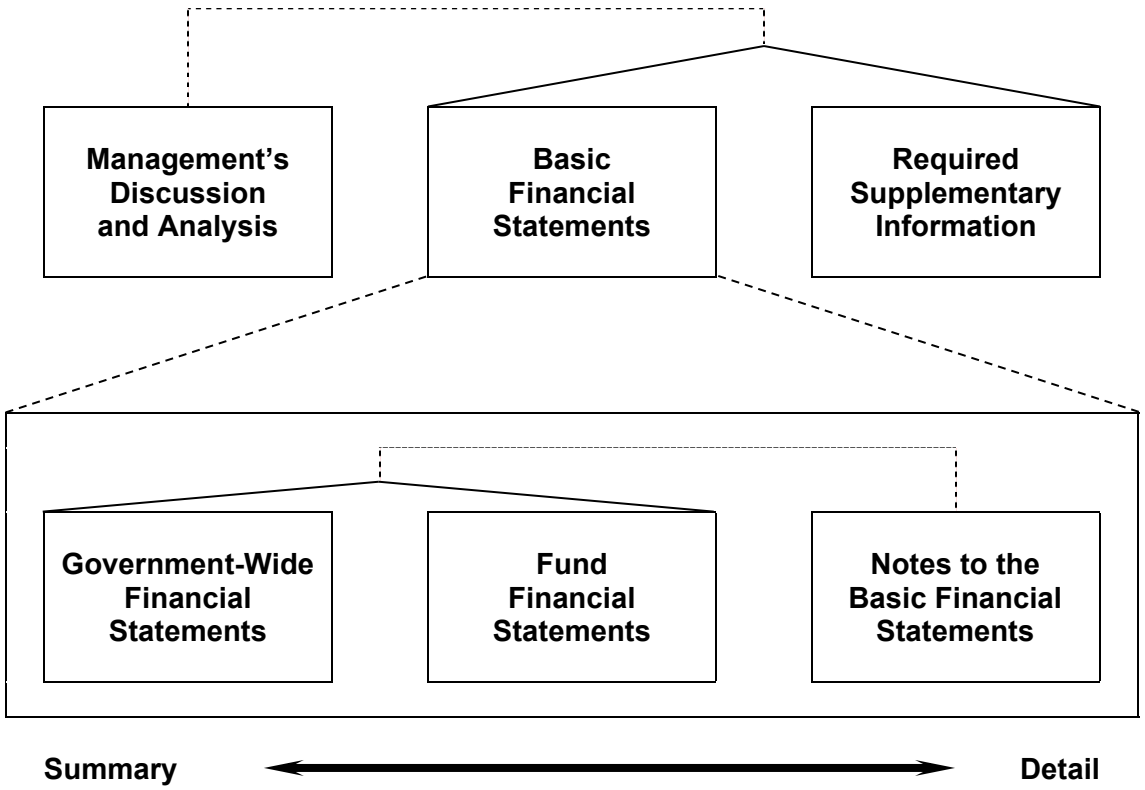


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of the MD&A explains the structure and contents of each of the statements.

***Figure A-2***
***Major Features of the Government-Wide and Fund Financial Statements***

| | Government-Wide Statements | Fund Financial Statements | | |
|---|---|---|---|---|
| | | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire School District (except Fiduciary Funds) | The activities of the School District that are not proprietary or fiduciary, such as education, administration and community services | Activities the School District operates similar to private businesses--food services | Instances in which the School District is the trustee or agent to someone else's resources--Scholarship Funds |
| Required financial statements | • Statement of net position<br>• Statement of activities | • Balance sheet<br>• Statement of revenues, expenditures and changes in fund balances | • Statement of net position<br>• Statement of revenues, expenses and changes in net position<br>• Statement of cash flows | • Statement of fiduciary net position<br>• Statement of changes in fiduciary net position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/ liability information | All assets and liabilities, both financial and capital, short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both financial and capital, and short-term and long-term | All assets and liabilities, both short-term and long-term |
| Type of inflow/ outflow information | All revenues and expenses during the year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year thereafter | All revenues and expenses during the year, regardless of when cash is received or paid | All revenues and expenses during the year, regardless of when cash is received or paid |

## GOVERNMENT-WIDE STATEMENTS

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

The two government-wide statements report the School District's net position and how they have changed. Net position, the difference between the School District's assets and liabilities, is one way to measure the School District's financial health or position.

- Over time, increases or decreases in the School District's net position are an indication of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the School District, you need to consider additional non-financial factors, such as changes in the School District's property tax base and the performance of the students.

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

- ***Governmental Activities***: All the School District's basic services are included here, such as instruction, administration, and community services. Property taxes and state and federal subsidies and grants finance most of these activities.

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

**FUND FINANCIAL STATEMENTS**

The School District's fund financial statements provide detailed information about the most significant funds--not the School District as a whole. Some funds are required by state law and by bond requirements.

- ***Governmental Funds***. Most of the School District's activities are reported in Governmental Funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Funds statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental Funds information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and Governmental Funds is reconciled in the financial statements.

- ***Proprietary Funds***. These funds are used to account for the School District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position and a significant portion of funding through user charges. When the School District charges customers for services it provides--whether to outside customers or to other units in the School District--these services are generally reported in Proprietary Funds. The Food Service Fund is the School District's Proprietary Fund and is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

- ***Fiduciary Funds***. The School District is the trustee, or fiduciary, for some Scholarship and Extracurricular Funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

### *Net Position*

The following tables reflect the condensed statements of net position for the current and prior periods.

The School District's total net position was $(97,222,277) at June 30, 2024.

**Table A-1**
**Condensed Statement of Net Position**
***June 30, 2024***

| | Governmental Activities | Business-Type Activities | Totals |
|---|---|---|---|
| ASSETS | | | |
| Current and other assets | $ 65,584,929 | $ 1,160,757 | $ 66,745,686 |
| Right to use and capital assets | 221,318,027 | 56,556 | 221,374,583 |
| TOTAL ASSETS | 286,902,956 | 1,217,313 | 288,120,269 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred amount on refunding | 3,111,977 | - | 3,111,977 |
| Deferred outflows of resources, OPEB | 1,469,298 | 18,846 | 1,488,144 |
| Deferred outflows of resources, pension activity | 25,403,000 | 332,000 | 25,735,000 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 29,984,275 | 350,846 | 30,335,121 |
| LIABILITIES | | | |
| Current and other liabilities | 26,564,533 | 104,448 | 26,668,981 |
| Long-term liabilities | 379,038,840 | 2,144,919 | 381,183,759 |
| TOTAL LIABILITIES | 405,603,373 | 2,249,367 | 407,852,740 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources, OPEB | 3,235,135 | 43,146 | 3,278,281 |
| Deferred inflows of resources, pension activity | 5,271,000 | 69,000 | 5,340,000 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 8,506,135 | 112,146 | 8,618,281 |
| NET POSITION | | | |
| Net investment in capital assets | 32,116,077 | 56,556 | 32,172,633 |
| Restricted | 17,339,485 | - | 17,339,485 |
| Unrestricted | (146,677,839) | (849,910) | (147,527,749) |
| TOTAL NET POSITION | $ (97,222,277) | $ (793,354) | $ (98,015,631) |

The School District's total net position was $(68,291,133) at June 30, 2023.

**Table A-2**
**Condensed Statement of Net Position**
***June 30, 2023***

| | Governmental Activities | Business-Type Activities | Totals |
|---|---|---|---|
| ASSETS | | | |
| Current and other assets | $ 78,005,506 | $ 1,034,356 | $ 79,039,862 |
| Capital assets | 248,255,058 | 38,653 | 248,293,711 |
| TOTAL ASSETS | 326,260,564 | 1,073,009 | 327,333,573 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred amount on refunding | 3,556,420 | - | 3,556,420 |
| Deferred outflows of resources, OPEB | 1,852,235 | 24,002 | 1,876,237 |
| Deferred outflows of resources, pension activity | 24,788,000 | 324,000 | 25,112,000 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 30,196,655 | 348,002 | 30,544,657 |
| LIABILITIES | | | |
| Current and other liabilities | 27,413,690 | 73,168 | 27,486,858 |
| Long-term liabilities | 388,667,534 | 2,171,134 | 390,838,668 |
| TOTAL LIABILITIES | 416,081,224 | 2,244,302 | 418,325,526 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources, OPEB | 3,695,128 | 48,799 | 3,743,927 |
| Deferred inflows of resources, pension activity | 4,972,000 | 65,000 | 5,037,000 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 8,667,128 | 113,799 | 8,780,927 |
| NET POSITION | | | |
| Net investment in capital assets | 69,186,597 | 38,653 | 69,225,250 |
| Restricted | 17,595,794 | - | 17,595,794 |
| Unrestricted | (155,073,524) | (975,743) | (156,049,267) |
| TOTAL NET POSITION | $ (68,291,133) | $ (937,090) | $ (69,228,223) |

A significant portion of the School District's net position is invested in capital assets (building, land and equipment) or in the form of invested bond proceeds to be used for future capital expenditures.

***Statement of Activities***

The results of this year's operations as a whole are reported in the statement of activities in the financial statements. The two largest general revenues are the Retirement Subsidy provided by the Commonwealth of Pennsylvania and the local taxes assessed to community taxpayers. Table A-3 takes the information from the statement of activities and rearranges it slightly, so you can see our total revenues for the year. The following tables reflect the revenues and expenses for the current and prior periods.

**Table A-3**
**Changes in Net Position**
***Year Ended June 30, 2024***

| | Governmental Activities | Business-Type Activities | Totals |
|---|---|---|---|
| REVENUES | | | |
| Program revenues | | | |
| Charges for services | $ - | $ 633,815 | $ 633,815 |
| Operating grants and contributions | 24,498,730 | 2,250,485 | 26,749,215 |
| General revenues | | | |
| Property taxes | 98,792,143 | - | 98,792,143 |
| Other taxes | 3,617,430 | - | 3,617,430 |
| Investment earnings | 4,706,007 | 1,766 | 4,707,773 |
| Receipts from member districts | 15,365 | - | 15,365 |
| Other | 1,597,849 | - | 1,597,849 |
| TOTAL REVENUES | 133,227,524 | 2,886,066 | 136,113,590 |
| EXPENSES | | | |
| Instruction | | | |
| Regular programs | 48,502,600 | - | 48,502,600 |
| Special programs | 22,317,367 | - | 22,317,367 |
| Vocational programs | 2,685,536 | - | 2,685,536 |
| Other instructional programs | 466,226 | - | 466,226 |
| Support services | | | |
| Pupil personnel services | 5,252,055 | - | 5,252,055 |
| Instructional staff services | 4,297,632 | - | 4,297,632 |
| Administration services | 6,018,551 | - | 6,018,551 |
| Pupil health | 1,371,987 | - | 1,371,987 |
| Business services | 1,203,116 | - | 1,203,116 |
| Operation and maintenance of plant services | 1,766,254 | - | 1,766,254 |
| Student transportation services | 6,971,219 | - | 6,971,219 |
| Central services | 1,583,706 | - | 1,583,706 |
| Other support services | 78,546 | - | 78,546 |
| Non-instructional services | | | |
| Student activities | 2,470,814 | - | 2,470,814 |
| Community services | 117,493 | - | 117,493 |
| Refund of prior year revenues | 79,889 | - | 79,889 |
| Interest on long-term debt, bonds and notes | 6,652,705 | - | 6,652,705 |
| Interest on long-term debt, leases | 1,231,278 | - | 1,231,278 |
| Depreciation and amortization, unallocated | 8,646,472 | - | 8,646,472 |
| Loss on disposal of capital assets | 9,382,873 | - | 9,382,873 |
| Food service | - | 2,742,330 | 2,742,330 |
| TOTAL EXPENSES | 131,096,319 | 2,742,330 | 133,838,649 |
| CHANGE IN NET POSITION | 2,131,205 | 143,736 | 2,274,941 |
| NET POSITION, BEGINNING, RESTATED * | (99,353,482) * | (937,090) | (100,290,572) |
| NET POSITION, ENDING | $ (97,222,277) | $ (793,354) | $ (98,015,631) |

* The governmental activities reflect a prior period restatement of the beginning of year capital assets and net position. See Note T to the basic financial statements for further information.

**Table A-4**
**Changes in Net Position**
***Year Ended June 30, 2023***

| | Governmental Activities | Business-Type Activities | Totals |
|---|---|---|---|
| REVENUES | | | |
| Program revenues | | | |
| Charges for services | $ - | $ 618,762 | $ 618,762 |
| Operating grants and contributions | 21,113,388 | 2,071,743 | 23,185,131 |
| General revenues | | | |
| Property taxes | 96,374,936 | - | 96,374,936 |
| Other taxes | 3,937,165 | - | 3,937,165 |
| Investment earnings | 3,579,046 | 1,620 | 3,580,666 |
| Receipts from member districts | 1,575 | - | 1,575 |
| Other | 1,157,820 | - | 1,157,820 |
| Gain on disposition of capital assets | - | 9,950 | 9,950 |
| TOTAL REVENUES | 126,163,930 | 2,702,075 | 128,866,005 |
| EXPENSES | | | |
| Instruction | | | |
| Regular programs | 48,617,346 | - | 48,617,346 |
| Special programs | 19,938,071 | - | 19,938,071 |
| Vocational programs | 1,604,858 | - | 1,604,858 |
| Other instructional programs | 456,934 | - | 456,934 |
| Support services | | | |
| Pupil personnel services | 4,931,232 | - | 4,931,232 |
| Instructional staff services | 4,107,650 | - | 4,107,650 |
| Administration services | 5,751,846 | - | 5,751,846 |
| Pupil health | 1,289,906 | - | 1,289,906 |
| Business services | 1,004,651 | - | 1,004,651 |
| Operation and maintenance of plant services | 5,961,380 | - | 5,961,380 |
| Student transportation services | 6,194,860 | - | 6,194,860 |
| Central services | 1,389,601 | - | 1,389,601 |
| Other support services | 73,384 | - | 73,384 |
| Non-instructional services | | | |
| Student activities | 2,141,424 | - | 2,141,424 |
| Community services | 122,677 | - | 122,677 |
| Facilities acquisition, construction and improvement | 89,085 | - | 89,085 |
| Refund of prior year revenues | 115,106 | - | 115,106 |
| Interest on long-term debt, bonds and notes | 6,678,764 | - | 6,678,764 |
| Interest on long-term debt, leases | 1,148,481 | - | 1,148,481 |
| Depreciation and amortization, unallocated | 6,917,401 | - | 6,917,401 |
| Food service | - | 2,431,939 | 2,431,939 |
| TOTAL EXPENSES | 118,534,657 | 2,431,939 | 120,966,596 |
| CHANGE IN NET POSITION | 7,629,273 | 270,136 | 7,899,409 |
| NET POSITION, BEGINNING | (75,920,406) | (1,207,226) | (77,127,632) |
| NET POSITION, ENDING | $ (68,291,133) | $ (937,090) | $ (69,228,223) |

Analysis of these tables indicates that the total net position for governmental activities and business-type activities increased by $2,131,205 and $143,736 as of June 30, 2024.

***Right to Use & Capital Assets*** - At June 30, 2024, the School District had $221,318,027 invested in a broad range of leased, SBITA, and capital assets, including land, buildings and furniture and equipment.

**Table A-5**
**Government-Wide Activities**
**Right to Use & Capital Assets - Net of Amortization & Depreciation**

| | 2024 | 2023 |
|---|---|---|
| Right to use leased assets | $ 400,117 | $ 1,144,301 |
| Right to use SBITA assets | 1,166,937 | 1,723,576 |
| Land | 1,822,142 | 3,778,132 |
| Construction in progress | - | 27,755,763 |
| Buildings and site improvements | 202,160,548 | 210,321,081 |
| Furniture and equipment | 15,768,283 | 3,532,205 |
| TOTAL | $ 221,318,027 | $ 248,255,058 |

***Debt Administration*** - As of July 1, 2023, the School District had total outstanding bond and note principal of $203,625,000. During the year, the School District made net payments against principal of $4,500,000 resulting in ending outstanding debt as of June 30, 2024, of $199,125,000.

