UPPER MERION AREA SCHOOL DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2023

Maillie®
ACCOUNTANTS • ADVISORS

INTRODUCTORY SECTION

UPPER MERION AREA SCHOOL DISTRICT

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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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note T, for the year ended June 30, 2023, Upper Merion Area School District adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 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, 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 16, budgetary comparison information on pages 72 and 73, schedule of the school district's proportionate share of the PSERS net pension liability on page 74, schedule of the school district's PSERS pension contributions on page 75, schedule of the school district's proportionate share of the PSERS net other postemployment benefit plan liability on page 76, schedule of the school district's PSERS other postemployment benefit plan contributions on page 77 and schedule of changes in the total other postemployment benefit plan liability and related ratios on page 78 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 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 schedule of expenditures of federal and certain state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, 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.

Maillie LLP

Limerick, Pennsylvania
December 12, 2023

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, 2023. 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 4,372 students in 2022-23. The School District employs approximately 387 professional staff, 271 support staff, and 26 administrators as of June 30, 2023.

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 $125,994,428. Actual operating expenses exceeded actual operating revenues by $1,978,500.

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

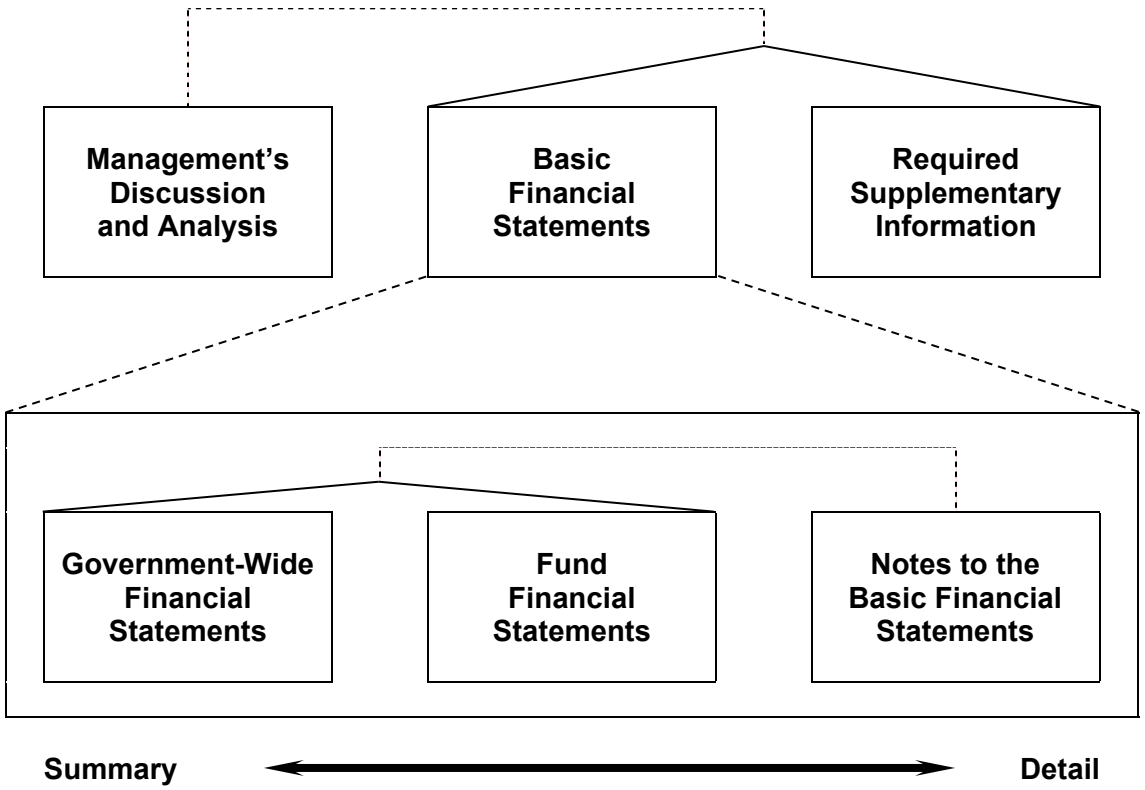


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of the MD&A explains the structure and contents of each of the statements.

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 • Statement of activities	• Balance sheet • Statement of revenues, expenditures and changes in fund balances	• Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows	• Statement of fiduciary net position • 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 $(69,228,223) at June 30, 2023.

Table A-1
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
Right to use and 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)

The School District's total net position was $(77,127,632) at June 30, 2022.

Table A-2
Condensed Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current and other assets	$ 114,331,566	$ 835,557	$ 115,167,123
Capital assets	214,563,556	47,930	214,611,486
TOTAL ASSETS	328,895,122	883,487	329,778,609
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	4,025,567	-	4,025,567
Deferred outflows of resources, OPEB	2,052,323	27,082	2,079,405
Deferred outflows of resources, pension activity	30,603,000	400,000	31,003,000
TOTAL DEFERRED OUTFLOWS OF RESOURCES	36,680,890	427,082	37,107,972
LIABILITIES			
Current and other liabilities	29,828,448	114,553	29,943,001
Long-term liabilities	384,930,242	2,054,160	386,984,402
TOTAL LIABILITIES	414,758,690	2,168,713	416,927,403
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, OPEB	1,994,728	26,082	2,020,810
Deferred inflows of resources, pension activity	24,743,000	323,000	25,066,000
TOTAL DEFERRED INFLOWS OF RESOURCES	26,737,728	349,082	27,086,810
NET POSITION			
Net investment in capital assets	60,416,394	47,930	60,464,324
Restricted	5,053,953	-	5,053,953
Unrestricted	(141,390,753)	(1,255,156)	(142,645,909)
TOTAL NET POSITION	$ (75,920,406)	$ (1,207,226)	$ (77,127,632)

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, 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
Gain on disposition of capital assets	-	9,950	9,950
Other	1,157,820	-	1,157,820
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)

Table A-4
Changes in Net Position
Year Ended June 30, 2022

	Governmental Activities	Business-Type Activities	Totals
REVENUES			
Program revenues			
Charges for services	$ 25,535	$ 17,703	$ 43,238
Operating grants and contributions	20,800,544	3,258,746	24,059,290
General revenues			
Property taxes	92,779,588	-	92,779,588
Other taxes	6,977,190	-	6,977,190
Investment earnings	259,965	242	260,207
Receipts from member districts	-	-	-
Other	2,054,573	-	2,054,573
TOTAL REVENUES	122,897,395	3,276,691	126,174,086
EXPENSES			
Instruction			
Regular programs	43,402,310	-	43,402,310
Special programs	17,371,489	-	17,371,489
Vocational programs	2,083,368	-	2,083,368
Other instructional programs	453,154	-	453,154
Support services			
Pupil personnel services	4,674,274	-	4,674,274
Instructional staff services	3,570,177	-	3,570,177
Administration services	5,471,095	-	5,471,095
Pupil health	1,452,817	-	1,452,817
Business services	1,062,484	-	1,062,484
Operation and maintenance of plant services	8,967,108	-	8,967,108
Student transportation services	5,601,512	-	5,601,512
Central services	2,050,282	-	2,050,282
Other support services	72,255	-	72,255
Non-instructional services			
Student activities	1,961,937	-	1,961,937
Community services	101,841	-	101,841
Facilities acquisition, construction and improvement	701,010	-	701,010
Refund of prior year revenues	145,753	-	145,753
Interest on long-term debt, bonds and notes	670,227	-	670,227
Interest on long-term debt, leases	937,322	-	937,322
Depreciation and amortization, unallocated	4,490,722	-	4,490,722
Food service	-	2,419,583	2,419,583
TOTAL EXPENSES	105,241,137	2,419,583	107,660,720
CHANGE IN NET POSITION	17,656,258	857,108	18,513,366
NET POSITION, BEGINNING	(93,576,664)	(2,064,334)	(95,640,998)
NET POSITION, ENDING	$ (75,920,406)	$ (1,207,226)	$ (77,127,632)

Analysis of these tables indicates that the total net position for governmental activities and business-type activities increased by $7,543,821 and $270,136 as of June 30, 2023.

Right to Use & Capital Assets - At June 30, 2023, the School District had $248,255,058 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

	2023	2022
Right to use leased assets	$ 1,144,301	$ 1,888,485
Right to use SBITA assets	1,723,576	-
Land	3,778,132	3,778,132
Construction in progress	27,755,763	97,773,088
Buildings and site improvements	210,321,081	107,588,101
Furniture and equipment	3,532,205	3,535,750
TOTAL	$ 248,255,058	$ 214,563,556

Debt Administration - As of July 1, 2022, the School District had total outstanding bond and note principal of $208,450,000. During the year, the School District made net payments against principal of $4,825,000 resulting in ending outstanding debt as of June 30, 2023, of $203,625,000.

Table A-6
Outstanding Debt

	2023	2022
GENERAL OBLIGATION BONDS		
Series of 2016	$ 2,745,000	$ 3,355,000
Series of 2017	4,745,000	4,750,000
Series of 2019	9,980,000	9,985,000
Series of 2020	22,150,000	22,155,000
Series of 2021A	94,585,000	94,590,000
Series of 2021B	6,350,000	6,490,000
Series of 2022A	32,390,000	32,945,000
Series of 2022B	26,110,000	26,575,000
TOTAL GENERAL OBLIGATION BONDS	199,055,000	200,845,000
GENERAL OBLIGATION NOTE, Series of 2021	4,570,000	7,605,000
	$ 203,625,000	$ 208,450,000

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 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 District during the year of operation.

A schedule showing the District's 2022-2023 original and final budget amounts compared with amounts actually paid and received is provided on page 72 of this report.

Revenues

On the revenue side of the budget there was approximately 3.9% of actual local revenue over budgeted local revenue. This variance is primarily attributed to real estate and transfer tax collected over budgeted tax collections as well as interest income received over budgeted interest income.

Expenditures

On the expenditure side of the budget, there was approximately 5.9% of actual instructional expenditures over budgeted instructional expenditures. The variance is primarily attributed to increased special education professional services, tuition expenditures and instructional technology cycle purchases offset by decreased vocational school 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 equipment purchases and 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, 2023, the School District had unbudgeted activity for proceeds from leases and other right to use arrangement as well as 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, 2023, 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 2022-2023 fiscal year that offset property taxes for those property owners who qualified for the homestead exemption.

The 2022-2023 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 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 $ $8,902,100 to $9,076,285.

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 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 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, 2023

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents	$ 35,124,420	$ 831,707	$ 35,956,127
Investments	26,139,222	-	26,139,222
Restricted cash and cash equivalents	11,219,029	-	11,219,029
Receivables, net	1,138,663	10,270	1,148,933
Due from other governments	4,382,105	99,006	4,481,111
Internal balances	2,067	(2,067)	-
Inventories	-	95,440	95,440
Capital assets			
Leased assets			
Right to use assets	2,246,146	-	2,246,146
Accumulated amortization	(1,101,845)	-	(1,101,845)
SBITA assets			
Right to use assets	2,059,648	-	2,059,648
Accumulated amortization	(336,072)	-	(336,072)
Land	3,778,132	-	3,778,132
Construction in progress	27,755,763	-	27,755,763
Buildings and site improvements	260,501,158	-	260,501,158
Furniture and equipment	21,646,735	412,870	22,059,605
Accumulated depreciation	(68,294,607)	(374,217)	(68,668,824)
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			
Accounts payable	4,793,885	42	4,793,927
Accrued salaries and benefits	11,577,826	7,532	11,585,358
Accrued interest	3,217,810	-	3,217,810
Unearned revenue	7,782,342	65,594	7,847,936
Interest payable, lease liabilities	458	-	458
Interest payable, SBITA liabilities	41,369	-	41,369
Long-term liabilities			
Portion due or payable within one year			
Bonds and notes payable	4,500,000	-	4,500,000
Bond premiums and discounts, net	1,011,501	-	1,011,501
Compensated absences	592,625	5,301	597,926
Current portion of lease liabilities	652,294	-	652,294
Current portion of SBITA liabilities	467,844	-	467,844
Portion due or payable after one year			
Bonds and notes payable	199,125,000	-	199,125,000
Bond premiums and discounts, net	13,189,592	-	13,189,592
Compensated absences	5,333,620	47,706	5,381,326
Long-term portion of lease liabilities	581,677	-	581,677
Long-term portion of SBITA liabilities	1,134,291	-	1,134,291
Net pension liability	154,168,000	2,015,000	156,183,000
Net OPEB liability	7,911,090	103,127	8,014,217
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)

See accompanying notes to the basic financial statements.

UPPER MERION AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

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	$ 48,617,346	$ -	$ 5,888,688	$ -
Special programs	19,938,071	-	3,385,616	-
Vocational programs	1,604,858	-	118,463	-
Other instructional programs	456,934	-	7,752,275	-
Support services				
Pupil personnel services	4,931,232	-	696,608	-
Instructional staff services	4,107,650	-	313,833	-
Administration services	5,751,846	-	590,634	-
Pupil health	1,289,906	-	140,548	-
Business services	1,004,651	-	116,630	-
Operation and maintenance of plant services	5,961,380	-	1,121,762	-
Student transportation services	6,194,860	-	556,534	-
Central services	1,389,601	-	158,320	-
Other support services	73,384	-	-	-
Non-instructional services				
Student activities	2,141,424	-	273,477	-
Community services	122,677	-	-	-
Facilities acquisition, construction and improvement	89,085	-	-	-
Refund of prior year revenues	115,106	-	-	-
Interest on long-term debt, bonds and notes	6,678,764	-	-	-
Interest on long-term debt, leases and SBITAs	1,148,481	-	-	-
Depreciation and amortization, unallocated	6,917,401	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	118,534,657	-	21,113,388	-
BUSINESS-TYPE ACTIVITIES				
Food service	2,431,939	618,762	2,071,743	-
TOTAL BUSINESS-TYPE ACTIVITIES	2,431,939	618,762	2,071,743	-
TOTAL SCHOOL DISTRICT ACTIVITIES	$ 120,966,596	$ 618,762	$ 23,185,131	$ -

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	
Gain on disposition of capital assets	
TOTAL GENERAL REVENUES	
CHANGE IN NET POSITION	
NET POSITION AT BEGINNING OF YEAR	
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
$ (42,728,658)	$ -	$ (42,728,658)
(16,552,455)	-	(16,552,455)
(1,486,395)	-	(1,486,395)
7,295,341	-	7,295,341
(4,234,624)	-	(4,234,624)
(3,793,817)	-	(3,793,817)
(5,161,212)	-	(5,161,212)
(1,149,358)	-	(1,149,358)
(888,021)	-	(888,021)
(4,839,618)	-	(4,839,618)
(5,638,326)	-	(5,638,326)
(1,231,281)	-	(1,231,281)
(73,384)	-	(73,384)
(1,867,947)	-	(1,867,947)
(122,677)	-	(122,677)
(89,085)	-	(89,085)
(115,106)	-	(115,106)
(6,678,764)	-	(6,678,764)
(1,148,481)	-	(1,148,481)
(6,917,401)	-	(6,917,401)
(97,421,269)	-	(97,421,269)
-	258,566	258,566
-	258,566	258,566
(97,421,269)	258,566	(97,162,703)
96,374,936	-	96,374,936
3,841,707	-	3,841,707
95,458	-	95,458
3,579,046	1,620	3,580,666
1,575	-	1,575
1,157,820	-	1,157,820
-	9,950	9,950
105,050,542	11,570	105,062,112
7,629,273	270,136	7,899,409
(75,920,406)	(1,207,226)	(77,127,632)
$ (68,291,133)	$ (937,090)	$ (69,228,223)