**Table A-6**
**Outstanding Debt**

| | 2024 | 2023 |
|---|---|---|
| GENERAL OBLIGATION BONDS | | |
| Series of 2016 | $ 2,125,000 | $ 2,745,000 |
| Series of 2017 | 4,740,000 | 4,745,000 |
| Series of 2019 | 9,975,000 | 9,980,000 |
| Series of 2020 | 21,690,000 | 22,150,000 |
| Series of 2021A | 94,580,000 | 94,585,000 |
| Series of 2021B | 6,210,000 | 6,350,000 |
| Series of 2022A | 32,290,000 | 32,390,000 |
| Series of 2022B | 26,000,000 | 26,110,000 |
| TOTAL GENERAL OBLIGATION BONDS | 197,610,000 | 199,055,000 |
| GENERAL OBLIGATION NOTE, Series of 2021 | 1,515,000 | 4,570,000 |
| | $ 199,125,000 | $ 203,625,000 |

Other obligations include compensated absences (accrued vacation pay and sick leave for specific employees of the School District) and lease and SBITA liabilities. More detailed information about our long-term liabilities is included in the notes to the financial statements.

## BUDGETARY HIGHLIGHTS - GENERAL FUND

### *Overview*

During the fiscal year, the Board of School Directors authorizes revisions to the original budget to accommodate differences from the original budget to actual expenditures of the School District. Those adjustments are again confirmed at the time the annual audit is accepted. This is done after the end of the fiscal year in accordance with state law.

The budgetary reserve includes amounts that will be funded for operating contingencies such as unpredictable change in the cost of goods and services and the occurrence of events which are vaguely perceptible during the time of the budget process, but which nonetheless may require expenditures by the School District during the year of operation.

A schedule showing the School District's 2023-2024 original and final budget amounts compared with amounts actually paid and received is provided on page 61 of this report.

### *Revenues*

On the revenue side of the budget there was approximately 1.9% of actual local revenue over budgeted local revenue. This variance is primarily attributed to interest income received over budgeted interest income. There was approximately 2.4% of actual state revenue over budgeted state revenue. This increase is primarily attributed to an increase in basic education subsidy received over budgeted basic education subsidy. There was approximately 116.5% of actual federal revenue over budgeted federal revenue. This increase is primarily attributed to an increase in ESSER and ACCESS funding received over budgeted revenues for ESSER and ACCESS funding.

### *Expenditures*

On the expenditure side of the budget, there was approximately 5.8% of actual instructional expenditures over budgeted instructional expenditures. The variance is primarily attributed to increased special education professional services and tuition expenditures offset by decreased personnel expenditures.

In addition, there was approximately 2.1% of actual Support Services expenditures over budgeted support services expenditures. The variance is primarily attributed to increased transportation expenditures.

### *Other Financing Sources (Uses)*

The final section of the budgetary comparison schedule is other financing sources (uses).

Other financing sources are items not classified as revenues in most governmental funds because the receipts are not earned by the School District. In general, other financing sources for the School District include proceeds from long-term debt financing agreements, receipt from other funds of the School District, and proceeds from the sale or compensation for the loss of fixed assets which are in many cases unbudgeted items. For the year ended June 30, 2024, the School District had unbudgeted activity for insurance recoveries.

Other financing uses represent the disbursement of governmental funds not classified in other functional areas that require budgetary and accounting control. In general, other financing uses for a School District include the refunding of debt and transfers of monies to other funds of the School District. For the year ended June 30, 2024, the School District had adequately budgeted for all applicable items.

## FOR THE FUTURE

As the preceding information shows, the School District maintains a healthy investment in fixed assets to support and provide comprehensive educational services, considers future implications of current and ongoing financial obligations and prudently manages its financial assets. Academic performance is supported by regionally competitive per pupil spending. Balanced payment schedules on existing debt obligations should mean steady tax implications in the future.

Financial challenges face many school districts in the state of Pennsylvania and Upper Merion Area School District is not alone in this regard. With the passage of Act 1 of 2006, school districts are faced with a cap on the money that can be funded from a property tax increase. The cap is an inflationary index annually calculated by the Pennsylvania Department of Education (PDE). Act 1 does provide for some exceptions that permit districts to increase property taxes in excess of the cap. Exceptions are approved by the PDE. Limited tax relief arrived starting in the 2008-2009 fiscal year as the state distributed a portion of gambling revenue to offset real estate tax increases. The School District was fortunate to receive $770,630 in the 2023-2024 fiscal year that offset property taxes for those property owners who qualified for the homestead exemption.

The 2023-2024 school year was a consistent year financially for the Upper Merion Area School District, with general fund and capital reserve fund reserves remaining materially consistent with the prior year. In addition, the School District maintained its assignment of $9,800,000 of general fund balance. Funds are assigned for retirement stabilization ($4,600,000), tax assessment appeal refunds ($2,000,000), future technology purchases ($2,200,000), and food service stabilization ($1,000,000). Finally, the unassigned fund balance increased slightly from $9,076,285 to $9,692,812.

Upper Merion Area School District faces the common problem of escalating costs for employee benefits, particularly the medical benefit cost and the retirement expense of the PSERS system. Each of these costs is established by outside influences and is not, in large part, a discretionary cost that can be controlled by the School District.

Upper Merion Area School District has committed itself to educational and financial excellence. The School District's system of budgeting and internal controls is well regarded and consistently followed. Continued diligence in all financial matters will be a key component of continued successful financial performance well into the future.

## CONTACTING THE SCHOOL DISTRICT FINANCIAL MANAGEMENT

The financial report is designed to provide the citizens, taxpayers, parents, students, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Michael Keeley, Business Administrator, Upper Merion Area School District, 435 Crossfield Road, King of Prussia, PA 19406-2363, 610-205-6400, mkeeley@umasd.org or visit the School District's website at www.umasd.org.

# UPPER MERION AREA SCHOOL DISTRICT
## STATEMENT OF NET POSITION
## JUNE 30, 2024

| | Governmental Activities | Business-Type Activities | Totals |
|---|---|---|---|
| ASSETS | | | |
| Cash and cash equivalents | $ 37,749,493 | $ 808,985 | $ 38,558,478 |
| Investments | 18,642,887 | - | 18,642,887 |
| Restricted cash and cash equivalents | 2,529,904 | - | 2,529,904 |
| Receivables, net | 2,005,199 | - | 2,005,199 |
| Due from other governments | 4,656,618 | 255,512 | 4,912,130 |
| Internal balances | 828 | (828) | - |
| Inventories | - | 97,088 | 97,088 |
| Capital assets | | | |
| Leased assets | | | |
| Right to use assets | 2,246,146 | - | 2,246,146 |
| Accumulated amortization | (1,846,029) | - | (1,846,029) |
| SBITA assets | | | |
| Right to use assets | 1,666,906 | - | 1,666,906 |
| Accumulated amortization | (499,969) | - | (499,969) |
| Land | 1,822,142 | - | 1,822,142 |
| Buildings and site improvements | 262,208,444 | - | 262,208,444 |
| Furniture and equipment | 27,374,319 | 440,168 | 27,814,487 |
| Accumulated depreciation | (71,653,932) | (383,612) | (72,037,544) |
| TOTAL ASSETS | 286,902,956 | 1,217,313 | 288,120,269 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred amount on refunding | 3,111,977 | - | 3,111,977 |
| Deferred outflows of resources, pension activity | 25,403,000 | 332,000 | 25,735,000 |
| Deferred outflows of resources, OPEB activity | 1,469,298 | 18,846 | 1,488,144 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 29,984,275 | 350,846 | 30,335,121 |
| LIABILITIES | | | |
| Accounts payable | 3,009,971 | 22,997 | 3,032,968 |
| Accrued salaries and benefits | 12,512,456 | 11,754 | 12,524,210 |
| Accrued interest | 3,197,589 | - | 3,197,589 |
| Unearned revenue | 7,814,114 | 69,697 | 7,883,811 |
| Interest payable, lease liabilities | 67 | - | 67 |
| Interest payable, SBITA liabilities | 30,336 | - | 30,336 |
| Long-term liabilities | | | |
| Portion due or payable within one year | | | |
| Bonds and notes payable | 4,535,000 | - | 4,535,000 |
| Compensated absences | 651,285 | 7,153 | 658,438 |
| Current portion of lease liabilities | 581,677 | - | 581,677 |
| Current portion of SBITA liabilities | 222,491 | - | 222,491 |
| Portion due or payable after one year | | | |
| Bonds and notes payable | 194,590,000 | - | 194,590,000 |
| Bond premiums and discounts, net | 13,189,592 | - | 13,189,592 |
| Compensated absences | 5,861,564 | 64,381 | 5,925,945 |
| Long-term portion of SBITA liabilities | 774,873 | - | 774,873 |
| Net pension liability | 150,883,000 | 1,972,000 | 152,855,000 |
| Net OPEB liability | 7,749,358 | 101,385 | 7,850,743 |
| TOTAL LIABILITIES | 405,603,373 | 2,249,367 | 407,852,740 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources, pension activity | 5,271,000 | 69,000 | 5,340,000 |
| Deferred inflows of resources, OPEB activity | 3,235,135 | 43,146 | 3,278,281 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 8,506,135 | 112,146 | 8,618,281 |
| NET POSITION | | | |
| Net investment in capital assets | 32,116,077 | 56,556 | 32,172,633 |
| Restricted | 17,339,485 | - | 17,339,485 |
| Unrestricted | (146,677,839) | (849,910) | (147,527,749) |
| TOTAL NET POSITION | $ (97,222,277) | $ (793,354) | $ (98,015,631) |

*See accompanying notes to the basic financial statements.*

# UPPER MERION AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| GOVERNMENTAL ACTIVITIES | | | | |
| Instruction | | | | |
| Regular programs | $ 48,502,600 | $ - | $ 5,880,151 | $ - |
| Special programs | 22,317,367 | - | 4,415,651 | - |
| Vocational programs | 2,685,536 | - | 117,866 | - |
| Other instructional programs | 466,226 | - | 10,586,097 | - |
| Support services | | | | |
| Pupil personnel services | 5,252,055 | - | 311,401 | - |
| Instructional staff services | 4,297,632 | - | 605,966 | - |
| Administration services | 6,018,551 | - | 135,806 | - |
| Pupil health | 1,371,987 | - | 124,696 | - |
| Business services | 1,203,116 | - | 897,485 | - |
| Operation and maintenance of plant services | 1,766,254 | - | 196,201 | - |
| Student transportation services | 6,971,219 | - | 693,423 | - |
| Central services | 1,583,706 | - | 274,866 | - |
| Other support services | 78,546 | - | - | - |
| Non-instructional services | | | | |
| Student activities | 2,470,814 | - | 259,121 | - |
| Community services | 117,493 | - | - | - |
| Refund of prior year revenues | 79,889 | - | - | - |
| Interest on long-term debt, bonds and notes | 6,652,705 | - | - | - |
| Interest on long-term debt, leases and SBITAs | 1,231,278 | - | - | - |
| Depreciation and amortization, unallocated | 8,646,472 | - | - | - |
| Loss on disposal of capital assets | 9,382,873 | - | - | - |
| TOTAL GOVERNMENTAL ACTIVITIES | 131,096,319 | - | 24,498,730 | - |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Food service | 2,742,330 | 633,815 | 2,250,485 | - |
| TOTAL BUSINESS-TYPE ACTIVITIES | 2,742,330 | 633,815 | 2,250,485 | - |
| TOTAL SCHOOL DISTRICT ACTIVITIES | $ 133,838,649 | $ 633,815 | $ 26,749,215 | $ - |
| GENERAL REVENUES | | | | |
| Property taxes, levied for general purposes | | | | |
| Occupational, real estate transfer and amusement taxes | | | | |
| Public utility taxes | | | | |
| Investment earnings | | | | |
| Receipts from member districts | | | | |
| Miscellaneous | | | | |
| TOTAL GENERAL REVENUES | | | | |
| CHANGE IN NET POSITION | | | | |
| NET POSITION AT BEGINNING OF YEAR, RESTATED* | | | | |
| NET POSITION AT END OF YEAR | | | | |

*See accompanying notes to the basic financial statements.*

| Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|
| Governmental Activities | Business-Type Activities | Totals |
| $ (42,622,449) | $ - | $ (42,622,449) |
| (17,901,716) | - | (17,901,716) |
| (2,567,670) | - | (2,567,670) |
| 10,119,871 | - | 10,119,871 |
| (4,940,654) | - | (4,940,654) |
| (3,691,666) | - | (3,691,666) |
| (5,882,745) | - | (5,882,745) |
| (1,247,291) | - | (1,247,291) |
| (305,631) | - | (305,631) |
| (1,570,053) | - | (1,570,053) |
| (6,277,796) | - | (6,277,796) |
| (1,308,840) | - | (1,308,840) |
| (78,546) | - | (78,546) |
| (2,211,693) | - | (2,211,693) |
| (117,493) | - | (117,493) |
| (79,889) | - | (79,889) |
| (6,652,705) | - | (6,652,705) |
| (1,231,278) | - | (1,231,278) |
| (8,646,472) | - | (8,646,472) |
| (9,382,873) | - | (9,382,873) |
| (106,597,589) | - | (106,597,589) |
| - | 141,970 | 141,970 |
| - | 141,970 | 141,970 |
| (106,597,589) | 141,970 | (106,455,619) |
| 98,792,143 | - | 98,792,143 |
| 3,528,245 | - | 3,528,245 |
| 89,185 | - | 89,185 |
| 4,706,007 | 1,766 | 4,707,773 |
| 15,365 | - | 15,365 |
| 1,597,849 | - | 1,597,849 |
| 108,728,794 | 1,766 | 108,730,560 |
| 2,131,205 | 143,736 | 2,274,941 |
| (99,353,482) * | (937,090) | (100,290,572) |
| $ (97,222,277) | $ (793,354) | $ (98,015,631) |

# UPPER MERION AREA SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

| | General Fund | Capital Reserve Fund | Capital Projects Fund | Total Governmental Funds |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash and cash equivalents | $ 18,699,691 | $ 19,049,802 | $ - | $ 37,749,493 |
| Investments | 18,642,887 | - | - | 18,642,887 |
| Restricted cash and cash equivalents | - | - | 2,529,904 | 2,529,904 |
| Taxes receivable, net | 1,879,621 | - | - | 1,879,621 |
| Other receivables | 125,578 | - | - | 125,578 |
| Due from other governments | 4,656,618 | - | - | 4,656,618 |
| Due from other funds | 828 | - | - | 828 |
| TOTAL ASSETS | $ 44,005,223 | $ 19,049,802 | $ 2,529,904 | $ 65,584,929 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | $ 2,809,502 | $ 199,422 | $ 1,047 | $ 3,009,971 |
| Accrued salaries and benefits | 12,512,456 | - | - | 12,512,456 |
| Unearned revenue | 7,814,114 | - | - | 7,814,114 |
| TOTAL LIABILITIES | 23,136,072 | 199,422 | 1,047 | 23,336,541 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenues, property taxes | 1,376,339 | - | - | 1,376,339 |
| FUND BALANCES | | | | |
| Restricted for capital projects | - | 18,850,380 | 2,528,857 | 21,379,237 |
| Assigned to | | | | |
| Tax assessment appeal settlement refunds | 2,000,000 | - | - | 2,000,000 |
| Retirement stabilization | 4,600,000 | - | - | 4,600,000 |
| Food service stabilization | 1,000,000 | - | - | 1,000,000 |
| Technology purchases | 2,200,000 | - | - | 2,200,000 |
| Unassigned | 9,692,812 | - | - | 9,692,812 |
| TOTAL FUND BALANCES | 19,492,812 | 18,850,380 | 2,528,857 | 40,872,049 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | $ 44,005,223 | $ 19,049,802 | $ 2,529,904 | $ 65,584,929 |