UPPER MERION AREA SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 18,308,328	$ 16,816,092	$ -	$ 35,124,420
Investments	16,137,025	10,002,197	-	26,139,222
Restricted cash and cash equivalents	-	-	11,219,029	11,219,029
Taxes receivable, net	921,263	-	-	921,263
Other receivables	217,400	-	-	217,400
Due from other governments	4,382,105	-	-	4,382,105
Due from other funds	2,067	-	-	2,067
TOTAL ASSETS	$ 39,968,188	$ 26,818,289	$ 11,219,029	$ 78,005,506
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 1,198,668	$ 226,952	$ 3,368,265	$ 4,793,885
Accrued salaries and benefits	11,577,826	-	-	11,577,826
Unearned revenue	7,782,342	-	-	7,782,342
TOTAL LIABILITIES	20,558,836	226,952	3,368,265	24,154,053
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues, property taxes	533,067	-	-	533,067
FUND BALANCES				
Restricted for capital projects	-	26,591,337	7,850,764	34,442,101
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	9,076,285	-	-	9,076,285
TOTAL FUND BALANCES	18,876,285	26,591,337	7,850,764	53,318,386
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 39,968,188	$ 26,818,289	$ 11,219,029	$ 78,005,506

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, 2023

TOTAL GOVERNMENTAL FUNDS BALANCES	$	53,318,386
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:		
Land		3,778,132
Construction in progress		27,755,763
Buildings and site improvements		260,501,158
Furniture and equipment		21,646,735
Accumulated depreciation		(68,294,607)
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		(1,101,845)
SBITA assets		
Right to use assets		2,059,648
Accumulated amortization		(336,072)
Deferred outflows of resources related to bond and note refundings are not financial resources and therefore not reported in the governmental funds.		3,556,420
Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.		19,816,000
Deferred inflows and outflows of resources related to OPEB are not financial resources and therefore not reported in the governmental funds.		(1,842,893)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Accrued interest		(3,217,810)
Bonds payable		(203,625,000)
Bond premiums and discounts		(14,201,093)
Compensated absences		(5,926,245)
Interest payable, lease liabilities		(458)
Lease liabilities		(1,233,971)
SBITA liabilities		(1,602,135)
Interest payable, SBITA liabilities		(41,369)
Net pension liability		(154,168,000)
Net OPEB liability		(7,911,090)
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.		533,067
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(68,291,133)

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, 2023

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local sources	$ 103,305,755	$ 793,734	$ 774,208	$ 104,873,697
State sources	18,084,703	-	-	18,084,703
Federal sources	2,625,470	-	-	2,625,470
TOTAL REVENUES	124,015,928	793,734	774,208	125,583,870
EXPENDITURES				
Instruction				
Regular programs	50,281,464	-	-	50,281,464
Special programs	20,465,990	-	-	20,465,990
Vocational programs	1,638,336	-	-	1,638,336
Other instructional programs	467,228	-	-	467,228
Support services				
Pupil personnel services	5,128,090	-	-	5,128,090
Instructional staff services	4,196,337	-	-	4,196,337
Administration services	5,918,757	48	89,037	6,007,842
Pupil health	1,329,625	-	-	1,329,625
Business services	1,037,610	-	-	1,037,610
Operation and maintenance of plant services	11,018,110	291,806	-	11,309,916
Student transportation services	6,199,860	-	-	6,199,860
Central services	1,434,342	-	-	1,434,342
Other support services	73,384	-	-	73,384
Non-instructional services				
Student activities	2,218,707	-	-	2,218,707
Community services	122,677	-	-	122,677
Refund of prior year revenues	115,106	-	-	115,106
Capital outlay	1,525,173	777,085	33,765,213	36,067,471
Debt service, bonds and notes	11,404,325	-	-	11,404,325
Debt service, leases and SBITAs	1,419,307	-	-	1,419,307
TOTAL EXPENDITURES	125,994,428	1,068,939	33,854,250	160,917,617
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FORWARD	$ (1,978,500)	$ (275,205)	$ (33,080,042)	$ (35,333,747)

UPPER MERION AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total Governmental Funds
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FORWARDED	$ (1,978,500)	$ (275,205)	$ (33,080,042)	$ (35,333,747)
OTHER FINANCING SOURCES (USES)				
Proceeds from leases and other right to use arrangements	1,525,173	-	-	1,525,173
Insurance recoveries	627,512	-	-	627,512
TOTAL OTHER FINANCING SOURCES (USES)	2,152,685	-	-	2,152,685
NET CHANGE IN FUND BALANCES	174,185	(275,205)	(33,080,042)	(33,181,062)
FUND BALANCES AT BEGINNING OF YEAR	18,702,100	26,866,542	40,930,806	86,499,448
FUND BALANCES AT END OF YEAR	$ 18,876,285	$ 26,591,337	$ 7,850,764	$ 53,318,386

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, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	(33,181,062)
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.		33,298,760
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.		(47,452)
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.		
SBITAs issued		(1,525,173)
Principal paid on bonds		1,790,000
Principal paid on note		3,035,000
Principal paid on leases		934,568
Principal paid on SBITAs		315,780
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		(641,789)
Change in interest payable, lease liabilities		370
Change in interest payable, lease liabilities		(41,369)
Amortization of bond premiums and discounts		1,011,497
Amortization of deferred amount on refunding		(469,147)
Compensated absences		(436,126)
Changes in pension liabilities and related deferred outflows and inflows of resources		3,375,000
Changes in OPEB liabilities and related deferred outflows and inflows of resources		210,416
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	7,629,273

See accompanying notes to the basic financial statements.

UPPER MERION AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Food Service Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 831,707
Receivables	10,270
Due from other governments	99,006
Inventories	95,440
TOTAL CURRENT ASSETS	1,036,423
PROPERTY AND EQUIPMENT	412,870
Accumulated depreciation	(374,217)
PROPERTY AND EQUIPMENT, net	38,653
TOTAL ASSETS	1,075,076
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources, OPEB	24,002
Deferred outflows of resources, pension activity	324,000
TOTAL DEFERRED OUTFLOWS OF RESOURCES	348,002
LIABILITIES	
Accounts payable	42
Accrued payroll	7,532
Due to other funds	2,067
Unearned revenue	65,594
Long-term liabilities	
Portion due or payable within one year	
Compensated absences	5,301
Portion due or payable after one year	
Compensated absences	47,706
Net OPEB liability	103,127
Net pension liability	2,015,000
TOTAL LIABILITIES	2,246,369
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources, OPEB	48,799
Deferred inflows of resources, pension activity	65,000
TOTAL DEFERRED INFLOWS OF RESOURCES	113,799
NET POSITION	
Net investment in capital assets	38,653
Unrestricted	(975,743)
TOTAL NET POSITION	$ (937,090)

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, 2023

	Food Service Fund
OPERATING REVENUES	
Food service revenues	$ 618,762
OPERATING EXPENSES	
Salaries	803,564
Employee benefits	464,157
Other expenses	29,238
Supplies	1,125,703
Depreciation	9,277
TOTAL OPERATING EXPENSES	2,431,939
OPERATING LOSS	(1,813,177)
NONOPERATING REVENUES (EXPENSES)	
Earnings on investments	1,620
State sources	335,266
Federal sources	1,736,477
Gain (loss) on disposition of capital assets	9,950
TOTAL NONOPERATING REVENUES	2,083,313
CHANGE IN NET POSITION	270,136
NET POSITION AT BEGINNING OF YEAR	(1,207,226)
NET POSITION AT END OF YEAR	$ (937,090)

See accompanying notes to the basic financial statements.

UPPER MERION AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 576,961
Payments to employees	(1,308,019)
Payments to suppliers	(1,252,129)
NET CASH USED BY OPERATING ACTIVITIES	(1,983,187)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	333,799
Federal sources	2,053,383
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	2,387,182
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	9,950
Earnings on investments	1,620
NET CASH PROVIDED BY INVESTING ACTIVITIES	11,570
NET INCREASE IN CASH AND CASH EQUIVALENTS	415,565
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	416,142
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 831,707

UPPER MERION AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Food Service Fund
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	$ (1,813,177)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	9,277
OPEB expense	(1,933)
Pension expense	(44,000)
Compensated absences	6,704
(Increase) Decrease in	
Receivables	(6,758)
Inventories	15,828
Increase (decrease) in	
Accounts payable	(5,273)
Accrued payroll	(1,069)
Due to other funds	(107,743)
Unearned revenue	(35,043)
NET CASH USED BY OPERATING ACTIVITIES	$ (1,983,187)
SUPPLEMENTAL DISCLOSURES	
Noncash activities	
Donated foods	$ 218,130

See accompanying notes to the basic financial statements.

UPPER MERION AREA SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Private-Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and cash equivalents	$ 104,854	$ 518,748
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts payable	$ -	$ 31,632
NET POSITION		
Restricted for scholarships	104,854	-
Restricted for custodial purposes	-	487,116
TOTAL NET POSITION	104,854	487,116
TOTAL LIABILITIES AND NET POSITION	$ 104,854	$ 518,748

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, 2023

	Private-Purpose Trust Fund	Custodial Funds
ADDITIONS		
Donations	$ 14,650	$ -
Collections	-	738,061
Investment income	273	1,343
TOTAL ADDITIONS	14,923	739,404
DEDUCTIONS		
Scholarships	27,000	-
Extra-curricular activities	-	959,665
TOTAL DEDUCTIONS	27,000	959,665
CHANGE IN NET POSITION	(12,077)	(220,261)
NET POSITION AT BEGINNING OF YEAR	116,931	707,377
NET POSITION AT END OF YEAR	$ 104,854	$ 487,116

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 (Continued)

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.

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. 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 (Continued)

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, 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 (Continued)

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.

Trust 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 (Continued)

Fiduciary Funds

Trust and Custodial Funds - 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 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 (Continued)

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 cost using the first-in, first-out method. 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 (Continued)

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 (Continued)

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 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 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 (Continued)

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 (Continued)

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

The details of the fund balances are included in the Governmental Funds balance sheet (page 20). 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 District's cash accounts at June 30, 2023, was $47,798,758.

As of June 30, 2023, $48,036,088 of the School District's bank balance of $49,036,088 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	$ 34,667,459
Uninsured and uncollaterialized with State investment pools	13,368,629
	$ 48,036,088

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, 2023, 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
State investment pools	$ 10,002,197	$ -	$ 10,002,197	$ -
Certificates of deposit	16,137,025	-	6,116,931	10,020,094
	$ 26,139,222	$ -	$ 16,119,128	$ 10,020,094

NOTE B - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

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, 2023, is $13,368,629. The carrying amount of these monies with cash considerations at June 30, 2023, is $10,002,197. 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.

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79. At June 30, 2023, the School District had $10,002,197 invested in a PSDLAF Treasury Bill. These securities are held in the Settlors' name by a third-party Custodian Bank.

Certificates of deposit held by banks of $16,137,025 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, 2023, 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	$ 16,137,025
PSDLAF Treasury Bill	10,002,197
	$ 26,139,222

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, 2023, 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	$ 921,263
Other revenue	217,400
Federal subsidies	724,612
State subsidies	3,657,493
	$ 5,520,768

NOTE E - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Food Service Fund	$ 2,067

NOTE E - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

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, 2023, there were no interfund transfers.

NOTE F - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated/amortized				
Land	$ 3,778,132	$ -	$ -	$ 3,778,132
Construction in progress	97,773,088	38,366,276	(108,383,601)	27,755,763
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED/AMORTIZED	101,551,220	38,366,276	(108,383,601)	31,533,895
Capital assets being depreciated/amortized				
Buildings and site improvements	164,202,043	96,546,623	(247,508)	260,501,158
Furniture and equipment	20,080,202	13,100,213	(11,533,680)	21,646,735
Right to use leased assets	2,246,146	-	-	2,246,146
Right to use SBITA assets	392,742	1,666,906	-	2,059,648
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED	186,921,133	111,313,742	(11,781,188)	286,453,687
Accumulated depreciation	(73,158,394)	(6,917,401)	11,781,188	(68,294,607)
Accumulated amortization, leased assets	(357,661)	(744,184)	-	(1,101,845)
Accumulated amortization, SBITA assets	-	(336,072)	-	(336,072)
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED, net	113,405,078	103,316,085	-	216,721,163
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	214,956,298	141,682,361	(108,383,601)	248,255,058
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Furniture and equipment	412,870	-	-	412,870
Accumulated depreciation	(364,940)	(9,277)	-	(374,217)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	47,930	(9,277)	-	38,653
CAPITAL ASSETS, net	$ 215,004,228	$ 141,673,084	$ (108,383,601)	$ 248,293,711

NOTE G - LONG-TERM DEBT

General Obligation Bonds and Notes

Bonds and notes payable at June 30, 2023, 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%.	$	2,745,000
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%.		4,745,000
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 4.00%		9,980,000
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%		22,150,000
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%		94,585,000
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%		6,350,000
SUBTOTAL FORWARD	$	140,555,000

NOTE G - LONG-TERM DEBT (Continued)

SUBTOTAL FORWARDED	$ 140,555,000
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%.	4,570,000
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%.	32,390,000
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%.	26,110,000
	$ 203,625,000

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2024	$ 4,500,000	$ 7,239,984
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 to 2033	29,825,000	29,193,876
2034 to 2038	34,845,000	24,320,546
2039 to 2043	41,860,000	18,210,988
2044 to 2048	49,515,000	10,401,351
2049 to 2051	22,900,000	1,339,925
	$ 203,625,000	$ 117,661,108

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, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
RIGHT TO USE LEASED ASSETS BEING AMORTIZED				
Equipment	$ 2,246,146	$ -	$ -	$ 2,246,146
Accumulated amortization				
Equipment	(357,661)	(744,184)	-	(1,101,845)
RIGHT TO USE LEASED ASSETS, net	$ 1,888,485	$ (744,184)	$ -	$ 1,144,301

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, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
RIGHT TO USE SBITA ASSETS BEING AMORTIZED				
Learning platforms	$ -	$ 607,773	$ -	$ 607,773
Technology support	392,742	53,460	-	446,202
Software	-	1,005,673	-	1,005,673
TOTAL RIGHT TO USE SBITA ASSETS BEING AMORTIZED	392,742	1,666,906	-	2,059,648
Accumulated amortization				
Learning platforms	-	(133,324)	-	(133,324)
Technology support	-	(130,914)	-	(130,914)
Software	-	(71,834)	-	(71,834)
TOTAL ACCUMULATED AMORTIZATION	-	(336,072)	-	(336,072)
RIGHT TO USE SBITA ASSETS, net	$ 392,742	$ 1,330,834	$ -	$ 1,723,576

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's incremental borrowing rate as of the date of inception. As a result of the lease, the School has recorded a right to use asset with a net book value of $95,169 on June 30, 2023.

The future minimum debt obligations under the lease at June 30, 2023, were as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2024	$ 85,294	$ 3,370	$ 88,664
2025	14,677	101	14,778
	$ 99,971	$ 3,471	$ 103,442

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 has recorded a right to use asset with a net book value of $1,049,132 on June 30, 2023.