*See accompanying notes to the basic financial statements.*

# UPPER MERION AREA SCHOOL DISTRICT

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2024

| | | |
|---|---|---|
| TOTAL GOVERNMENTAL FUNDS BALANCES | $ | 40,872,049 |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of: | | |
| Land | | 1,822,142 |
| Buildings and site improvements | | 262,208,444 |
| Furniture and equipment | | 27,374,319 |
| Accumulated depreciation | | (71,653,932) |
| Right to use assets used in governmental activities are not current financial resources, and therefore are not reported in the fund. These assets consist of: | | |
| Leased assets | | |
| Right to use assets | | 2,246,146 |
| Accumulated amortization | | (1,846,029) |
| SBITA assets | | |
| Right to use assets | | 1,666,906 |
| Accumulated amortization | | (499,969) |
| Some of the School 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. | | 1,376,339 |
| Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position. | | |
| Deferred outflows of resources, pension activity | | 25,403,000 |
| Deferred outflows of resources, OPEB activity | | 1,469,298 |
| Deferred inflows of resources, pension activity | | (5,271,000) |
| Deferred inflows of resources, OPEB activity | | (3,235,135) |
| Net pension liability | | (150,883,000) |
| Net OPEB liability | | (7,749,358) |
| Some liabilities that are not due and payable in the current period, and therefore, are not reported in the funds. These liabilities consist of: | | |
| Bonds and notes payable | | (199,125,000) |
| Accrued interest | | (3,197,589) |
| Compensated absences | | (6,512,849) |
| Lease liabilities | | (581,677) |
| Interest payable, lease liabilities | | (67) |
| SBITA liabilities | | (997,364) |
| Interest payable, SBITA liabilities | | (30,336) |
| Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | | |
| Bond premiums and discounts | | (13,189,592) |
| Deferred amount on refunding, net of amortization | | 3,111,977 |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | $ | (97,222,277) |

*See accompanying notes to the basic financial statements.*

# UPPER MERION AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

| | General Fund | Capital Reserve Fund | Capital Projects Fund | Total Governmental Funds |
|---|---|---|---|---|
| REVENUES | | | | |
| Local sources | $ 107,056,995 | $ 1,102,916 | $ 266,548 | $ 108,426,459 |
| State sources | 19,035,591 | - | - | 19,035,591 |
| Federal sources | 4,103,015 | - | - | 4,103,015 |
| TOTAL REVENUES | 130,195,601 | 1,102,916 | 266,548 | 131,565,065 |
| EXPENDITURES | | | | |
| Instruction | | | | |
| Regular programs | 50,223,482 | - | - | 50,223,482 |
| Special programs | 22,884,817 | - | - | 22,884,817 |
| Vocational programs | 2,720,067 | - | - | 2,720,067 |
| Other instructional programs | 439,066 | - | - | 439,066 |
| Support services | | | | |
| Pupil personnel services | 5,475,101 | - | - | 5,475,101 |
| Instructional staff services | 4,373,716 | - | - | 4,373,716 |
| Administration services | 6,220,253 | 99 | - | 6,220,352 |
| Pupil health | 1,412,346 | - | - | 1,412,346 |
| Business services | 1,199,913 | - | - | 1,199,913 |
| Operation and maintenance of plant services | 11,155,283 | 684,015 | - | 11,839,298 |
| Student transportation services | 6,963,635 | - | - | 6,963,635 |
| Central services | 1,620,369 | - | - | 1,620,369 |
| Other support services | 78,546 | - | - | 78,546 |
| Non-instructional services | | | | |
| Student activities | 2,495,357 | - | - | 2,495,357 |
| Community services | 117,493 | - | - | 117,493 |
| Refund of prior year revenues | 79,889 | - | - | 79,889 |
| Capital outlay | - | 8,159,759 | 5,588,455 | 13,748,214 |
| Debt service, bonds and notes | 11,739,984 | - | - | 11,739,984 |
| Debt service, leases and SBITAs | 1,198,944 | - | - | 1,198,944 |
| TOTAL EXPENDITURES | 130,398,261 | 8,843,873 | 5,588,455 | 144,830,589 |
| DEFICIENCY OF REVENUES OVER EXPENDITURES FORWARD | $ (202,660) | $ (7,740,957) | $ (5,321,907) | $ (13,265,524) |

# UPPER MERION AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

| | General Fund | Capital Reserve Fund | Capital Projects Fund | Total Governmental Funds |
|---|---|---|---|---|
| DEFICIENCY OF REVENUES OVER EXPENDITURES FORWARDED | $ (202,660) | $ (7,740,957) | $ (5,321,907) | $ (13,265,524) |
| OTHER FINANCING SOURCES | | | | |
| Insurance recoveries | 819,187 | - | - | 819,187 |
| NET CHANGE IN FUND BALANCES | 616,527 | (7,740,957) | (5,321,907) | (12,446,337) |
| FUND BALANCES AT BEGINNING OF YEAR | 18,876,285 | 26,591,337 | 7,850,764 | 53,318,386 |
| FUND BALANCES AT END OF YEAR | $ 19,492,812 | $ 18,850,380 | $ 2,528,857 | $ 40,872,049 |

*See accompanying notes to the basic financial statements.*

# UPPER MERION AREA SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

| | | |
|---|---|---|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | $ | (12,446,337) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period. | | |
| Capital additions of buildings and site improvements | | 27,165,330 |
| Capital additions of furniture and equipment | | 5,542,077 |
| Construction in progress put into service | | (9,251,921) |
| Depreciation expense | | (8,646,472) |
| Amortization expense, leased assets | | (744,184) |
| Amortization expense, SBITA assets | | (425,725) |
| | | 13,639,105 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. | | (9,382,873) |
| Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Deferred tax revenues decreased by this amount this year. | | 843,272 |
| Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | | |
| Principal paid on bonds | | 1,445,000 |
| Principal paid on note | | 3,055,000 |
| Principal paid on leases | | 652,294 |
| Principal paid on SBITAs | | 467,844 |
| | | 5,620,138 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds: | | |
| Accrued interest on long-term debt | | 20,221 |
| Change in interest payable, lease liabilities | | 391 |
| Change in interest payable, SBITA liabilities | | 11,033 |
| Modifications and remeasurements, right to use SBITA assets | | (130,914) |
| Modifications and remeasurements, right to use SBITA liabilities | | 136,927 |
| Amortization of bond premiums and discounts | | 1,011,501 |
| Amortization of deferred amount on refunding | | (444,443) |
| Compensated absences | | (586,604) |
| Changes in pension liabilities and related deferred outflows and inflows of resources | | 3,601,000 |
| Changes in OPEB liabilities and related deferred outflows and inflows of resources | | 238,788 |
| | | 3,857,900 |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | $ | 2,131,205 |

*See accompanying notes to the basic financial statements.*

# UPPER MERION AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

| | Food Service Fund |
|---|---|
| ASSETS | |
| CURRENT ASSETS | |
| Cash and cash equivalents | $ 808,985 |
| Due from other governments | 255,512 |
| Inventories | 97,088 |
| TOTAL CURRENT ASSETS | 1,161,585 |
| PROPERTY AND EQUIPMENT | 440,168 |
| Accumulated depreciation | (383,612) |
| PROPERTY AND EQUIPMENT, net | 56,556 |
| TOTAL ASSETS | 1,218,141 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows of resources, OPEB | 18,846 |
| Deferred outflows of resources, pension activity | 332,000 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 350,846 |
| LIABILITIES | |
| Accounts payable | 22,997 |
| Accrued payroll | 11,754 |
| Due to other funds | 828 |
| Unearned revenue | 69,697 |
| Long-term liabilities | |
| Portion due or payable within one year | |
| Compensated absences | 7,153 |
| Portion due or payable after one year | |
| Compensated absences | 64,381 |
| Net OPEB liability | 101,385 |
| Net pension liability | 1,972,000 |
| TOTAL LIABILITIES | 2,250,195 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows of resources, OPEB | 43,146 |
| Deferred inflows of resources, pension activity | 69,000 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 112,146 |
| NET POSITION | |
| Net investment in capital assets | 56,556 |
| Unrestricted | (849,910) |
| TOTAL NET POSITION | $ (793,354) |

*See accompanying notes to the basic financial statements.*

# UPPER MERION AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024

| | Food Service Fund |
|---|---|
| OPERATING REVENUES | |
| Food service revenues | $ 633,815 |
| OPERATING EXPENSES | |
| Salaries | 870,689 |
| Employee benefits | 474,998 |
| Other expenses | 64,098 |
| Supplies | 1,323,150 |
| Depreciation | 9,395 |
| TOTAL OPERATING EXPENSES | 2,742,330 |
| OPERATING LOSS | (2,108,515) |
| NONOPERATING REVENUES | |
| Earnings on investments | 1,766 |
| State sources | 426,216 |
| Federal sources | 1,824,269 |
| TOTAL NONOPERATING REVENUES | 2,252,251 |
| CHANGE IN NET POSITION | 143,736 |
| NET POSITION AT BEGINNING OF YEAR | (937,090) |
| NET POSITION AT END OF YEAR | $ (793,354) |

*See accompanying notes to the basic financial statements.*

# UPPER MERION AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024

| | Food Service Fund |
|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from customers | $ 648,188 |
| Payments to employees | (1,372,177) |
| Payments to suppliers | (1,367,180) |
| NET CASH USED BY OPERATING ACTIVITIES | (2,091,169) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Purchase of property and equipment | (27,298) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| State sources | 416,552 |
| Federal sources | 1,677,427 |
| NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES | 2,093,979 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Earnings on investments | 1,766 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (22,722) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 831,707 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | $ 808,985 |

# UPPER MERION AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024

| | Food Service Fund |
|---|---|
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES | |
| Operating loss | $ (2,108,515) |
| Adjustments to reconcile operating loss to net cash used by operating activities | |
| Depreciation | 9,395 |
| OPEB expense | (2,239) |
| Pension expense | (47,000) |
| Compensated absences | 18,527 |
| (Increase) Decrease in | |
| Receivables | 10,270 |
| Inventories | (1,648) |
| Increase (decrease) in | |
| Accounts payable | 22,955 |
| Accrued payroll | 4,222 |
| Due to other funds | (1,239) |
| Unearned revenue | 4,103 |
| NET CASH USED BY OPERATING ACTIVITIES | $ (2,091,169) |
| SUPPLEMENTAL DISCLOSURES | |
| Noncash activities | |
| Donated foods | $ 257,726 |

*See accompanying notes to the basic financial statements.*

# UPPER MERION AREA SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

| | Private-Purpose Trust Fund | Custodial Funds |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents | $ 86,559 | $ 599,506 |
| LIABILITIES AND NET POSITION | | |
| LIABILITIES | | |
| Accounts payable | $ - | $ 5,472 |
| NET POSITION | | |
| Restricted for scholarships | 86,559 | - |
| Restricted for custodial purposes | - | 594,034 |
| TOTAL NET POSITION | 86,559 | 594,034 |
| TOTAL LIABILITIES AND NET POSITION | $ 86,559 | $ 599,506 |

*See accompanying notes to the basic financial statements.*

# UPPER MERION AREA SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2024

| | Private-Purpose Trust Fund | Custodial Funds |
|---|---|---|
| ADDITIONS | | |
| Donations | $ 10,000 | $ - |
| Collections | - | 716,272 |
| Investment income | 205 | 1,527 |
| TOTAL ADDITIONS | 10,205 | 717,799 |
| DEDUCTIONS | | |
| Scholarships | 28,500 | - |
| Extra-curricular activities | - | 610,881 |
| TOTAL DEDUCTIONS | 28,500 | 610,881 |
| CHANGE IN NET POSITION | (18,295) | 106,918 |
| NET POSITION AT BEGINNING OF YEAR | 104,854 | 487,116 |
| NET POSITION AT END OF YEAR | $ 86,559 | $ 594,034 |

*See accompanying notes to the basic financial statements.*

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Upper Merion Area School District (the "School District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

### ***Reporting Entity***

Upper Merion Area School District is located in King of Prussia, Pennsylvania. The School District's tax base includes portions of Montgomery County and consists of the following townships and boroughs: Upper Merion Township and the Boroughs of Bridgeport and West Conshohocken.

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

The School District is governed by a board of nine school directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term.

The Board of School Directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary and other schools necessary to educate eligible students between the ages of 5 and 21 years residing in such School District who may attend.

In order to establish, enlarge, equip, furnish, operate and maintain any schools, or to pay any school indebtedness which the School District is required to pay, the Board of School Directors is vested with all necessary authority and power annually to levy and collect the taxes required and granted by the legislature, in addition to the annual state appropriation, and is vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949 as amended.

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 School 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 School 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 School District.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In addition, component units can be other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the School District's financial statements to be misleading. This report presents the activities of the Upper Merion Area School District. The School District is not a component unit of another reporting entity, nor does it have any component units.

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

### ***Basis of Presentation and Accounting***

***Government-Wide Financial Statements*** - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the Proprietary Funds financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Governmental Funds financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for Governmental Funds. Revenues 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 School District and for each function or program of the School 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.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School 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 School District. Expenses reported for functional activities include allocated indirect expenses.

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 School District. The focus of Governmental and Proprietary Funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary Funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School 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 and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

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.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal operating revenues of the School District's Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include 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.

Private-Purpose Trust and Custodial Funds are reported using the economic resources measurement focus.

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

### ***Fund Accounting***

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary, and fiduciary.

#### ***Governmental Funds***

**General Fund** - The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Pennsylvania.

**Capital Project Funds** - Capital Project Funds are 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. The School District's *Capital Reserve Fund* and *Capital Projects Fund* are accounted for in this fund type.

#### ***Proprietary Funds***

**Food Service Fund** - The Food Service Fund is used to account for operations (1) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Fiduciary Funds*

**Private-Purpose Trust and Custodial Funds** - Private-Purpose Trust and Custodial Funds are used to account for assets held by the School District in a trustee capacity or as a custodian for individuals.

### ***Cash and Cash Equivalents***

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition and with no restrictions on withdrawal.

### ***Investments***

Statutes authorize the School District to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) savings or demand deposits. The specific conditions under which the School District may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016. Investments are stated at fair value.

Pennsylvania Local Government Investment Trust ("PLGIT") Funds are invested in accordance with Section 440.1 of the School Code. Each school district owns a pro rata share of each investment or deposit which is held in the name of the fund.

The School District has adopted GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* No. 72*, Fair Value Measurement and Application* and No. 79 *Certain External Investment Pools and Pool Participants*. In accordance with these Statements, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. Investments in qualifying external investment pools are reported at amortized cost basis.

### ***Short-Term Interfund Receivables/Payables***

During the course of operations, transactions may occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the Governmental Funds balance sheet. Short-term interfund loans are classified as "interfund receivables/payables." 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.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### ***Inventories and Prepaid Items***

Inventory of food and milk in the Food Service Fund consists of supplies purchased and donated food received from the federal government. The donated food is valued at fair market value in accordance with the *Manual of Accounting for Pennsylvania School Systems - Food Service Fund*. Food and supplies are carried at the lower of cost or net realizable value, using the first-in, first-out (FIFO) method of accounting. Inventories of Governmental Funds are recorded as expenditures when consumed rather than when purchased.

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

### ***Capital Assets***

Capital assets, which include property, plant, equipment, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The School District defines a capital asset as an asset with an initial, individual cost equal to or greater than $4,000 or purchased with debt proceeds and must also have an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant, and equipment of the School District are depreciated using the straight-line method over the following estimated useful lives:

| | Years |
|---|---|
| Buildings and site improvements | 15-40 |
| Furniture and equipment | 5-20 |

The School District has recorded right to use lease and SBITA assets as a result of implementing GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. The right to use assets are initially measured at an amount equal to the initial measurement of the related liability plus any payments made prior to the term, less incentives, and plus ancillary charges necessary to place the asset into service. The right to use assets are amortized on a straight-line basis over the life of the related SBITA or lease.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### ***Long-Term Obligations***

In the government-wide financial statements and Proprietary Fund Types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type 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. Bond issuance costs are recognized during the period in which they were incurred.

In the fund financial statements, Governmental Funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. 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 debt service expenditures.

### ***Compensated Absences***

Unused vacation amounts may be carried forward for one fiscal year only. Employees are paid for unused vacation only upon termination at their standard per diem rates in effect at the date of their departure. Sick leave is granted as appropriate (medical evidence required) with budgetary provisions being made annually for the estimated costs of substitute personnel. Contractual provisions with employees require payment at the employees' per diem rate (at retirement) for accumulated unused sick leave days upon retirement up to a maximum of 45 days. Administrators are eligible for an additional 15 days if certain notice requirements are met.