The future minimum debt obligations under the lease at June 30, 2023, were as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2024	$ 567,000	$ -	$ 567,000
2025	567,000	-	567,000
	$ 1,134,000	$ -	$ 1,134,000

NOTE I - LEASE AND SBITA LIABILITIES (Continued)

The total future minimum debt obligations for all leases at June 30, 2023, were as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2024	$ 652,294	$ 3,370	$ 655,664
2025	581,677	101	581,778
	$ 1,233,971	$ 3,471	$ 1,237,442

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 has recorded a right to use asset with a net book value of $58,849 on June 30, 2023.

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 has recorded a right to use asset with a net book value of $53,460 on June 30, 2023.

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's incremental borrowing rate as of the date of inception. As a result of the SBITA, the School has recorded a right to use asset with a net book value of $933,839 on June 30, 2023.

NOTE I - LEASE AND SBITA LIABILITIES (Continued)

The future minimum debt obligations under the SBITA at June 30, 2023, were as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2024	$ 243,782	$ 44,317	$ 288,099
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
	$ 929,963	$ 153,136	$ 1,083,099

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's incremental borrowing rate as of the date of inception. As a result of the SBITA, the School has recorded a right to use asset with a net book value of $261,828 on June 30, 2023.

The future minimum debt obligations under the SBITA at June 30, 2023, were as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2024	$ 130,263	$ 10,401	$ 140,664
2025	136,927	3,737	140,664
	$ 267,190	$ 14,138	$ 281,328

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's incremental borrowing rate as of the date of inception. As a result of the SBITA, the School has recorded a right to use asset with a net book value of $415,600 on June 30, 2023.

NOTE I - LEASE AND SBITA LIABILITIES (Continued)

The future minimum debt obligations under the SBITA at June 30, 2023, were as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2024	$ 93,799	$ 20,719	$ 114,518
2025	98,597	15,921	114,518
2026	103,642	10,876	114,518
2027	108,944	5,574	114,518
	$ 404,982	$ 53,090	$ 458,072

The total future minimum debt obligations for all SBITAs at June 30, 2023, were as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2024	$ 467,844	$ 75,437	$ 543,281
2025	359,418	54,764	414,182
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
	$ 1,602,135	$ 220,364	$ 1,822,499

NOTE J - CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
GENERAL OBLIGATION BONDS					
Series of 2016	$ 3,355,000	$ -	$ (610,000)	$ 2,745,000	$ 620,000
Series of 2017	4,750,000	-	(5,000)	4,745,000	5,000
Series of 2019	9,985,000	-	(5,000)	9,980,000	5,000
Series of 2020	22,155,000	-	(5,000)	22,150,000	460,000
Series of 2021A	94,590,000	-	(5,000)	94,585,000	5,000
Series of 2021B	6,490,000	-	(140,000)	6,350,000	140,000
Series of 2022A	32,945,000	-	(555,000)	32,390,000	100,000
Series of 2022B	26,575,000	-	(465,000)	26,110,000	110,000
TOTAL GENERAL OBLIGATION BONDS	200,845,000	-	(1,790,000)	199,055,000	1,445,000
GENERAL OBLIGATION NOTE	7,605,000	-	(3,035,000)	4,570,000	3,055,000
BOND PREMIUMS AND DISCOUNTS, net	15,212,590	-	(1,011,497)	14,201,093	1,011,501
COMPENSATED ABSENCES	5,490,119	436,126	-	5,926,245	592,625
LEASE LIABILITIES	2,168,539	-	(934,568)	1,233,971	652,294
SBITA LIABILITIES	392,742	1,525,173	(315,780)	1,602,135	467,844
NET PENSION LIABILITY	143,587,000	10,581,000	-	154,168,000	-
NET OPEB LIABILITY	10,021,994	-	(2,110,904)	7,911,090	-
TOTAL LONG-TERM LIABILITIES	$ 385,322,984	$ 12,542,299	$ (9,197,749)	$ 388,667,534	$ 7,224,264
BUSINESS-TYPE ACTIVITIES					
COMPENSATED ABSENCES	$ 46,303	$ 6,704	$ -	$ 53,007	$ 5,301
NET PENSION LIABILITY	1,877,000	138,000	-	2,015,000	-
NET OPEB LIABILITY	130,857	-	(27,730)	103,127	-
TOTAL LONG-TERM LIABILITIES	$ 2,054,160	$ 144,704	$ (27,730)	$ 2,171,134	$ 5,301

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, 2023, the School District has defeased debt outstanding of $57,805,000.

NOTE L - UNEARNED REVENUE

General Fund

Unearned revenue of $7,760,505 in the General Fund represents taxes held in escrow. Unearned revenue of $14,150 represents unearned grant revenue. Unearned revenue of $7,687 represents rental escrows.

Food Service Fund

Unearned revenue of $27,024 in the Food Service Fund represents the carryover of student deposits. Unearned revenue of $38,570 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 following is a schedule by years of future minimum payments under the contract:

Year Ending June 30,	
2024	$ 548,808

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 (Continued)

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	7.50%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	10.30%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	8.25%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	7.50%
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 (Continued)

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2023, was 34.31% of covered payroll, actuarially determined as an amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the School District were $17,786,000 for the year ended June 30, 2023.

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

At June 30, 2023, the School District reported a liability of $156,183,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The 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, 2023, the School District's proportion was 0.3513%, which was an decrease of 0.0030% from its proportion measured as of June 30, 2022.

NOTE N - PENSION PLAN (Continued)

For the year ended June 30, 2023, the School District recognized pension expense of $14,367,000. At June 30, 2023, 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	$ 71,000	$ 1,351,000
Changes in assumptions	4,664,000	-
Net difference between projected and actual investment earnings	-	2,649,000
Changes in proportions	2,591,000	1,037,000
Contributions subsequent to the measurement date	17,786,000	-
	$ 25,112,000	$ 5,037,000
GOVERNMENTAL ACTIVITIES		
Difference between expected and actual experience	$ 69,000	$ 1,333,000
Changes in assumptions	4,604,000	-
Net difference between projected and actual investment earnings	-	2,615,000
Changes in proportions	2,558,000	1,024,000
Contributions subsequent to the measurement date	17,557,000	-
	$ 24,788,000	$ 4,972,000
BUSINESS-TYPE ACTIVITIES		
Difference between expected and actual experience	$ 2,000	$ 18,000
Changes in assumptions	60,000	-
Net difference between projected and actual investment earnings	-	34,000
Changes in proportions	33,000	13,000
Contributions subsequent to the measurement date	229,000	-
	$ 324,000	$ 65,000

NOTE N - PENSION PLAN (Continued)

$17,786,000 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities	Totals
2024	$ 1,903,000	$ 25,000	$ 1,928,000
2025	1,063,000	14,000	1,077,000
2026	(4,358,000)	(57,000)	(4,415,000)
2027	3,651,000	48,000	3,699,000
	$ 2,259,000	$ 30,000	$ 2,289,000

Changes in Actuarial Assumptions

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

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

NOTE N - PENSION PLAN (Continued)

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

The long-term expected rate of return on 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	28.0%	5.3%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Absolute return	6.0%	3.5%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Cash	3.0%	0.5%
Leverage	-11.0%	0.5%
	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, 2022.

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the 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 (Continued)

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	$ 202,013,000	$ 156,183,000	$ 117,544,000

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 $513,608 at June 30, 2023, 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 $5,465,644 at June 30, 2023, 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 (Continued)

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 (Continued)

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 Districts' contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $389,000 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of $6,454,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.3506%, which was a decrease of 0.0030% from its proportion measured as of June 30, 2022.

NOTE P - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS (Continued)

For the year ended June 30, 2023, the District recognized OPEB expense of $249,000. At June 30, 2023, the 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	$ 59,000	$ 35,000
Changes in assumptions	717,000	1,524,000
Net difference between projected and actual investment earnings	18,000	-
Changes in proportions	383,000	185,000
Contributions subsequent to the measurement date	389,000	-
	$ 1,566,000	$ 1,744,000
GOVERNMENTAL ACTIVITIES		
Difference between expected and actual experience	$ 58,000	$ 34,000
Changes in assumptions	708,000	1,504,000
Net difference between projected and actual investment earnings	18,000	-
Changes in proportions	378,000	183,000
Contributions subsequent to the measurement date	384,000	-
	$ 1,546,000	$ 1,721,000
BUSINESS-TYPE ACTIVITIES		
Difference between expected and actual experience	$ 1,000	$ 1,000
Changes in assumptions	9,000	20,000
Net difference between projected and actual investment earnings	-	-
Changes in proportions	5,000	2,000
Contributions subsequent to the measurement date	5,000	-
	$ 20,000	$ 23,000

NOTE P - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS (Continued)

$389,000 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities	Totals
2024	$ (103,000)	$ (1,000)	$ (104,000)
2025	(91,000)	(1,000)	(92,000)
2026	(53,000)	(1,000)	(54,000)
2027	(133,000)	(2,000)	(135,000)
2028	(179,000)	(3,000)	(182,000)
	$ (559,000)	$ (8,000)	$ (567,000)

Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at $1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 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 (Continued)

The actuarial assumptions used in the June 30, 2021 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, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees 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%	0.50%

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

NOTE P - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS (Continued)

Discount Rate

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

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

NOTE P - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - PSERS (Continued)

The following presents the District's proportionate share of the net OPEB liability for June 30, 2022, calculated using current Healthcare cost trends as well as what the 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	$ 6,453,000	$ 6,454,000	$ 6,454,000

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

The following presents the net OPEB liability, calculated using the discount rate of 4,09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
School District's proportionate share of the net OPEB liability	$ 7,298,000	$ 6,454,000	$ 5,747,000

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 (Continued)

Plan Membership

At June 30, 2023, 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, 2023, benefit payments paid as they came due were $48,194.

Assumptions

The following assumptions and actuarial methods and calculations were used:

Discount Rate - 4.06%, based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2022.

Salary - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of 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 (Continued)

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 (Continued)

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 - 6.5% in 2022, 6.0% in 2023 and 5.5% in 2024-2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

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 (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2021	$ 1,771,851
Changes for the year	
Service cost	161,528
Interest	43,486
Differences between expected and actual experience	125,309
Changes in assumptions	(493,763)
Benefit payments	(48,194)
Net changes	(211,634)
Balance at July 1, 2022	$ 1,560,217

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 (3.06 %) or 1.0% higher (5.06%) than the current discount rate:

	1% Decrease	Current Rate	1% Increase
Total OPEB liability	$ 1,686,915	$ 1,560,217	$ 1,441,335

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	$ 1,394,810	$ 1,560,217	$ 1,749,836

NOTE Q - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2023, the School District recognized OPEB expense of $23,159. At June 30, 2023, 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	$ 115,670	$ 812,527
Changes in assumptions	99,059	1,187,400
Benefit payments subsequent to the measurement date	95,508	-
	$ 310,237	$ 1,999,927
GOVERNMENTAL ACTIVITIES		
Difference between expected and actual experience	$ 114,180	$ 802,045
Changes in assumptions	97,781	1,172,083
Benefit payments subsequent to the measurement date	94,276	-
	$ 306,237	$ 1,974,128
BUSINESS-TYPE ACTIVITIES		
Difference between expected and actual experience	$ 1,490	$ 10,482
Changes in assumptions	1,278	15,317
Benefit payments subsequent to the measurement date	1,232	-
	$ 4,000	$ 25,799

$95,508 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities	Totals
2024	$ (179,509)	$ (2,346)	$ (181,855)
2025	(179,509)	(2,346)	(181,855)
2026	(179,509)	(2,346)	(181,855)
2027	(179,509)	(2,346)	(181,855)
2028	(179,509)	(2,346)	(181,855)
Thereafter	(864,622)	(11,301)	(875,923)
	$ (1,762,167)	$ (23,031)	$ (1,785,198)

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

The School District implemented GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. The statement defines a SBITA and addresses how the costs and investments for SBITAs are accounted for and disclosed by governmental entities. The purpose of the statement is to increase transparency in the accounting and disclosure for SBITA contracts.

For the government-wide governmental activities, the School District has treated the beginning of the year SBITA assets and liabilities as having been recognized in the period incurred. As part of the implementation, the School has adjusted the beginning balance of both Right to Use SBITA Assets and SBITA Liabilities from $0 to $392,742.

REQUIRED SUPPLEMENTARY INFORMATION

UPPER MERION AREA SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Local sources	$ 99,409,669	$ 99,409,669	$ 103,305,755	$ 3,896,086
State sources	17,742,611	17,742,611	18,084,703	342,092
Federal sources	2,350,334	2,350,334	2,625,470	275,136
TOTAL REVENUES	119,502,614	119,502,614	124,015,928	4,513,314
EXPENDITURES				
Instruction				
Regular programs	47,887,221	48,082,719	50,281,464	(2,198,745)
Special programs	17,966,709	17,966,709	20,465,990	(2,499,281)
Vocational programs	2,572,622	2,572,622	1,638,336	934,286
Other instructional programs	118,867	118,867	467,228	(348,361)
TOTAL INSTRUCTION	68,545,419	68,740,917	72,853,018	(4,112,101)
Support services				
Pupil personnel services	5,769,300	5,430,352	5,128,090	302,262
Instructional staff services	3,608,135	3,929,877	4,196,337	(266,460)
Administration services	5,922,106	5,890,656	5,918,757	(28,101)
Pupil health	1,511,994	1,486,394	1,329,625	156,769
Business services	1,082,294	1,080,644	1,037,610	43,034
Operation and maintenance of plant services	10,124,329	10,177,480	11,018,110	(840,630)
Student transportation services	5,692,685	5,692,685	6,199,860	(507,175)
Central services	2,001,621	1,828,878	1,434,342	394,536
Other support services	72,255	72,255	73,384	(1,129)
TOTAL SUPPORT SERVICES	35,784,719	35,589,221	36,336,115	(746,894)
Non-instructional services				
Student activities	2,223,365	2,223,365	2,218,707	4,658
Community services	100,000	100,000	122,677	(22,677)
TOTAL NON-INSTRUCTIONAL SERVICES	2,323,365	2,323,365	2,341,384	(18,019)
Refund of prior year revenues	-	-	115,106	(115,106)
Capital outlay	-	-	1,525,173	(1,525,173)
Debt service	12,087,894	12,087,894	12,823,632	(735,738)
TOTAL EXPENDITURES	118,741,397	118,741,397	125,994,428	(7,253,031)
EXCESS OF REVENUES OVER EXPENDITURES	761,217	761,217	(1,978,500)	(2,739,717)
OTHER FINANCING SOURCES (USES)				
Proceeds from leases and other right to use arrangements	-	-	1,525,173	1,525,173
Insurance recoveries	-	-	627,512	627,512
Transfers out	(511,217)	(511,217)	-	511,217
Budgetary reserve	(250,000)	(250,000)	-	250,000
TOTAL OTHER FINANCING SOURCES (USES)	(761,217)	(761,217)	2,152,685	2,913,902
NET CHANGE IN FUND BALANCE	$ -	$ -	174,185	$ 174,185
FUND BALANCE AT BEGINNING OF YEAR			18,702,100	
FUND BALANCE AT END OF YEAR			$ 18,876,285	

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	$ 2,198,745
Special programs	2,499,281
Other instructional programs	348,361
Instructional staff services	266,460
Administration services	28,101
Operation and maintenance of plant services	840,630
Student transportation services	507,175
Other support services	1,129
Community services	22,677
Refund of prior year revenues	115,106
Capital outlay	1,525,173
Debt service	735,738

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).