### ***Long-Term Lease and SBITA Liabilities***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Long-term liabilities are shown net of the interest portion and are based on the net present value of future minimum payments. The interest portion is determined using either an implicit or estimated discount rate, depending on the lease or SBITA.

In the fund financial statements, an amount equal to the lease or SBITA liability is reported as other financing sources with an equal amount reported as a capital outlay in the year of inception.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On November 6, 2023, the Board of School Directors adopted Policy No. 623 to establish a capitalization threshold for GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. At this time, the State of Pennsylvania nor the Pennsylvania Department of Education define a capitalization threshold. The School District's Board of School Directors has made the decision to establish a threshold of materiality for lease and subscription-based arrangement capitalization. The Board of School Directors has determined that Lease and SBITA assets and liabilities which are clearly immaterial to the financial statements will not be included for GASB reporting purposes. This "cost vs. benefit" analysis requires a comparison to a standard measurement. The Board of School Directors has determined it will use a threshold for total payments over the life of the contract of $50,000 to determine if an asset/liability will be identified for GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. In the event that state governance establishes a threshold, the School District will conform to state guidance.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has three items that qualify for reporting in this category. The first item, deferred amount on refunding, results from the difference in carrying value of refunded debt and its reacquisition prices. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other items, deferred outflows related to pension and OPEB activities, which are reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred outflows related to pension and OPEB activities, are reported in the statement of net position and are deferred and recognized as an outflow of resources in the period to which the expense applies.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three items that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The other items, deferred inflows related to pension and OPEB activities, are reported in the government-wide statement of net position and the proprietary fund statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### ***Net Position***

Net investment in capital assets consists of capital assets, net of accumulated depreciation 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 its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

### ***Net Position Flow Assumption***

Sometimes the School District will fund outlays for a particular purpose for both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and Proprietary Fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### ***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.

### ***Fund Balance***

The School District has adopted GASB Statement No. 54, which redefined how fund balances of the Governmental Funds are presented in the financial statements. Fund balances are classified as follows:

- ***Nonspendable*** - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

- ***Restricted*** - Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.

- ***Committed*** - Amounts that can be used only for specific purposes determined by a formal action by the Board of School Directors. This includes the budget reserve account.

- ***Assigned*** - Amounts that are intended to be used for a specific purpose, as expressed by the Board of School Directors. The Board of School Directors assigns fund balance annually through resolution.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- ***Unassigned*** - All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds balance sheet (page 9). Restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of School Directors. The School District does reserve the right to first reduce unassigned fund balance to defer the use of these other classified funds. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

## NOTE B - CASH AND CASH EQUIVALENTS AND INVESTMENTS

***Custodial Credit Risk*** - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. Deposits are insured under Act 72 of the 1971 Session of the Pennsylvania General Assembly whereby financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of FDIC limits. The School District does not have a deposit policy for custodial credit risk. The carrying value of the School District's cash accounts at June 30, 2024, was $41,774,447.

As of June 30, 2024, $40,910,901 of the School District's bank balance of $42,160,901 was exposed to custodial credit risk as follows:

| | |
|---|---|
| Uninsured and collateralized with securities held by the pledging bank's trust department not in the School District's name | $ 38,074,681 |
| Uninsured and uncollateralized with State investment pools | 2,836,220 |
| | $ 40,910,901 |

***Interest Rate Risk*** - The School District's investment policy limits investment maturities in accordance with the Commonwealth of Pennsylvania School Code as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2024, the School District had the following investments and maturities:

| | | | Investment Maturities | |
|---|---|---|---|---|
| Investment Type | Amortized Cost | Fair Value | Less Than One Year | One to Five Years |
| Certificates of deposit | $ 18,642,887 | $ - | $ 11,642,887 | $ 7,000,000 |

## NOTE B - CASH AND CASH EQUIVALENTS AND INVESTMENTS

A portion of the School District's cash and investments is in the PSDLAF and PLGIT programs, of which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as monies in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PSDLAF and PLGIT cash and investments included in these statements will not be assigned a credit risk category. The carrying amount of these monies with cash considerations at June 30, 2024, is $2,836,220. These assets maintain a stable net asset value of $1 per share. PSDLAF is not SEC-registered. All investments are monitored weekly by Standard & Poor's and are subject to an independent audit on an annual basis.

Certificates of deposit held by banks of $18,642,887 are stated at cost plus interest earned.

***Credit Risk*** - State law permits the School District to invest funds in the following types of investments:

Obligations of (1) 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, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) 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.

The School District's investment policy does not further limit its investment choices. As of June 30, 2024, the School District's investment in the state investment pools was rated AAAm by Standard & Poor's.

***Concentration of Credit Risk*** - The following investments represent greater than 5% of the School District's total investments:

| | |
|---|---|
| Certificates of deposit with Univest and First Citizens Community Bank | $ 18,642,887 |

## NOTE C - TAXES - REAL ESTATE AND OTHER

The School Board is authorized by state law to levy property taxes for School District operations, capital improvements and debt service. Property taxes are based on assessed valuations of real property within the School District.

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

Discount period .....July 1 to August 31 - 2% of gross levy
Face period ..... September 1 to October 31
Penalty period .....November 1 to collection - 10% of gross levy
Lien date ..... January 15

School District taxes are billed and collected by the local elected tax collector. Property taxes attach as an enforceable lien on property as of July 1.

In addition, the School District participates in a $52 Local Services Tax levied by the Township.

## NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2024, consisted of taxes and other revenue. All receivables are considered fully collectible due to the ability to lien property for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds.

A summary of accounts receivable by fund is as follows:

| | General Fund |
|---|---|
| Real estate taxes | $ 1,879,621 |
| Other revenue | 125,578 |
| Federal subsidies | 690,669 |
| State subsidies | 3,965,949 |
| | $ 6,661,817 |

## NOTE E - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2024, is as follows:

***Due to/from Other Funds***

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Food Service Fund | $ 828 |

## NOTE E - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

### ***Interfund Transfers***

Transfers are used to move unrestricted revenues to finance various programs that the School District must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. For the year ended June 30, 2024, there were no interfund transfers.

## NOTE F - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

| | Balance July 1, 2023 | Additions | Modifications & Remeasurements | Deletions | Balance June 30, 2024 |
|---|---|---|---|---|---|
| GOVERNMENTAL ACTIVITIES | | | | | |
| Capital assets not being depreciated/amortized | | | | | |
| Land | $ 1,822,142 | $ - | $ - | $ - | $ 1,822,142 |
| Construction in progress | 9,251,921 | - | - | (9,251,921) | - |
| TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED/AMORTIZED | 11,074,063 | - | - | (9,251,921) | 1,822,142 |
| Capital assets being depreciated/amortized | | | | | |
| Buildings and site improvements | 245,182,707 | 27,165,330 | - | (10,139,593) | 262,208,444 |
| Furniture and equipment | 21,832,242 | 5,542,077 | - | - | 27,374,319 |
| Right to use leased assets | 2,246,146 | - | - | - | 2,246,146 |
| Right to use SBITA assets | 2,059,648 | - | (136,927) | (255,815) | 1,666,906 |
| TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED | 271,320,743 | 32,707,407 | (136,927) | (10,395,408) | 293,495,815 |
| Accumulated depreciation | (63,764,180) | (8,646,472) | - | 756,720 | (71,653,932) |
| Accumulated amortization, leased assets | (1,101,845) | (744,184) | - | - | (1,846,029) |
| Accumulated amortization, SBITA assets | (336,072) | (425,725) | 6,013 | 255,815 | (499,969) |
| TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED, net | 206,118,646 | 22,891,026 | (130,914) | (9,382,873) | 219,495,885 |
| GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net | 217,192,709 | 22,891,026 | (130,914) | (18,634,794) | 221,318,027 |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Capital assets being depreciated | | | | | |
| Furniture and equipment | 412,870 | 27,298 | - | - | 440,168 |
| Accumulated depreciation | (374,217) | (9,395) | - | - | (383,612) |
| BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net | 38,653 | 17,903 | - | - | 56,556 |
| CAPITAL ASSETS, net | $ 217,231,362 | $ 22,908,929 | $ (130,914) | $ (18,634,794) | $ 221,374,583 |

## NOTE G - LONG-TERM DEBT

***General Obligation Bonds and Notes***

Bonds and notes payable at June 30, 2024, is comprised of the following individual issues:

| | | |
|---|---|---|
| General Obligation Bonds, Series of 2016, $35,785,000 due in annual principal installments ranging from $15,000 to $3,810,000 through January 15, 2038, interest rate is variable from 0.75% to 5.0%. The bonds were partially refunded on May 16, 2022. Unrefunded bond debt service, $3,355,000 due in annual principal installments ranging from $610,000 to $2,125,000 through January 15, 2025, interest rate is variable from 2.0% to 4.0%. | $ | 2,125,000 |
| General Obligation Bonds, Series of 2017, $28,920,000 due in annual principal installments ranging from $5,000 to $3,485,000 through January 15, 2037, interest rate is variable from 0.90% to 5.00%. The bonds were partially refunded on May 16, 2022. Unrefunded bond debt service, $4,750,000 due in annual principal installments ranging from $5,000 to $2,380,000 through January 15, 2025, interest rate is variable from 2.0% to 4.0%. | | 4,740,000 |
| General Obligation Bonds, Series of 2019, $9,995,000 due in annual principal installments ranging from $5,000 to $4,385,000 through January 15, 2039, interest rate is variable from 1.75% to 4.0%. | | 9,975,000 |
| General Obligation Bonds, Series of 2020, $22,160,000 due in annual principal installments ranging from $5,000 to $1,415,000 through September 1, 2049, interest rate is variable from 1.0% to 4.0%. | | 21,690,000 |
| General Obligation Bonds, Series of 2021A, $94,595,000 due in annual principal installments ranging from $5,000 to $9,515,000 through January 15, 2051, interest rate is variable from 1.0% to 4.0%. | | 94,580,000 |
| General Obligation Bonds, Series of 2021B, $6,605,000 due in annual principal installments ranging from $115,000 to $330,000 through January 15, 2051, interest rate is variable from 1.0% to 4.0%. | | 6,210,000 |
| SUBTOTAL FORWARD | $ | 139,320,000 |

**NOTE G - LONG-TERM DEBT**

| | |
|---|---|
| SUBTOTAL FORWARDED | $ 139,320,000 |
| General Obligation Note, Series of 2021, $10,745,000 due in annual principal installments ranging from $1,515,000 to $3,140,000 through February 15, 2025, interest rate is fixed at 0.52%. | 1,515,000 |
| General Obligation Bonds, Series of 2022A, $32,945,000 due in annual principal installments ranging from $100,000 to $4,140,000 through January 15, 2038, interest rate is variable from 2.98% to 3.66%. | 32,290,000 |
| General Obligation Bonds, Series of 2022B, $26,575,000 due in annual principal installments ranging from $110,000 to $3,430,000 through January 15, 2037, interest rate is variable from 2.98% to 3.66%. | 26,000,000 |
| | $ 199,125,000 |

Annual debt service requirements to maturity are as follows:

| Year Ending June 30, | Principal | Interest |
|---|---|---|
| 2025 | $ 4,535,000 | $ 7,191,667 |
| 2026 | 4,945,000 | 6,858,328 |
| 2027 | 5,265,000 | 6,539,762 |
| 2028 | 5,435,000 | 6,364,681 |
| 2029 | 5,620,000 | 6,183,457 |
| 2030 to 2034 | 30,725,000 | 28,295,414 |
| 2035 to 2039 | 36,165,000 | 23,207,651 |
| 2040 to 2044 | 43,200,000 | 16,874,751 |
| 2045 to 2049 | 51,255,000 | 8,440,013 |
| 2050 to 2051 | 11,980,000 | 465,400 |
| | $ 199,125,000 | $ 110,421,124 |

## NOTE H - RIGHT TO USE ASSETS

### *GASB Statement No. 87, Leases*

The School District has recorded right to use leased assets for equipment. The right to use leased assets are amortized on a straight-line basis over the life of the related leases. Right to use asset activity for the year ended June 30, 2024 was as follows:

| | Beginning Balance | Increases | Modifications & Remeasurements | Decreases | Ending Balance |
|---|---|---|---|---|---|
| RIGHT TO USE LEASED ASSETS BEING AMORTIZED | | | | | |
| Equipment | $ 2,246,146 | $ - | $ - | $ - | $ 2,246,146 |
| Accumulated amortization | | | | | |
| Equipment | (1,101,845) | (744,184) | - | - | (1,846,029) |
| RIGHT TO USE LEASED ASSETS, net | $ 1,144,301 | $ (744,184) | $ - | $ - | $ 400,117 |

### *GASB Statement No. 96, Subscription Based Information Technology Arrangements*

The School District has recorded right to use SBITA assets for various learning curriculums, technology support, and system-based software. The right to use leased assets are amortized on a straight-line basis over the life of the related SBITAs. Right to use asset activity for the year ended June 30, 2024 was as follows:

| | Beginning Balance | Increases | Modifications & Remeasurements | Decreases | Ending Balance |
|---|---|---|---|---|---|
| RIGHT TO USE SBITA ASSETS BEING AMORTIZED | | | | | |
| Learning platforms | $ 607,773 | $ - | $ - | $ - | $ 607,773 |
| Technology support | 446,202 | - | (136,927) | (255,815) | 53,460 |
| Software | 1,005,673 | - | - | - | 1,005,673 |
| TOTAL RIGHT TO USE SBITA ASSETS BEING AMORTIZED | 2,059,648 | - | (136,927) | (255,815) | 1,666,906 |
| Accumulated amortization | | | | | |
| Learning platforms | (133,324) | (133,324) | - | - | (266,648) |
| Technology support | (130,914) | (148,734) | 6,013 | 255,815 | (17,820) |
| Software | (71,834) | (143,667) | - | - | (215,501) |
| TOTAL ACCUMULATED AMORTIZATION | (336,072) | (425,725) | 6,013 | 255,815 | (499,969) |
| RIGHT TO USE SBITA ASSETS, net | $ 1,723,576 | $ (425,725) | $ (130,914) | $ - | $ 1,166,937 |

## NOTE I - LEASE AND SBITA LIABILITIES

***GASB Statement No. 87, Leases***

The School District has entered into several lease agreements to lease equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of implementation.

The School District leased Toshiba Copiers with an effective date of August 15, 2019 and an implementation date of July 1, 2021. The lease requires monthly payments of $7,389. The lease liability is measured at a discount rate of 5.00%, which has been determined to be the School District's incremental borrowing rate as of the date of inception. As a result of the lease, the School District has recorded a right to use asset with a net book value of $13,595 on June 30, 2024.

The future minimum debt obligations under the lease at June 30, 2024, were as follows:

| Year Ending June 30, | Principal Payments | Interest Payments | Total |
|---|---|---|---|
| 2025 | $ 14,677 | $ 101 | $ 14,778 |

The School District leased Apple Laptops with an effective date of February 15, 2022. The lease requires annual payments ranging from $567,000 to $853,829. There is no discount rate for the lease liability as all payments on the lease are principal only. As a result of the lease, the School District has recorded a right to use asset with a net book value of $386,522 on June 30, 2024.

The future minimum debt obligations under the lease at June 30, 2024, were as follows:

| Year Ending June 30, | Principal Payments | Interest Payments | Total |
|---|---|---|---|
| 2025 | $ 567,000 | $ - | $ 567,000 |

## NOTE I - LEASE AND SBITA LIABILITIES

The total future minimum debt obligations for all leases at June 30, 2024, were as follows:

| Year Ending June 30, | Principal Payments | Interest Payments | Total |
|---|---|---|---|
| 2025 | $ 581,677 | $ 101 | $ 581,778 |

***GASB Statement No. 96, Subscription Based Information Technology Arrangements***

The School District has entered into several SBITA arrangements for various learning curriculum platforms, technology support, and system-based software. The SBITA arrangements qualify as other than short-term arrangements under GASB Statement No. 96 and, therefore, have been recorded at the present value of the future minimum SBITA payments as of the date of implementation.

The School District subscribed to Teachers Curriculum Institute for student and teacher licenses related to the elementary and middle school social studies programs with an effective date of July 1, 2022. Payment in full for the SBITA was required at the time of the effective date which led to no liability being incurred. As a result of the SBITA, the School District has recorded a right to use asset with a net book value of $29,425 on June 30, 2024.

The School District subscribed to Apple Mosyle Manager in order to deploy, manage, and protect the School District's iPads purchased with an effective date of June 12, 2023. Payment in full for the SBITA was required at the time of the effective date which led to no liability being incurred. As a result of the SBITA, the School District has recorded a right to use asset with a net book value of $35,640 on June 30, 2024.

The School District subscribed to an information technology software with an effective date of January 19, 2023. The SBITA requires annual payments ranging from $79,900 to $288,099. The SBITA liability is measured at a discount rate of 5.00%, which has been determined to be the School District's incremental borrowing rate as of the date of inception. As a result of the SBITA, the School District has recorded a right to use asset with a net book value of $790,172 on June 30, 2024.

The future minimum debt obligations under the SBITA at June 30, 2024, were as follows:

| Year Ending June 30, | Principal Payments | Interest Payments | Total |
|---|---|---|---|
| 2025 | $ 123,894 | $ 35,106 | $ 159,000 |
| 2026 | 130,232 | 28,768 | 159,000 |
| 2027 | 136,895 | 22,105 | 159,000 |
| 2028 | 143,899 | 15,101 | 159,000 |
| 2029 | 151,261 | 7,739 | 159,000 |
| | $ 686,181 | $ 108,819 | $ 795,000 |

## NOTE I - LEASE AND SBITA LIABILITIES

The School District subscribed to Comcast Enterprise Services Master Services for ethernet network interfacing and bandwidth with an effective date of July 1, 2021. The SBITA requires monthly payments of $11,722. The SBITA liability is measured at a discount rate of 5.00%, which has been determined to be the School District's incremental borrowing rate as of the date of inception. On the January 24, 2024, the School District executed a new contract with Comcast with an effective date of July 1, 2024. As a result of the new contract, the SBITA had a remeasurement as the one-year extension option was no longer being exercised changing the original contract end from June 30, 2025 to June 30, 2024. The SBITA was fully amortized and disposed of on June 30, 2024.

The School District subscribed to Sapphire K12 Systems to enable teachers and administrators to use a comprehensive enterprise management platform to enhance administrative functions and the educational experience with an effective date of July 1, 2022. The SBITA requires annual payments of $114,518. The SBITA liability is measured at a discount rate of 5.00%, which has been determined to be the School District's incremental borrowing rate as of the date of inception. As a result of the SBITA, the School District has recorded a right to use asset with a net book value of $311,700 on June 30, 2024.

The future minimum debt obligations under the SBITA at June 30, 2024, were as follows:

| Year Ending June 30, | Principal Payments | Interest Payments | Total |
|---|---|---|---|
| 2025 | $ 98,597 | $ 15,921 | $ 114,518 |
| 2026 | 103,642 | 10,876 | 114,518 |
| 2027 | 108,944 | 5,574 | 114,518 |
| | $ 311,183 | $ 32,371 | $ 343,554 |

The total future minimum debt obligations for all SBITAs at June 30, 2024, were as follows:

| Year Ending June 30, | Principal Payments | Interest Payments | Total |
|---|---|---|---|
| 2025 | $ 222,491 | $ 51,027 | $ 273,518 |
| 2026 | 233,874 | 39,644 | 273,518 |
| 2027 | 245,839 | 27,679 | 273,518 |
| 2028 | 143,899 | 15,101 | 159,000 |
| 2029 | 151,261 | 7,739 | 159,000 |
| | $ 997,364 | $ 141,190 | $ 1,138,554 |

## NOTE J - CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2024, was as follows:

| | Beginning Balance | Additions | Modifications & Remeasurements | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|---|
| GOVERNMENTAL ACTIVITIES | | | | | | |
| GENERAL OBLIGATION BONDS | | | | | | |
| Series of 2016 | $ 2,745,000 | $ - | $ - | $ (620,000) | $ 2,125,000 | $ 2,125,000 |
| Series of 2017 | 4,745,000 | - | - | (5,000) | 4,740,000 | 50,000 |
| Series of 2019 | 9,980,000 | - | - | (5,000) | 9,975,000 | 5,000 |
| Series of 2020 | 22,150,000 | - | - | (460,000) | 21,690,000 | 470,000 |
| Series of 2021A | 94,585,000 | - | - | (5,000) | 94,580,000 | 5,000 |
| Series of 2021B | 6,350,000 | - | - | (140,000) | 6,210,000 | 145,000 |
| Series of 2022A | 32,390,000 | - | - | (100,000) | 32,290,000 | 105,000 |
| Series of 2022B | 26,110,000 | - | - | (110,000) | 26,000,000 | 115,000 |
| TOTAL GENERAL OBLIGATION BONDS | 199,055,000 | - | - | (1,445,000) | 197,610,000 | 3,020,000 |
| GENERAL OBLIGATION NOTE | 4,570,000 | - | - | (3,055,000) | 1,515,000 | 1,515,000 |
| BOND PREMIUMS AND DISCOUNTS, net | 14,201,093 | - | - | (1,011,501) | 13,189,592 | - |
| COMPENSATED ABSENCES | 5,926,245 | 586,604 | - | - | 6,512,849 | 651,285 |
| LEASE LIABILITIES | 1,233,971 | - | - | (652,294) | 581,677 | 581,677 |
| SBITA LIABILITIES | 1,602,135 | - | (136,927) | (467,844) | 997,364 | 222,491 |
| NET PENSION LIABILITY | 154,168,000 | - | - | (3,285,000) | 150,883,000 | - |
| NET OPEB LIABILITY | 7,911,090 | - | - | (161,732) | 7,749,358 | - |
| TOTAL LONG-TERM LIABILITIES | $ 388,667,534 | $ 586,604 | $ (136,927) | $ (10,078,371) | $ 379,038,840 | $ 5,990,453 |
| BUSINESS-TYPE ACTIVITIES | | | | | | |
| COMPENSATED ABSENCES | $ 53,007 | $ 18,527 | $ - | $ - | $ 71,534 | $ 7,153 |
| NET PENSION LIABILITY | 2,015,000 | - | - | (43,000) | 1,972,000 | - |
| NET OPEB LIABILITY | 103,127 | - | - | (1,742) | 101,385 | - |
| TOTAL LONG-TERM LIABILITIES | $ 2,171,134 | $ 18,527 | $ - | $ (44,742) | $ 2,144,919 | $ 7,153 |

## NOTE K - DEFEASED DEBT

In prior years, certain bonds were defeased in substance by placing an amount in irrevocable trusts to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the in-substance defeased bonds are not included in the School District's financial statements.

As of June 30, 2024, the School District has defeased debt outstanding of $56,325,000.

## NOTE L - UNEARNED REVENUE

### ***General Fund***

Unearned revenue of $7,808,927 in the General Fund represents taxes held in escrow. Unearned revenue of $5,187 represents rental escrows.

### ***Food Service Fund***

Unearned revenue of $28,289 in the Food Service Fund represents the carryover of student deposits. Unearned revenue of $41,408 represents unearned donated foods revenue.

## NOTE M - JOINT VENTURE

The School District participates in an ongoing joint venture with other school districts in funding the operation of the Central Montgomery County Area Vocational-Technical School (the "Technical School"). The Technical School provides vocational education for all the participating schools. The School District has an accumulated interest in the Technical School that is reserved for building improvements and educational projects. The School District's proportionate share of the accumulated interest in the Technical School's operating fund balance is not material and is not included in the General Fund of these financial statements.

The financial statements of the Technical School are audited according to state guidelines and are available to the public for inspection at the Technical School.

The School District agreed to make additional payments to the Technical School for various improvements, renovations, modernizations, and new equipment. The School District made its final contract payment in the amount of $548,808 for the year ended June 30, 2024.

## NOTE N - PENSION PLAN

***Summary of Significant Accounting Policies***

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

***General Information About the Pension Plan***

***Plan Description*** - PSERS is a governmental cost-sharing multi-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 one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two 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 three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 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.

## NOTE N - PENSION PLAN

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

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

### *Contributions*

### Members 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% |
| T-C | On or after July 22, 1983 | 6.25% | N/A | 6.25% |
| T-D | Prior to July 22, 1983 | 6.50% | N/A | 6.50% |
| T-D | On or after July 22, 1983 | 7.50% | N/A | 7.50% |
| T-E | On or after July 1, 2011 | 7.50% base rate with shared risk provision | N/A | Prior to 7/1/21: 7.50%<br>After 7/1/21: 8.00% |
| T-F | On or after July 1, 2011 | 10.30% base rate with shared risk provision | N/A | Prior to 7/1/21: 10.30%<br>After 7/1/21: 10.80% |
| T-G | On or after July 1, 2019 | 5.50% base rate with shared risk provision | 2.75% | Prior to 7/1/21: 8.25%<br>After 7/1/21: 9.00% |
| T-H | On or after July 1, 2019 | 4.50% base rate with shared risk provision | 3.00% | Prior to 7/1/21: 7.50%<br>After 7/1/21: 8.25% |
| DC | On or after July 1, 2019 | N/A | 7.50% | 7.50% |

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% |

## NOTE N - PENSION PLAN

### Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2024, was 33.09% 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 plan from the School District were $18,228,000 for the year ended June 30, 2024.

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

At June 30, 2024, the School District reported a liability of $152,855,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2024, the School District's proportion was 0.3436%, which was an decrease of 0.0077% from its proportion measured as of June 30, 2023.

## NOTE N - PENSION PLAN

For the year ended June 30, 2024, the School District recognized pension expense of $14,580,000. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| TOTALS | | |
| Difference between expected and actual experience | $ 35,000 | $ 2,093,000 |
| Changes in assumptions | 2,281,000 | - |
| Net difference between projected and actual investment earnings | 4,325,000 | - |
| Changes in proportions | 866,000 | 3,247,000 |
| Contributions subsequent to the measurement date | 18,228,000 | - |
| | $ 25,735,000 | $ 5,340,000 |
| GOVERNMENTAL ACTIVITIES | | |
| Difference between expected and actual experience | $ 34,000 | $ 2,066,000 |
| Changes in assumptions | 2,252,000 | - |
| Net difference between projected and actual investment earnings | 4,269,000 | - |
| Changes in proportions | 855,000 | 3,205,000 |
| Contributions subsequent to the measurement date | 17,993,000 | - |
| | $ 25,403,000 | $ 5,271,000 |
| BUSINESS-TYPE ACTIVITIES | | |
| Difference between expected and actual experience | $ 1,000 | $ 27,000 |
| Changes in assumptions | 29,000 | - |
| Net difference between projected and actual investment earnings | 56,000 | - |
| Changes in proportions | 11,000 | 42,000 |
| Contributions subsequent to the measurement date | 235,000 | - |
| | $ 332,000 | $ 69,000 |

## NOTE N - PENSION PLAN

$18,228,000 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | Governmental Activities | Business-Type Activities | Totals |
|---|---|---|---|
| 2025 | $ 1,172,000 | $ 15,000 | $ 1,187,000 |
| 2026 | (4,149,000) | (54,000) | (4,203,000) |
| 2027 | 3,692,000 | 48,000 | 3,740,000 |
| 2028 | 1,424,000 | 19,000 | 1,443,000 |
| | $ 2,139,000 | $ 28,000 | $ 2,167,000 |

***Changes in Actuarial Assumptions***

The total pension liability as of June 30, 2023 was determined by rolling forward the System's total pension liability as of the June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2022
- Actuarial cost method - entry age normal - level percent of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- 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 Mortality Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2022 and as of June 30, 2023.
- 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.

**NOTE N - PENSION PLAN**

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

The long-term expected rate of return on 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 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 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.

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Global public equity | 30.0% | 5.2% |
| Private equity | 12.0% | 7.9% |
| Fixed income | 33.0% | 3.2% |
| Commodities | 7.5% | 2.7% |
| Absolute return | 10.0% | 5.4% |
| Infrastructure/MLPs | 11.0% | 5.7% |
| Real estate | 4.0% | 4.1% |
| Cash | 3.0% | 1.2% |
| Leverage | -10.5% | 1.2% |
| | 100.0% | |

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

***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 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## NOTE N - PENSION PLAN

***Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** - The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

| | 1% Decrease 6.00% | Current Discount Rate 7.00% | 1% Increase 8.00% |
|---|---|---|---|
| School District's proportionate share of the net pension liability | $ 198,142,000 | $ 152,855,000 | $ 114,646,000 |

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

## NOTE O - ACCUMULATED COMPENSATED ABSENCES AND EARLY RETIREMENT INCENTIVE PLAN

School District employees who are required to work on a 12-month schedule are credited with vacation at rates which vary with length of service or job classification. Vacation (for most employee categories) may be taken or accumulated within certain limits and is paid prior to retirement or termination at the employee's current rate of pay.

The liability to current employees is estimated and will change since unused vacation will be paid at the rate of pay in effect at the time of separation. These accumulated leaves are recorded as an expenditure in the period taken or as an accrued expenditure in the fiscal year of separation. Termination compensation payable in future years, which was $529,663 at June 30, 2024, is recorded in compensated absences on the statement of net position.

The School District pays a per diem rate to retirees for unused sick time based on employment classification. Compensation payable in future years, which was $6,054,720 at June 30, 2024, is recorded in compensated absences on the statement of net position.

## NOTE P - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS

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

## NOTE P - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS

***General Information about the Health Insurance Premium Assistance Program***

***Health Insurance Premium Assistance Program***

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

***Premium Assistance Eligibility Criteria***

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

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

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 parts 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.

## NOTE P - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS

### *Benefits Provided*

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

### *Employer Contributions*

The School Districts' contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.64% 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 School District were $353,000 for the year ended June 30, 2024.

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

At June 30, 2024, the School District reported a liability of $6,193,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the School District's proportion was 0.3423%, which was a decrease of 0.0083% from its proportion measured as of June 30, 2023.

## NOTE P - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS

For the year ended June 30, 2024, the School District recognized OPEB expense of $208,000. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| TOTALS | | |
| Difference between expected and actual experience | $ 41,000 | $ 61,000 |
| Changes in assumptions | 535,000 | 1,172,000 |
| Net difference between projected and actual investment earnings | 14,000 | - |
| Changes in proportions | 247,000 | 251,000 |
| Contributions subsequent to the measurement date | 353,000 | - |
| | $ 1,190,000 | $ 1,484,000 |
| GOVERNMENTAL ACTIVITIES | | |
| Difference between expected and actual experience | $ 41,000 | $ 59,000 |
| Changes in assumptions | 528,000 | 1,157,000 |
| Net difference between projected and actual investment earnings | 14,000 | - |
| Changes in proportions | 244,000 | 248,000 |
| Contributions subsequent to the measurement date | 348,000 | - |
| | $ 1,175,000 | $ 1,464,000 |
| BUSINESS-TYPE ACTIVITIES | | |
| Difference between expected and actual experience | $ - | $ 2,000 |
| Changes in assumptions | 7,000 | 15,000 |
| Net difference between projected and actual investment earnings | - | - |
| Changes in proportions | 3,000 | 3,000 |
| Contributions subsequent to the measurement date | 5,000 | - |
| | $ 15,000 | $ 20,000 |

## NOTE P - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS

$353,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending June 30, | Governmental Activities | Business-Type Activities | Totals |
|---|---|---|---|
| 2025 | $ (127,000) | $ (2,000) | $ (129,000) |
| 2026 | (90,000) | (1,000) | (91,000) |
| 2027 | (168,000) | (2,000) | (170,000) |
| 2028 | (214,000) | (3,000) | (217,000) |
| 2029 | (38,000) | (2,000) | (40,000) |
| | $ (637,000) | $ (10,000) | $ (647,000) |

### *Actuarial Assumptions*

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.13% - 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 Mortality 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%.

## NOTE P - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study that weas performed for the five year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- 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 benefitting 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.

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Cash | 100.0% | 1.20% |

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

## NOTE P - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS

### *Discount Rate*

The discount rate used to measure the Total OPEB Liability was 4.13%. 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 4.13% which represents the S&P 20 year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

### *Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Change in Healthcare Cost Trend Rates*

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2023, 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, 2023, 92,677 retirees were receiving the maximum amount allowed of $1,200 per year. As of June 30, 2023, 522 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.