UPPER MERION AREA SCHOOL DISTRICT

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

	2023	2022	2021
SCHOOL DISTRICT'S PROPORTION OF THE NET PENSION LIABILITY (ASSET)	0.3513%	0.3543%	0.3471%
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	$ 156,183,000	$ 145,464,000	$ 170,909,000
SCHOOL DISTRICT'S COVERED-PAYROLL	$ 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	302.97%	290.18%	350.81%
THE PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PERCENTAGE OF THE TOTAL PENSION LIABILITY	61.34%	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, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014).

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	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 NINE FISCAL YEARS

	2023	2022	2021
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 17,786,000	$ 17,480,000	$ 16,750,000
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	17,786,000	17,480,000	16,750,000
CONTRIBUTION (EXCESS) DEFICIENCY	$ -	$ -	$ -
SCHOOL DISTRICT'S COVERED-PAYROLL	$ 52,635,558	$ 51,550,719	$ 50,128,241
CONTRIBUTIONS AS A PERCENTAGE OF COVERED-PAYROLL	34.71%	33.91%	33.41%

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	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 SIX FISCAL YEARS

	2023	2022	2021	2020	2019	2018
School District's proportion of the net OPEB liability	0.3506%	0.3536%	0.3471%	0.3399%	0.3226%	0.3442%
School District's proportionate share of the net OPEB liability	$ 6,454,000	$ 8,381,000	$ 7,500,000	$ 7,229,000	$ 6,726,000	$ 7,013,000
School District's covered-payroll	$ 51,550,719	$ 50,128,241	$ 48,718,996	$ 46,871,644	$ 43,441,862	$ 45,831,263
School District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	12.52%	16.72%	15.39%	15.42%	15.48%	15.30%
The plan's fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

NOTES TO SCHEDULE

The District's covered payroll noted above is as of the measurement date of the net OPEB liability (June 30, 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.

UPPER MERION AREA SCHOOL DISTRICT

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

	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 389,000	$ 410,000	$ 410,000	$ 410,000	$ 390,000	$ 362,000
Contributions in relation to the contractually required contribution	389,000	410,000	410,000	410,000	390,000	362,000
Contribution (excess) deficiency	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered-payroll	$ 52,635,558	$ 51,550,719	$ 50,128,241	$ 48,718,996	$ 46,871,644	$ 43,441,862
Contributions as a percentage of covered-payroll	0.74%	0.80%	0.82%	0.84%	0.83%	0.83%

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.

UPPER MERION AREA SCHOOL DISTRICT

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

	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY						
Service cost	$ 161,528	$ 160,499	$ 178,886	$ 176,046	$ 253,113	$ 231,166
Interest	43,486	33,691	83,514	71,913	109,861	77,782
Changes of assumptions	(493,763)	(56,483)	(326,388)	(70,378)	(614,305)	183,971
Differences between expected and actual experience	125,309	-	(519,598)	-	(656,941)	-
Benefit payments	(48,194)	(36,483)	(114,407)	(100,605)	(124,168)	(134,066)
NET CHANGE IN TOTAL OPEB LIABILITY	(211,634)	101,224	(697,993)	76,976	(1,032,440)	358,853
TOTAL OPEB LIABILITY, BEGINNING	1,771,851	1,670,627	2,368,620	2,291,644	3,324,084	2,965,231
TOTAL OPEB LIABILITY, ENDING	$ 1,560,217	$ 1,771,851	$ 1,670,627	$ 2,368,620	$ 2,291,644	$ 3,324,084
COVERED-PAYROLL	$ 47,218,126	$ 48,292,626	$ 48,292,626	$ 43,653,333	$ 43,653,333	$ 42,201,639
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-PAYROLL	3.30%	3.67%	3.46%	5.43%	5.25%	7.88%

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.

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.

SUPPLEMENTARY INFORMATION SECTION

UPPER MERION AREA SCHOOL DISTRICT

SCHEDULE OF CURRENT REAL ESTATE SETTLEMENTS
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Borough of Bridgeport		Borough of West Conshohocken	
	Assessed Valuation	Tax at 21.46	Assessed Valuation	Tax at 21.46
CHARGES AGAINST TAX COLLECTORS				
Original duplicate	$ 182,347,450		$ 305,427,945	
Net reductions by Montgomery County Board of Assessment (Homestead Exclusion) and other adjustments made throughout year	(3,195,870)		(1,519,650)	
TOTAL CHARGES AGAINST TAX COLLECTORS	$ 179,151,580	$ 3,844,593	$ 303,908,295	$ 6,521,872
CREDITS TO COLLECTORS				
Cash received from tax collectors				
Amount paid at discount	$ 3,395,259		$ 6,073,826	
Amount paid at face	184,233		155,139	
Amount paid at penalty	92,208		82,315	
NET TAX RECEIVED		$ 3,671,700		$ 6,311,280
Add 2% discount		67,905		121,477
Less 10% penalty		(9,221)		(8,232)
FACE AMOUNT OF TAXES COLLECTED		3,730,384		6,424,525
Delinquent taxes liened with the county treasurer		114,208		97,348
TOTAL CREDITS TO COLLECTORS		$ 3,844,592		$ 6,521,873
	At Face	%	At Face	%
Collected at discount	$ 3,463,164	90.1%	$ 6,195,303	95.0%
Collected at face	184,233	4.8%	155,139	2.4%
Collected at penalty	82,987	2.1%	74,083	1.1%
TOTAL COLLECTED BY SCHOOL DISTRICT	3,730,384	97.0%	6,424,525	98.5%
Liened taxes	114,208	3.0%	97,348	1.5%
TOTAL DUPLICATE	$ 3,844,592	100.0%	$ 6,521,873	100.0%

Township of Upper Merion		Totals	
Assessed Valuation	Tax at 21.46	Assessed Valuation	Tax at 21.46
$ 4,079,027,181		$ 4,566,802,576	
(31,638,469)		(36,353,989)	
$ 4,047,388,712	$ 86,856,962	$ 4,530,448,587	$ 97,223,427
$ 80,651,903		$ 90,120,988	
3,151,314		3,490,686	
937,690		1,112,213	
	$ 84,740,907		$ 94,723,887
	1,613,038		1,802,420
	(93,769)		(111,222)
	86,260,176		96,415,085
	596,786		808,342
	$ 86,856,962		$ 97,223,427
At Face	%	At Face	%
$ 82,264,941	94.7%	$ 91,923,408	94.5%
3,151,314	3.6%	3,490,686	3.6%
843,921	1.0%	1,000,991	1.0%
86,260,176	99.3%	96,415,085	99.2%
596,786	0.7%	808,342	0.8%
$ 86,856,962	100.0%	$ 97,223,427	100.0%