## NOTE P - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS

The following presents the School District's proportionate share of the net OPEB liability for June 30, 2023, calculated using current Healthcare cost trends as well as what the School District's proportionate share of the net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|---|---|---|
| School District's proportionate share of the net OPEB liability | $ 6,192,000 | $ 6,193,000 | $ 6,193,000 |

***Sensitivity of the School 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 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage-point higher (5.13%) than the current rate:

| | 1% Decrease 3.13% | Current Discount Rate 4.13% | 1% Increase 5.13% |
|---|---|---|---|
| School District's proportionate share of the net OPEB liability | $ 7,002,000 | $ 6,193,000 | $ 5,516,000 |

***OPEB Plan Fiduciary Net Position***

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

## NOTE Q - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN

***Plan Description***

The School District provides medical and prescription drug insurance benefits to eligible retired employees, spouses and dependents through a single-employer defined benefit plan. The benefits, benefits level, employee contribution and employer contribution are administered by School District Supervisors and can be amended by the School District through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a stand-alone financial report. The activity of the plan is reported in the School District's General Fund.

## NOTE Q - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN

### *Plan Membership*

At June 30, 2024, plan membership consisted of the following:

| | |
|---|---|
| Active plan participants | 618 |
| Vested former plan participants | - |
| Retired plan participants | 18 |
| | 636 |

### *Funding Policy and Funding Status*

The plan is an unfunded plan with no assets accumulated in a trust. Contributions to the plan are equal to benefit payments. For the year ending June 30, 2024, benefit payments paid as they came due were $95,508.

### *Assumptions*

The following assumptions and actuarial methods and calculations were used:

***Discount Rate*** - 4.13%, based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2023.

***Salary*** - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age 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. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 25.93% for men and 27.46% for women and decrease with age and service.

| Age | Male Rate | Female Rate | Age | Male Rate | Female Rate |
|---|---|---|---|---|---|
| 25 | 4.5500% | 3.9000% | 45 | 1.4100% | 1.6000% |
| 30 | 4.5500% | 3.9000% | 50 | 1.8900% | 2.0800% |
| 35 | 1.6800% | 2.8300% | 55 | 3.6300% | 3.6600% |
| 40 | 1.4200% | 1.6700% | 60 | 5.4900% | 5.9400% |

## NOTE Q - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN

***Mortality*** - 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.

***Disability*** - No disability was assumed.

***Retirement*** - Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.

| | Special Early Retirement | | TC & TD Superannuation | | TE, TF, TG, & TH Superannuation | |
|---|---|---|---|---|---|---|
| Age | Male | Female | Male | Female | Male | Female |
| 55 | 14.5% | 14.5% | 25.0% | 16.0% | 16.3% | 19.5% |
| 56 | 14.5% | 14.5% | 25.0% | 20.0% | 16.3% | 19.5% |
| 57 | 14.5% | 15.0% | 28.0% | 28.0% | 16.3% | 19.5% |
| 58 | 14.5% | 15.0% | 28.0% | 30.0% | 16.3% | 19.5% |
| 59 | 21.6% | 20.7% | 28.0% | 30.0% | 16.3% | 19.5% |
| 60 | 14.5% | 15.0% | 29.0% | 31.0% | 16.3% | 19.5% |
| 61 | 29.0% | 29.0% | 29.0% | 31.0% | 16.3% | 19.5% |
| 62 | 29.0% | 29.0% | 36.0% | 31.0% | 16.3% | 19.5% |
| 63 | 29.0% | 29.0% | 21.0% | 20.0% | 16.3% | 19.5% |
| 64 | 29.0% | 29.0% | 22.0% | 25.0% | 16.3% | 19.5% |
| 65 | 29.0% | 29.0% | 23.0% | 28.0% | 16.3% | 19.5% |
| 66 | 29.0% | 29.0% | 23.0% | 27.0% | 16.3% | 19.5% |
| 67 | 29.0% | 29.0% | 20.0% | 23.0% | 16.3% | 19.5% |
| 68 | 29.0% | 29.0% | 20.0% | 22.0% | 16.3% | 19.5% |
| 69 | 29.0% | 29.0% | 20.0% | 23.0% | 16.3% | 19.5% |
| 70 | 29.0% | 29.0% | 20.0% | 23.0% | 16.3% | 19.5% |
| 71-73 | 29.0% | 29.0% | 20.0% | 20.0% | 16.3% | 19.5% |
| 74-79 | 29.0% | 29.0% | 25.0% | 25.0% | 16.3% | 19.5% |
| 80+ | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

***Percent of Eligible Retirees Electing Coverage in Plan*** - 100% of administrators and 20% of all other employees are assumed to elect coverage.

***Percent Married at Retirement*** - 25% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

***Spouse Age*** - Wives are assumed to be two years younger than their husbands.

## NOTE Q - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN

***Per Capita Claims Cost*** - Making use of weighted averages for various plan designs, the per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. The resulting costs are as follows:

| Medical and Prescription Drug Combined | | |
|---|---|---|
| Age | Male | Female |
| 45-49 | $ 6,948 | $ 10,035 |
| 50-54 | 9,202 | 11,341 |
| 55-59 | 11,208 | 11,867 |
| 60-64 | 14,625 | 13,632 |
| 65+ | 2,695 | 2,695 |

***Administrator Subsidy*** - The cost of non-District coverage elected by administrators retiring on or after 7/1/2015 is assumed to be equal to the cost of District coverage.

***Retiree Contributions*** - Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

***Health Care Cost Trend Rate*** - 7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

***Actuarial Value of Assets*** - Equal to the Market Value of Assets

***Actuarial Cost Method - Entry Age Normal*** - Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses service to reduce or increase the Unfunded Accrued Liability.

***Participant Data*** - Based on census as of July 2022. Due to the timing of school district turnover, the data is believed to be representative of the population for the 2022-2023 school year.

## NOTE Q - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN

***Changes in the Total OPEB Liability***

| | Total OPEB Liability |
|---|---|
| Balance at July 1, 2022 | $ 1,560,217 |
| Changes for the year | |
| Service cost | 107,284 |
| Interest | 65,600 |
| Differences between expected and actual experience | - |
| Changes in assumptions | 20,150 |
| Benefit payments | (95,508) |
| Net changes | 97,526 |
| Balance at July 1, 2023 | $ 1,657,743 |

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the total OPEB liability of the School District, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1.0% lower (3.13 %) or 1.0% higher (5.13%) than the current discount rate:

| | 1% Decrease | Current Rate | 1% Increase |
|---|---|---|---|
| Total OPEB liability | $ 1,792,641 | $ 1,657,743 | $ 1,530,982 |

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the School District, as well as what the School's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1.0% lower or 1.0% higher than the current healthcare cost trend rate:

| | 1% Decrease | Current Rate | 1% Increase |
|---|---|---|---|
| Total OPEB liability | $ 1,470,417 | $ 1,657,743 | $ 1,872,372 |

## NOTE Q - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB -** For the year ended June 30, 2024, the School District recognized OPEB expense of $(7,421). At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| TOTALS | | |
| Difference between expected and actual experience | $ 106,031 | $ 724,879 |
| Changes in assumptions | 103,507 | 1,069,402 |
| Benefit payments subsequent to the measurement date | 88,606 | - |
| | $ 298,144 | $ 1,794,281 |
| GOVERNMENTAL ACTIVITIES | | |
| Difference between expected and actual experience | $ 104,663 | $ 715,528 |
| Changes in assumptions | 102,172 | 1,055,607 |
| Benefit payments subsequent to the measurement date | 87,463 | - |
| | $ 294,298 | $ 1,771,135 |
| BUSINESS-TYPE ACTIVITIES | | |
| Difference between expected and actual experience | $ 1,368 | $ 9,351 |
| Changes in assumptions | 1,335 | 13,795 |
| Benefit payments subsequent to the measurement date | 1,143 | - |
| | $ 3,846 | $ 23,146 |

$88,606 reported as deferred outflows of resources related to OPEB resulting from District benefit payments subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending June 30, | Governmental Activities | Business-Type Activities | Totals |
|---|---|---|---|
| 2025 | $ (177,979) | $ (2,326) | $ (180,305) |
| 2026 | (177,979) | (2,326) | (180,305) |
| 2027 | (177,979) | (2,326) | (180,305) |
| 2028 | (177,979) | (2,326) | (180,305) |
| 2029 | (177,979) | (2,326) | (180,305) |
| Thereafter | (674,405) | (8,813) | (683,218) |
| | $ (1,564,300) | $ (20,443) | $ (1,584,743) |

## NOTE R - COMMITMENTS AND CONTINGENCIES

There are a number of tax assessment appeals pending in the Court of Common Pleas of Montgomery County from the decisions of the Board of Assessment Appeals. Legal counsel for the School District cannot give an opinion on the outcome of these appeals nor can they reasonably estimate the financial impact.

## NOTE S - RISK MANAGEMENT

The School 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 School District to purchase commercial insurance for the risks of loss to which it is exposed, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

## NOTE T - PRIOR PERIOD RESTATEMENT

For the year ended June 30, 2024, the School District restated its beginning of year capital assets and net position for the governmental activities opinion unit on the government-wide financial statements to agree statement balances to the revised Industrial Appraisal Company Revaluation Report. The cumulative effect of the activity is as follows:

| | 7/1/2023 As Previously Reported | Restatement | 7/1/2023 As Restated |
|---|---|---|---|
| GOVERNMENTAL ACTIVITIES | | | |
| Land | $ 3,778,132 | $ (1,955,990) | $ 1,822,142 |
| Construction in progress | 27,755,763 | (18,503,842) | 9,251,921 |
| Buildings and site improvements | 260,501,158 | (15,318,451) | 245,182,707 |
| Furniture and equipment | 21,646,735 | 185,507 | 21,832,242 |
| Accumulated depreciation | (68,294,607) | 4,530,427 | (63,764,180) |
| | $ 245,387,181 | $ (31,062,349) | $ 214,324,832 |
| Statement of Net Position | $ (68,291,133) | $ (31,062,349) | $ (99,353,482) |

# REQUIRED SUPPLEMENTARY INFORMATION

# UPPER MERION AREA SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2024

| | Budgeted Amounts | | | Variance Favorable |
|---|---|---|---|---|
| | Original | Final | Actual | (Unfavorable) |
| REVENUES | | | | |
| Local sources | $ 105,015,840 | $ 105,015,846 | $ 107,056,995 | $ 2,041,149 |
| State sources | 18,592,795 | 18,592,794 | 19,035,591 | 442,797 |
| Federal sources | 1,895,158 | 1,895,158 | 4,103,015 | 2,207,857 |
| TOTAL REVENUES | 125,503,793 | 125,503,798 | 130,195,601 | 4,691,803 |
| EXPENDITURES | | | | |
| Instruction | | | | |
| Regular programs | 49,075,905 | 49,025,201 | 50,223,482 | (1,198,281) |
| Special programs | 20,408,494 | 20,243,494 | 22,884,817 | (2,641,323) |
| Vocational programs | 2,686,997 | 2,686,999 | 2,720,067 | (33,068) |
| Other instructional programs | 130,647 | 130,647 | 439,066 | (308,419) |
| TOTAL INSTRUCTION | 72,302,043 | 72,086,341 | 76,267,432 | (4,181,091) |
| Support services | | | | |
| Pupil personnel services | 5,752,983 | 5,752,988 | 5,475,101 | 277,887 |
| Instructional staff services | 4,023,832 | 4,013,334 | 4,373,716 | (360,382) |
| Administration services | 5,816,758 | 5,973,758 | 6,220,253 | (246,495) |
| Pupil health | 1,491,273 | 1,469,271 | 1,412,346 | 56,925 |
| Business services | 1,174,234 | 1,174,235 | 1,199,913 | (25,678) |
| Operation and maintenance of plant services | 10,912,803 | 10,978,002 | 11,155,283 | (177,281) |
| Student transportation services | 5,813,495 | 5,806,495 | 6,963,635 | (1,157,140) |
| Central services | 2,192,878 | 2,225,879 | 1,620,369 | 605,510 |
| Other support services | 75,480 | 75,480 | 78,546 | (3,066) |
| TOTAL SUPPORT SERVICES | 37,253,736 | 37,469,442 | 38,499,162 | (1,029,720) |
| Non-instructional services | | | | |
| Student activities | 2,282,392 | 2,282,386 | 2,495,357 | (212,971) |
| Community services | 100,000 | 100,000 | 117,493 | (17,493) |
| TOTAL NON-INSTRUCTIONAL SERVICES | 2,382,392 | 2,382,386 | 2,612,850 | (230,464) |
| Refund of prior year revenues | - | 100,000 | 79,889 | 20,111 |
| Debt service | 12,409,984 | 12,309,984 | 12,938,928 | (628,944) * |
| TOTAL EXPENDITURES | 124,348,155 | 124,348,153 | 130,398,261 | (6,050,108) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,155,638 | 1,155,645 | (202,660) | (1,358,305) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Insurance recoveries | - | - | 819,187 | 819,187 |
| Budgetary reserve | (250,000) | (250,000) | - | 250,000 |
| TOTAL OTHER FINANCING SOURCES (USES) | (250,000) | (250,000) | 819,187 | 1,069,187 |
| NET CHANGE IN FUND BALANCE | $ 905,638 | $ 905,645 | 616,527 | $ (289,118) |
| FUND BALANCE AT BEGINNING OF YEAR | | | 18,876,285 | |
| FUND BALANCE AT END OF YEAR | | | $ 19,492,812 | |

*The actual balance includes lease and SBITA payments that were budgeted under other line items, specifically $88,663 for administration services and $543,281 for central services.

*See accompanying note to the budgetary comparison schedule.*

## NOTE A - BUDGETARY INFORMATION

Budgets are adopted on a modified accrual basis plus encumbrances. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all Capital Project Funds.

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

1. Prior to March 1, the Business Administrator submits to the School Board a preliminary operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted at the School District offices to obtain taxpayer comments.

3. Prior to July 1, the budget is legally enacted through passage of an ordinance.

4. The Business Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund.

6. Budgeted amounts are as originally adopted or as amended by the School Board.

7. Any excess expenditures were funded by available fund balance in the General Fund. Excess budgeted expenditures are as follows:

| | | |
|---|---|---|
| Regular programs | $ | 1,198,281 |
| Special programs | | 2,641,323 |
| Vocational programs | | 33,068 |
| Other instructional programs | | 308,419 |
| Instructional staff services | | 360,382 |
| Administration services | | 246,495 |
| Business services | | 25,678 |
| Operation and maintenance of plant services | | 177,281 |
| Student transportation services | | 1,157,140 |
| Other support services | | 3,066 |
| Student activities | | 212,971 |
| Community services | | 17,493 |
| Debt service | | 628,944 |

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budgets during the year).

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# UPPER MERION AREA SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE
SHARE OF THE PSERS NET PENSION LIABILITY
LAST TEN FISCAL YEARS

| | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| SCHOOL DISTRICT'S PROPORTION OF THE NET PENSION LIABILITY (ASSET) | 0.3436% | 0.3513% | 0.3543% | 0.3471% |
| SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) | $ 152,855,000 | $ 156,183,000 | $ 145,464,000 | $ 170,909,000 |
| SCHOOL DISTRICT'S COVERED-PAYROLL | $ 52,448,675 | $ 51,550,719 | $ 50,128,241 | $ 48,718,996 |
| SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION OF THE NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED-PAYROLL | 291.44% | 302.97% | 290.18% | 350.81% |
| THE PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PERCENTAGE OF THE TOTAL PENSION LIABILITY | 61.85% | 61.34% | 63.67% | 54.32% |

**NOTES TO SCHEDULE**

The School District's covered payroll noted above is as of the measurement date of the net pension liability (June 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014).

| 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| 0.3399% | 0.3226% | 0.3442% | 0.3303% | 0.3263% | 0.3271% |
| $ 159,014,000 | $ 154,864,000 | $ 169,995,000 | $ 163,686,000 | $ 141,337,000 | $ 129,469,000 |
| $ 46,871,644 | $ 43,441,862 | $ 45,831,263 | $ 42,774,319 | $ 41,985,564 | $ 41,734,460 |
| 339.25% | 356.49% | 370.91% | 382.67% | 336.63% | 310.22% |
| 55.66% | 54.00% | 51.84% | 49.86% | 45.64% | 57.24% |

# UPPER MERION AREA SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PSERS PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

| | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| CONTRACTUALLY REQUIRED CONTRIBUTION | $ 18,228,000 | $ 17,786,000 | $ 17,480,000 | $ 16,750,000 |
| CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION | 18,228,000 | 17,786,000 | 17,480,000 | 16,750,000 |
| CONTRIBUTION (EXCESS) DEFICIENCY | $ - | $ - | $ - | $ - |
| SCHOOL DISTRICT'S COVERED-PAYROLL | $ 55,579,787 | $ 52,448,675 | $ 51,550,719 | $ 50,128,241 |
| CONTRIBUTIONS AS A PERCENTAGE OF COVERED-PAYROLL | 32.80% | 34.71% | 33.91% | 33.41% |

| 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| $ 16,294,000 | $ 15,325,000 | $ 13,855,000 | $ 13,002,000 | $ 10,768,000 | $ 8,398,000 |
| 16,294,000 | 15,325,000 | 13,855,000 | 13,002,000 | 10,768,000 | 8,398,000 |
| $ - | $ - | $ - | $ - | $ - | $ - |
| $ 48,718,996 | $ 46,871,644 | $ 43,441,862 | $ 45,831,263 | $ 42,774,319 | $ 41,985,564 |
| 33.44% | 32.70% | 31.89% | 28.37% | 25.17% | 20.00% |

# UPPER MERION AREA SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE
SHARE OF THE PSERS NET OTHER POSTEMPLOYMENT BENEFIT
PLAN LIABILITY
LAST SEVEN FISCAL YEARS

| | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| School District's proportion of the net OPEB liability | 0.3423% | 0.3506% | 0.3536% | 0.3471% |
| School District's proportionate share of the net OPEB liability | $ 6,193,000 | $ 6,454,000 | $ 8,381,000 | $ 7,500,000 |
| School District's covered-payroll | $ 52,448,675 | $ 51,550,719 | $ 50,128,241 | $ 48,718,996 |
| School District's proportionate share of the net OPEB liability as a percentage of its covered-payroll | 11.81% | 12.52% | 16.72% | 15.39% |
| The plan's fiduciary net position as a percentage of the total OPEB liability | 7.22% | 6.86% | 5.30% | 5.69% |

**NOTES TO SCHEDULE**

The District's covered payroll noted above is as of the measurement date of the net OPEB liability (June 30, 2023, 2022, 2021, 2020, 2019, 2018 and 2017).

These schedules are to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

| 2020 | 2019 | 2018 |
|---|---|---|
| 0.3399% | 0.3226% | 0.3442% |
| $ 7,229,000 | $ 6,726,000 | $ 7,013,000 |
| $ 46,871,644 | $ 43,441,862 | $ 45,831,263 |
| 15.42% | 15.48% | 15.30% |
| 5.56% | 5.56% | 5.73% |

# UPPER MERION AREA SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PSERS OTHER POSTEMPLOYMENT BENEFIT PLAN CONTRIBUTIONS
LAST SEVEN FISCAL YEARS

| | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Contractually required contribution | $ 353,000 | $ 389,000 | $ 410,000 | $ 410,000 |
| Contributions in relation to the contractually required contribution | 353,000 | 389,000 | 410,000 | 410,000 |
| Contribution (excess) deficiency | $ - | $ - | $ - | $ - |
| School District's covered-payroll | $ 55,579,787 | $ 52,448,675 | $ 51,550,719 | $ 50,128,241 |
| Contributions as a percentage of covered-payroll | 0.64% | 0.74% | 0.80% | 0.82% |

**NOTE TO SCHEDULE**

These schedules are to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

| 2020 | 2019 | 2018 |
|---|---|---|
| $ 410,000 | $ 390,000 | $ 362,000 |
| 410,000 | 390,000 | 362,000 |
| $ - | $ - | $ - |
| $ 48,718,996 | $ 46,871,644 | $ 43,441,862 |
| 0.84% | 0.83% | 0.83% |

# UPPER MERION AREA SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT
BENEFIT PLAN LIABILITY AND RELATED RATIOS
LAST SEVEN FISCAL YEARS

| | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| TOTAL OPEB LIABILITY | | | | |
| Service cost | $ 107,284 | $ 161,528 | $ 160,499 | $ 178,886 |
| Interest | 65,600 | 43,486 | 33,691 | 83,514 |
| Changes of assumptions | 20,150 | (493,763) | (56,483) | (326,388) |
| Differences between expected and actual experience | - | 125,309 | - | (519,598) |
| Benefit payments | (95,508) | (48,194) | (36,483) | (114,407) |
| NET CHANGE IN TOTAL OPEB LIABILITY | 97,526 | (211,634) | 101,224 | (697,993) |
| TOTAL OPEB LIABILITY, BEGINNING | 1,560,217 | 1,771,851 | 1,670,627 | 2,368,620 |
| TOTAL OPEB LIABILITY, ENDING | $ 1,657,743 | $ 1,560,217 | $ 1,771,851 | $ 1,670,627 |
| COVERED-PAYROLL | $ 47,218,126 | $ 47,218,126 | $ 48,292,626 | $ 48,292,626 |
| TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-PAYROLL | 3.51% | 3.30% | 3.67% | 3.46% |

**NOTES TO SCHEDULE**

No assets are accumulated in a trust to pay benefits related to this plan.

Changes in assumptions: In the 2018 actuarial valuation, the discount rate changed from 3.13% to 2.98%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions. 30% of all employees other than administrators are assumed to elect coverage, down from 40% on the previous valuation. In the 2019 actuarial valuation, the discount rate changed from 2.98% to 3.36%. In the 2020 actuarial valuation, the discount rate changed from 3.36% to 1.86%. In the 2021 actuarial valuation, the discount rate changed from 1.86% to 2.28%. In the 2022 actuarial valuation, the discount rate changed from 2.28% to 4.06%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal, and retirement were updated based on new PSERS assumptions. In the 2023 actuarial valuation, the discount rate changed from 4.06% to 4.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal, and retirement were updated based on new PSERS assumptions.

These schedules are to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

| 2020 | 2019 | 2018 |
|---|---|---|
| $ 176,046 | $ 253,113 | $ 231,166 |
| 71,913 | 109,861 | 77,782 |
| (70,378) | (614,305) | 183,971 |
| - | (656,941) | - |
| (100,605) | (124,168) | (134,066) |
| 76,976 | (1,032,440) | 358,853 |
| 2,291,644 | 3,324,084 | 2,965,231 |
| $ 2,368,620 | $ 2,291,644 | $ 3,324,084 |
| $ 43,653,333 | $ 43,653,333 | $ 42,201,639 |
| 5.43% | 5.25% | 7.88% |

# SUPPLEMENTARY INFORMATION SECTION

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# UPPER MERION AREA SCHOOL DISTRICT

SCHEDULE OF CURRENT REAL ESTATE SETTLEMENTS
GENERAL FUND
YEAR ENDED JUNE 30, 2024

| | Borough of Bridgeport | | Borough of West Conshohocken | |
|---|---|---|---|---|
| | Assessed Valuation | Tax at 22.00 | Assessed Valuation | Tax at 22.00 |
| CHARGES AGAINST TAX COLLECTORS | | | | |
| Original duplicate | $ 184,258,940 | | $ 295,005,945 | |
| Net reductions by Montgomery County Board of Assessment (Homestead Exclusion) and other adjustments made throughout year | (3,058,458) | | (1,529,229) | |
| TOTAL CHARGES AGAINST TAX COLLECTORS | $ 181,200,482 | $ 3,986,411 | $ 293,476,716 | $ 6,456,488 |
| CREDITS TO COLLECTORS | | | | |
| Cash received from tax collectors | | | | |
| Amount paid at discount | $ 3,532,433 | | $ 5,422,365 | |
| Amount paid at face | 174,083 | | 789,696 | |
| Amount paid at penalty | 105,599 | | 50,246 | |
| NET TAX RECEIVED | | $ 3,812,115 | | $ 6,262,307 |
| Add 2% discount | | 70,649 | | 108,447 |
| Less 10% penalty | | (10,560) | | (5,025) |
| FACE AMOUNT OF TAXES COLLECTED | | 3,872,204 | | 6,365,729 |
| Delinquent taxes liened with the county treasurer | | 114,207 | | 90,759 |
| TOTAL CREDITS TO COLLECTORS | | $ 3,986,411 | | $ 6,456,488 |
| | At Face | % | At Face | % |
| Collected at discount | $ 3,603,082 | 90.4% | $ 5,530,812 | 85.7% |
| Collected at face | 174,083 | 4.4% | 789,696 | 12.2% |
| Collected at penalty | 95,039 | 2.4% | 45,221 | 0.7% |
| TOTAL COLLECTED BY SCHOOL DISTRICT | 3,872,204 | 97.1% | 6,365,729 | 98.6% |
| Liened taxes | 114,207 | 2.9% | 90,759 | 1.4% |
| TOTAL DUPLICATE | $ 3,986,411 | 100.0% | $ 6,456,488 | 100.0% |

| Township of Upper Merion | | Totals | |
|---|---|---|---|
| Assessed Valuation | Tax at 22.00 | Assessed Valuation | Tax at 22.00 |
| $ 4,111,427,069 | | $ 4,590,691,954 | |
| (31,678,428) | | (36,266,115) | |
| $ 4,079,748,641 | $ 89,754,470 | $ 4,554,425,839 | $ 100,197,369 |
| $ 83,382,950 | | $ 92,337,748 | |
| 2,669,504 | | 3,633,283 | |
| 912,615 | | 1,068,460 | |
| | $ 86,965,069 | | $ 97,039,491 |
| | 1,667,659 | | 1,846,755 |
| | (91,262) | | (106,847) |
| | 88,541,466 | | 98,779,399 |
| | 1,213,004 | | 1,417,970 |
| | $ 89,754,470 | | $ 100,197,369 |
| At Face | % | At Face | % |
| $ 85,050,609 | 94.8% | $ 94,184,503 | 94.0% |
| 2,669,504 | 3.0% | 3,633,283 | 3.6% |
| 821,353 | 0.9% | 961,613 | 1.0% |
| 88,541,466 | 98.6% | 98,779,399 | 98.6% |
| 1,213,004 | 1.4% | 1,417,970 | 1.4% |
| $ 89,754,470 | 100.0% | $ 100,197,369 | 100.0% |

# UPPER MERION AREA SCHOOL DISTRICT

SCHEDULE OF REVENUES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2024

| | | | Budgeted Revenue | Actual Revenue | Over (Under) Budget |
|---|---|---|---|---|---|
| 6000 | REVENUE FROM LOCAL SOURCES | | | | |
| | 6111 | Current real estate taxes | $ 97,046,377 | $ 96,540,408 | $ (505,969) |
| | 6112 | Interim real estate taxes | 1,000,000 | 873,144 | (126,856) |
| | 6113 | Public utility realty tax | 86,000 | 89,185 | 3,185 |
| | 6114 | Payments in lieu of current taxes - state/local | 121,192 | 124,242 | 3,050 |
| | 6143 | Occupational privilege taxes | 300,000 | 249,829 | (50,171) |
| | 6153 | Real estate transfer tax | 2,500,000 | 2,231,027 | (268,973) |
| | 6154 | Amusement taxes | 300,000 | 1,047,389 | 747,389 |
| | 6410 | Delinquent real estate tax | 785,000 | 411,077 | (373,923) |
| | 6440 | Delinquent 511 and amusement taxes | 5,100 | - | (5,100) |
| | 6500 | Earnings on investments | 1,200,000 | 3,336,543 | 2,136,543 |
| | 6700 | Revenue from student activities | 15,000 | 16,843 | 1,843 |
| | 6832 | Federal IDEA revenue received as pass through from other PA LEAs | 805,823 | 932,342 | 126,519 |
| | 6833 | Federal ARP Act IDEA revenue received as pass through from other PA LEAs | - | 257,300 | 257,300 |
| | 6910 | Rentals | 485,515 | 388,078 | (97,437) |
| | 6940 | Tuitions | 5,000 | 15,365 | 10,365 |
| | 6990 | Miscellaneous revenue | 360,839 | 544,223 | 183,384 |
| | | TOTAL 6000 REVENUE FROM LOCAL SOURCES | 105,015,846 | 107,056,995 | 2,041,149 |
| 7000 | REVENUE FROM STATE SOURCES | | | | |
| | 7110 | Basic instructional subsidy | 3,530,742 | 4,162,862 | 632,120 |
| | 7271 | Special education subsidy | 1,519,963 | 1,546,396 | 26,433 |
| | 7310 | Transportation | 700,000 | 545,924 | (154,076) |
| | 7320 | Rentals and sinking fund payments | 196,201 | 196,201 | - |
| | 7330 | Medical and dental subsidy | 89,000 | 80,318 | (8,682) |
| | 7340 | State property tax reduction | 770,630 | 770,630 | - |
| | 7362 | School safety and security | - | 161,930 | 161,930 |
| | 7500 | Extra grants | 137,324 | 162,441 | 25,117 |
| | 7800 | State's share of FICA payments | 2,139,547 | 2,003,676 | (135,871) |
| | 7810 | State's share of retirement | 9,509,387 | 9,405,213 | (104,174) |
| | | TOTAL 7000 REVENUE FROM STATE SOURCES | 18,592,794 | 19,035,591 | 442,797 |
| 8000 | REVENUE FROM FEDERAL SOURCES | | | | |
| | 8514 | Title I | 486,590 | 734,789 | 248,199 |
| | 8515 | Title II | 95,572 | 121,613 | 26,041 |
| | 8516 | Title III | 57,335 | 73,746 | 16,411 |
| | 8517 | Title IV | 35,336 | 37,305 | 1,969 |
| | 8740 / 8750 | CARES Act, CRRSA Act, and ARP Act Funding | 1,085,325 | 2,109,828 | 1,024,503 |
| | 8810 | Federal Access funds | 100,000 | 1,000,000 | 900,000 |
| | 8820 | Medical Assistance reimbursement | 35,000 | 25,734 | (9,266) |
| | | TOTAL 8000 REVENUE FROM FEDERAL SOURCES | 1,895,158 | 4,103,015 | 2,207,857 |
| | | TOTAL REVENUES | $ 125,503,798 | $ 130,195,601 | $ 4,691,803 |

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## *Independent Auditors' 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
Upper Merion Area School District
King of Prussia, Pennsylvania

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

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Upper Merion Area School District's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Upper Merion Area School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Upper Merion Area 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 Upper Merion Area School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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.

To the Board of School Directors
Upper Merion Area School District
King of Prussia, Pennsylvania

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Upper Merion Area 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Upper Merion Area School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Limerick, Pennsylvania
November 19, 2024

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## *Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance*

To the Board of School Directors
Upper Merion Area School District
King of Prussia, Pennsylvania

### Report on Compliance for Each Major Federal Program

#### *Opinion of Each Major Federal Program*

We have audited Upper Merion Area 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 Upper Merion Area School District's major federal programs for the year ended June 30, 2024. Upper Merion Area School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Upper Merion Area School District complied, in all material respects, with the 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, 2024.

#### *Basis for Opinion on Each Major Federal Program*

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

We are required to be independent of Upper Merion Area 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 Upper Merion Area 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 Upper Merion Area School District's federal programs.

***Auditors' 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 Upper Merion Area 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Upper Merion Area School District's compliance with the requirements of each major federal program as a whole.

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Upper Merion Area 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 Upper Merion Area 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 Upper Merion Area 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.

To the Board of School Directors
Upper Merion Area School District
King of Prussia, Pennsylvania

**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 Auditors' 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.



Limerick, Pennsylvania
November 19, 2024

# SUPPLEMENTARY INFORMATION - MAJOR FEDERAL AWARD PROGRAMS AUDIT

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# UPPER MERION AREA SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AND CERTAIN STATE AWARDS
## YEAR ENDED JUNE 30, 2024

| Federal Grantor/Project Title | Source Code | Federal AL Number | | Pass-Through Grantor's Number |
|---|---|---|---|---|
| **U.S. DEPARTMENT OF EDUCATION** | | | | |
| **Passed through the Pennsylvania Department of Education** | | | | |
| Title I Grants to Local Educational Agencies | I | 84.010 | | 013-23-0451 |
| Title I Grants to Local Educational Agencies | I | 84.010 | | 013-24-0451 |
| Total ALN 84.010 Title I Grants to Local Education Agencies | | | | |
| English Language Acquisition State Grants (Title III) | I | 84.365 | | 010-22-0451 |
| English Language Acquisition State Grants (Title III) | I | 84.365 | | 010-23-0451 |
| English Language Acquisition State Grants (Title III) | I | 84.365 | | 010-24-0451 |
| Total ALN 84.365 English Language Acquisition State Grants (Title III) | | | | |
| Supporting Effective Instruction State Grants (Title II) | I | 84.367 | | 020-23-0451 |
| Supporting Effective Instruction State Grants (Title II) | I | 84.367 | | 020-24-0451 |
| Total ALN 84.367 Supporting Effective Instruction State Grants (Title II) | | | | |
| Student Support and Academic Enrichment Program (Title IV) | I | 84.424 | | 144-23-0451 |
| Student Support and Academic Enrichment Program (Title IV) | I | 84.424 | | 144-24-0451 |
| Total ALN 84.424 Student Support and Academic Enrichment Program (Title IV) | | | | |
| COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) | I | 84.425U | * | 223-21-0451 |
| COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) | I | 84.425U | * | 225-21-0451 |
| Total ALN 84.425 Education Stabilization Fund | | | | |
| TOTAL U. S. DEPARTMENT OF EDUCATION FORWARD | | | | |

| Grant Period Beginning/ Ending Dates | Program or Award Amount | Total Received for the Year | Accrued or (Deferred) Revenue at July 1, 2023 | Revenue Recognized | Expenditures | Accrued or (Deferred) Revenue at June 30, 2024 | Amount Passed Through to Sub-Recipients |
|---|---|---|---|---|---|---|---|
| July 1, 2022 to September 30, 2023 | $ 473,132 | $ 236,566 | $ 236,509 | $ 57 | $ 57 | $ - | $ - |
| July 1, 2023 to September 30, 2024 | 741,745 | 642,386 | - | 734,732 | 734,732 | 92,346 | - |
| | 1,214,877 | 878,952 | 236,509 | 734,789 | 734,789 | 92,346 | - |
| July 27, 2021 to September 30, 2022 | 58,057 | 366 | 366 | - | - | - | - |
| July 1, 2022 to September 30, 2023 | 71,262 | 35,631 | 34,407 | 1,224 | 1,224 | - | - |
| July 1, 2023 to September 30, 2024 | 72,692 | 72,202 | - | 72,522 | 72,522 | 320 | - |
| | 202,011 | 108,199 | 34,773 | 73,746 | 73,746 | 320 | - |
| July 1, 2022 to September 30, 2023 | 83,144 | 41,572 | 41,572 | - | - | - | - |
| July 1, 2023 to September 30, 2024 | 121,613 | 112,767 | - | 121,613 | 121,613 | 8,846 | - |
| | 204,757 | 154,339 | 41,572 | 121,613 | 121,613 | 8,846 | - |
| July 1, 2022 to September 30, 2023 | 38,125 | 19,063 | 18,797 | 266 | 266 | - | - |
| July 1, 2023 to September 30, 2024 | 37,040 | 14,816 | - | 37,040 | 37,040 | 22,224 | - |
| | 75,165 | 33,879 | 18,797 | 37,306 | 37,306 | 22,224 | - |
| March 13, 2020 to September 30, 2024 | 3,511,771 | 1,277,008 | 109,547 | 1,588,229 | 1,588,229 | 420,768 | - |
| March 13, 2020 to September 30, 2024 | 272,944 | 9,925 | (14,150) | 34,000 | 34,000 | 9,925 | - |
| | 3,784,715 | 1,286,933 | 95,397 | 1,622,229 | 1,622,229 | 430,693 | - |
| | $ 5,481,525 | $ 2,462,302 | $ 427,048 | $ 2,589,683 | $ 2,589,683 | $ 554,429 | $ - |

# UPPER MERION AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AND CERTAIN STATE AWARDS
YEAR ENDED JUNE 30, 2024

| Federal Grantor/Project Title | Source Code | Federal AL Number | Pass-Through Grantor's Number |
|---|---|---|---|
| **U.S. DEPARTMENT OF EDUCATION** | | | |
| TOTAL FORWARDED | | | |
| **Passed through the Montgomery County Intermediate Unit 23** | | | |
| Special Education - Preschool Grants (IDEA Preschool) | I | 84.173 | 131-23-0023 |
| Total ALN 84.173 Special Education - Preschool Grants (IDEA Preschool) | | | |
| Special Education - Grants to States (IDEA, Part B) | I | 84.027 | 062-23-0023 |
| Special Education - Grants to States (IDEA, Part B) | I | 84.027 | 062-24-0023 |
| **Passed through the Pennsylvania Training and Technical Assistance Network (PaTTAN)** | | | |
| Special Education - Grants to States (IDEA, Part B) | I | 84.027 | 062-24-0032 |
| Total ALN 84.027 Special Education - Grants to States (IDEA, Part B) | | | |
| TOTAL SPECIAL EDUCATION CLUSTER | | | |
| TOTAL U. S. DEPARTMENT OF EDUCATION FORWARD | | | |
| **FEDERAL COMMUNICATIONS COMMISSION** | | | |
| **Passed through the Universal Service Administrative Company** | | | |
| COVID-19 - Emergency Connectivity Fund Program | I | 32.009 | ECF202202210 |
| Total ALN 32.009 Emergency Connectivity Fund Program | | | |
| TOTAL FEDERAL COMMUNICATIONS COMMISSION FORWARD | | | |

| Grant Period Beginning/ Ending Dates | Program or Award Amount | Total Received for the Year | Accrued or (Deferred) Revenue at July 1, 2023 | Revenue Recognized | Expenditures | Accrued or (Deferred) Revenue at June 30, 2024 | Amount Passed Through to Sub-Recipients |
|---|---|---|---|---|---|---|---|
| | $ 5,481,525 | $ 2,462,302 | $ 427,048 | $ 2,589,683 | $ 2,589,683 | $ 554,429 | $ - |
| July 1, 2023 to June 30, 2024 | 3,648 | - | - | 3,648 | 3,648 | 3,648 | - |
| | 3,648 | - | - | 3,648 | 3,648 | 3,648 | - |
| July 1, 2022 to June 30, 2023 | 805,824 | 183,415 | 183,415 | - | - | - | - |
| July 1, 2023 to June 30, 2024 | 898,694 | 766,101 | - | 898,694 | 898,694 | 132,593 | - |
| July 1, 2023 to August 31, 2024 | 30,000 | 30,000 | - | 30,000 | 30,000 | - | - |
| | 1,734,518 | 979,516 | 183,415 | 928,694 | 928,694 | 132,593 | - |
| | 1,738,166 | 979,516 | 183,415 | 932,342 | 932,342 | 136,241 | - |
| | 7,219,691 | 3,441,818 | 610,463 | 3,522,025 | 3,522,025 | 690,670 | - |
| July 1, 2022 to June 30, 2024 | 487,600 | 487,600 | - | 487,600 | 487,600 | - | - |
| | 487,600 | 487,600 | - | 487,600 | 487,600 | - | - |
| | $ 487,600 | $ 487,600 | $ - | $ 487,600 | $ 487,600 | $ - | $ - |

# UPPER MERION AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AND CERTAIN STATE AWARDS
YEAR ENDED JUNE 30, 2024

| Federal Grantor/Project Title | Source Code | Federal AL Number | Pass-Through Grantor's Number |
|---|---|---|---|
| **U.S. DEPARTMENT OF EDUCATION** | | | |
| TOTAL FORWARDED | | | |
| **FEDERAL COMMUNICATIONS COMMISSION** | | | |
| TOTAL FORWARDED | | | |
| **U.S. DEPARTMENT OF AGRICULTURE** | | | |
| **Passed through the Pennsylvania Department of Agriculture** | | | |
| National School Lunch Program (NSLP) - Donated Commodities | I | 10.555 | N/A |
| **Passed through the Pennsylvania Department of Education** | | | |
| National School Lunch Program (NSLP) | I | 10.555 | N/A |
| National School Lunch Program (NSLP) | I | 10.555 | N/A |
| National School Lunch Program (NSLP) | I | 10.555 | N/A |
| Total ALN 10.555 National School Lunch Program (NSLP) | | | |
| School Breakfast Program (SBP) | I | 10.553 | N/A |
| School Breakfast Program (SBP) | I | 10.553 | N/A |
| Total ALN 10.553 School Breakfast Program (SBP) | | | |
| TOTAL CHILD NUTRITION CLUSTER | | | |
| COVID-19 - Pandemic EBT Administrative Costs | I | 10.649 | N/A |
| Total ALN 10.649 Pandemic EBT Administrative Costs | | | |
| **Passed through the Pennsylvania Department of Education** | | | |
| State Matching Share - Lunch | S | N/A | N/A |
| State Matching Share - Lunch | S | N/A | N/A |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | |
| TOTAL FEDERAL AND CERTAIN STATE AWARDS | | | |
| LESS STATE SHARE | | | |
| TOTAL FEDERAL AWARDS | | | |

**Footnotes:**

(A) Total amount of foods received from Department of Agriculture.
(B) Beginning inventory at July 1, 2023.
(C) Total amount of foods used.
(D) Ending inventory at June 30, 2024.

**Source Codes:**

| | | |
|---|---|---|
| I | = | Indirect funding |
| S | = | State share |
| * | = | Major program |

*See accompanying notes to the schedule of expenditures of federal and certain state awards.*

| Grant Period Beginning/ Ending Dates | Program or Award Amount | Total Received for the Year | Accrued or (Deferred) Revenue at July 1, 2023 | Revenue Recognized | Expenditures | Accrued or (Deferred) Revenue at June 30, 2024 | Amount Passed Through to Sub-Recipients |
|---|---|---|---|---|---|---|---|
| | $ 7,219,691 | $ 3,441,818 | $ 610,463 | $ 3,522,025 | $ 3,522,025 | $ 690,670 | $ - |
| | 487,600 | 487,600 | - | 487,600 | 487,600 | - | - |
| July 1, 2023 to June 30, 2024 | N/A | 257,726 (A) | (38,570) (B) | 254,888 | 254,888 (C) | (41,408) (D) | - |
| July 1, 2022 to June 30, 2023 | N/A | 51,974 | 51,974 | - | - | - | - |
| July 1, 2023 to June 30, 2024 | N/A | 976,424 | - | 1,139,977 | 1,139,977 | 163,553 | - |
| July 1, 2023 to June 30, 2024 | N/A | 106,485 | - | 106,485 | 106,485 | - | - |
| | N/A | 1,392,609 | 13,404 | 1,501,350 | 1,501,350 | 122,145 | - |
| July 1, 2022 to June 30, 2023 | N/A | 15,168 | 15,168 | - | - | - | - |
| July 1, 2023 to June 30, 2024 | N/A | 266,725 | - | 317,156 | 317,156 | 50,431 | - |
| | N/A | 281,893 | 15,168 | 317,156 | 317,156 | 50,431 | - |
| | | 1,674,502 | 28,572 | 1,818,506 | 1,818,506 | 172,576 | - |
| July 1, 2023 to June 30, 2024 | N/A | 5,763 | - | 5,763 | 5,763 | - | - |
| | N/A | 5,763 | - | 5,763 | 5,763 | - | - |
| July 1, 2022 to June 30, 2023 | N/A | 11,559 | 11,559 | - | - | - | - |
| July 1, 2023 to June 30, 2024 | N/A | 224,204 | - | 265,226 | 265,226 | 41,022 | - |
| | - | 1,916,028 | 40,131 | 2,089,495 | 2,089,495 | 213,598 | - |
| | 7,707,291 | 5,845,446 | 650,594 | 6,099,120 | 6,099,120 | 904,268 | - |
| | - | (235,763) | (11,559) | (265,226) | (265,226) | (41,022) | - |
| | $ 7,707,291 | $ 5,609,683 | $ 639,035 | $ 5,833,894 | $ 5,833,894 | $ 863,246 | $ - |

## NOTE A - ORGANIZATION AND SCOPE

The federal programs as listed in the schedule of expenditures of federal and certain state awards are accounted for by the School District in the General Fund for U.S. Department of Education and Federal Communications Commission programs and in the Food Service Fund for U.S. Department of Agriculture programs.

## NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District uses the modified accrual basis of accounting to report federal, state and other grants. Revenues designated for payment of specified School District expenditures are recognized when the related expenditures are incurred. Any excess of receipts or expenditures at the fiscal year-end are recorded as deferred revenue or a receivable, respectively. The modified accrual basis of accounting is described in Note A to the financial statements.

Total assistance is valued at the sum of cash received and the value of U.S.D.A. donated foods based upon the federal price list accompanying each shipment.

## NOTE C - PROGRAM OBJECTIVES

***Title I Grants to Local Educational Agencies*** - To help local educational agencies (LEAs) improve teaching and learning in high-poverty schools in particular for children failing, or most at-risk of failing, to meet challenging State academic standards.

***Supporting Effective Instruction State Grants (Title II)*** - To provide grants to State Educational Agencies (SEAs), and, through the SEAs, to Local Educational Agencies (LEAs) in order to increase student academic achievement consistent with challenging State academic standards; improve the quality and effectiveness of teachers, principals, and other school leaders; increase the number of teachers, principals, and other school leaders who are effective in improving student academic achievement in schools; and provide low-income and minority students greater access to effective teachers, principals, and other school leaders.

***English Language Acquisition State Grants (Title III)*** - To help ensure that English learners (ELs), including immigrant children and youth, attain English proficiency and meet the same challenging State academic standards that all children are expected to meet.

***Student Support and Academic Enrichment Program (Title IV)*** - To improve student's academic achievement by increasing the capacity of States, local educational agencies (LEAs), schools and local communities to: (1) provide all students with access to a well-rounded education; (2) improve school conditions for student learning; and (3) improve the use of technology in order to improve the academic achievement and digital literacy for all students.

## NOTE C - PROGRAM OBJECTIVES

***Elementary and Secondary School Emergency Relief (ESSER) Funds*** - To provide the School District with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools.

***Special Education - Preschool Grants (IDEA Preschool)*** - To provide grants to States to assist them in providing special education and related services to children with disabilities ages 3 through 5 years, and at a State's discretion, to 2- year- old children with disabilities who will reach age three during the school year.

***Special Education - Grants to States (IDEA, Part B)*** - To provide grants to States to assist them in providing special education and related services to all children with disabilities.

***Emergency Connectivity Fund Program*** - The purpose of this Emergency Connectivity Fund award is to provide financial assistance for remote learning during the COVID-19 emergency period to fund the reasonable costs of eligible devices and broadband connections for use at locations including locations other than a school or library. Intended beneficiaries are eligible schools and libraries, including Tribal entities, as well as consortia of eligible schools and libraries, to support their students, school staff, and library patrons who otherwise lack access to connected devices and/or broadband connections sufficient to engage in remote learning.

***National School Lunch Program (NSLP)*** - To assist States, through cash grants and food donations, in providing a nutritious nonprofit lunch service for school children and to encourage the domestic consumption of nutritious agricultural commodities.

***School Breakfast Program (SBP)*** - To assist States in implementing a nutritious nonprofit breakfast service for school children, through meal reimbursements and food donations.

***Pandemic EBT Administrative Costs*** - To provide Federal financial participation to State agencies and local entities for costs incurred to operate the Pandemic EBT Food Benefit Program (P-EBT).

## NOTE D - INDIRECT COST RATES

The School District has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

## A. SUMMARY OF AUDITORS' RESULTS

***Financial Statements***

Type of auditors' report issued: **Unmodified**

Internal control over financial reporting:

Material weakness(es) 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 auditors' report issued on compliance for major programs: **Unmodified**

Internal control over major programs:

Material weakness(es) identified: **No**

Significant deficiencies identified that are not considered to be material weaknesses: **No**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 500.516(a): **No**

Identification of major programs:

| Program | ALN |
|---|---|
| Education Stabilization Fund | 84.425 |

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

Auditee qualified as a low-risk auditee: **Yes**

## B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

## C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

# UPPER MERION AREA SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2024

None.