UPPER MERION AREA SCHOOL DISTRICT

SCHEDULE OF REVENUES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2023

			Budgeted Revenue	Actual Revenue	Over (Under) Budget
6000	REVENUE FROM LOCAL SOURCES				
	6111	Current real estate taxes	$ 93,861,408	$ 94,938,584	$ 1,077,176
	6112	Interim real estate taxes	1,000,000	635,229	(364,771)
	6113	Public utility realty tax	86,000	95,458	9,458
	6114	Payments in lieu of current taxes - state/local	117,239	121,192	3,953
	6143	Occupational privilege taxes	200,000	380,988	180,988
	6153	Real estate transfer tax	2,000,000	3,150,887	1,150,887
	6154	Amusement taxes	300,000	309,832	9,832
	6410	Delinquent real estate tax	785,000	727,383	(57,617)
	6440	Delinquent 511 and amusement taxes	5,100	-	(5,100)
	6500	Earnings on investments	200,000	2,011,104	1,811,104
	6700	Revenue from student activities	15,000	21,436	6,436
	6833	Federal ARP Act IDEA revenue received as pass through from other PA LEAs	-	170,872	170,872
	6910	Rentals	474,083	297,603	(176,480)
	6940	Tuitions	5,000	1,575	(3,425)
	6990	Miscellaneous revenue	360,839	443,612	82,773
		TOTAL 6000 REVENUE FROM LOCAL SOURCES	99,409,669	103,305,755	3,896,086
7000	REVENUE FROM STATE SOURCES				
	7110	Basic instructional subsidy	4,950,327	5,455,639	505,312
	7271	Special education subsidy	1,477,839	1,517,511	39,672
	7310	Transportation	700,000	538,843	(161,157)
	7320	Rentals and sinking fund payments	200,008	197,038	(2,970)
	7330	Medical and dental subsidy	89,000	92,918	3,918
	7340	State property tax reduction	770,630	770,630	-
	7362	School safety and security	-	156,599	156,599
	7500	Extra grants	137,324	137,324	-
	7810	State's share of retirement	9,417,483	9,218,201	(199,282)
		TOTAL 7000 REVENUE FROM STATE SOURCES	17,742,611	18,084,703	342,092
8000	REVENUE FROM FEDERAL SOURCES				
	8190	E-Rate grant	-	-	-
	8512	IDEA revenue	732,768	809,738	76,970
	8514	Title I	486,590	473,668	(12,922)
	8515	Title II	95,572	83,144	(12,428)
	8516	Title III	57,335	85,736	28,401
	8517	Title IV	35,336	38,179	2,843
	8740 / 8750	CARES Act, CRRSA Act, and ARP Act Funding	807,733	978,272	170,539
	8810	Federal Access funds	100,000	100,000	-
	8820	Medical Assistance reimbursement	35,000	56,733	21,733
		TOTAL 8000 REVENUE FROM FEDERAL SOURCES	2,350,334	2,625,470	275,136
		TOTAL REVENUES	$ 119,502,614	$ 124,015,928	$ 4,513,314

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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 the Upper Merion Area School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Upper Merion Area School District's basic financial statements, and have issued our report thereon dated December 12, 2023.

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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Limerick, Pennsylvania
December 12, 2023

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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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the 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
December 12, 2023

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, 2023

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		13-220451
Title I Grants to Local Educational Agencies	I	84.010		13-230451
Total ALN 84.010 Title I Grants to Local Education Agencies				
English Language Acquisition State Grants (Title III)	I	84.365		10-210451
English Language Acquisition State Grants (Title III)	I	84.365		10-220451
English Language Acquisition State Grants (Title III)	I	84.365		10-230451
Total ALN 84.365 English Language Acquisition State Grants				
Supporting Effective Instruction State Grants (Title II)	I	84.367		20-220451
Supporting Effective Instruction State Grants (Title II)	I	84.367		20-230451
Total ALN 84.367 Supporting Effective Instruction State Grants (Title II)				
Student Support and Academic Enrichment Program (Title IV)	I	84.424		144-220451
Student Support and Academic Enrichment Program (Title IV)	I	84.424		144-230451
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	*	223-210451
COVID-19 - Education Stabilization Fund	I	84.425	*	225-210451
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, 2022	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2023	Amount Passed Through to Sub-Recipients
July 1, 2021 to September 30, 2022	$ 485,888	$ 96,616	$ 96,023	$ 593	$ 593	$ -	$ -
July 1, 2022 to September 30, 2023	473,132	236,566	-	473,075	473,075	236,509	-
	959,020	333,182	96,023	473,668	473,668	236,509	-
July 27, 2020 to September 30, 2021	57,239	7,632	7,441	191	191	-	-
July 1, 2021 to September 30, 2022	58,057	-	(15,141)	15,507	15,507	366	-
July 1, 2022 to September 30, 2023	71,262	35,631	-	70,038	70,038	34,407	-
	186,558	43,263	(7,700)	85,736	85,736	34,773	-
July 1, 2021 to September 30, 2022	95,513	57,284	57,284	-	-	-	-
July 1, 2022 to September 30, 2023	83,144	41,572	-	83,144	83,144	41,572	-
	178,657	98,856	57,284	83,144	83,144	41,572	-
July 1, 2021 to September 30, 2022	35,357	7,088	6,769	320	320	1	-
July 1, 2022 to September 30, 2023	38,125	19,063	-	37,859	37,859	18,796	-
	73,482	26,151	6,769	38,179	38,179	18,797	-
March 13, 2020 to September 30, 2024	3,511,771	1,468,559	668,816	909,290	909,290	109,547	-
March 13, 2020 to September 30, 2024	272,944	84,365	1,231	68,984	68,984	(14,150)	-
	3,784,715	1,552,924	670,047	978,274	978,274	95,397	-
	$ 5,182,432	$ 2,054,376	$ 822,423	$ 1,659,001	$ 1,659,001	$ 427,048	$ -

UPPER MERION AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AND CERTAIN STATE AWARDS

YEAR ENDED JUNE 30, 2023

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	*	62-02014
Special Education - Preschool Grants (IDEA Preschool)	I	84.173	*	62-02014
Total ALN 84.173 Special Education - Preschool Grants (IDEA Preschool)				
Special Education - Grants to States (IDEA, Part B)	I	84.027	*	62-02014
Special Education - Grants to States (IDEA, Part B)	I	84.027	*	62-02014
Total ALN 84.027 Special Education - Grants to States (IDEA, Part B)				
TOTAL SPECIAL EDUCATION CLUSTER				
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, 2022	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2023	Amount Passed Through to Sub-Recipients
	$ 5,182,432	$ 2,054,376	$ 822,423	$ 1,659,001	$ 1,659,001	$ 427,048	$ -
July 1, 2021 to June 30, 2022	4,312	4,312	4,312	-	-	-	-
July 1, 2022 to June 30, 2023	3,914	3,914	-	3,914	3,914	-	-
	8,226	8,226	4,312	3,914	3,914	-	-
July 1, 2021 to June 30, 2022	728,456	59,848	59,848	-	-	-	-
July 1, 2022 to June 30, 2023	805,824	622,409	-	805,824	805,824	183,415	-
	1,534,280	682,257	59,848	805,824	805,824	183,415	-
	1,542,506	690,483	64,160	809,738	809,738	183,415	-
	$ 6,724,938	$ 2,744,859	$ 886,583	$ 2,468,739	$ 2,468,739	$ 610,463	$ -

UPPER MERION AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AND CERTAIN STATE AWARDS

YEAR ENDED JUNE 30, 2023

Federal Grantor/Project Title	Source Code	Federal AL Number	Pass-Through Grantor's Number
U.S. DEPARTMENT OF EDUCATION			
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, 2022.
(C) Total amount of foods used.
(D) Ending inventory at June 30, 2023.

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, 2022	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2023	Amount Passed Through to Sub-Recipients
	$ 6,724,938	$ 2,744,859	$ 886,583	$ 2,468,739	$ 2,468,739	$ 610,463	$ -
July 1, 2022 to June 30, 2023	N/A	218,130 (A)	(55,628) (B)	235,188	235,188 (C)	(38,570) (D)	-
July 1, 2021 to June 30, 2022	N/A	310,264	310,264	-	-	-	-
July 1, 2022 to June 30, 2023	N/A	1,089,331	-	1,141,305	1,141,305	51,974	-
July 1, 2022 to June 30, 2023	N/A	117,128	-	117,128	117,128	-	-
	N/A	1,734,853	254,636	1,493,621	1,493,621	13,404	-
July 1, 2021 to June 30, 2022	N/A	73,784	73,784	-	-	-	-
July 1, 2022 to June 30, 2023	N/A	227,061	-	242,228	242,228	15,167	-
	N/A	300,845	73,784	242,228	242,228	15,167	-
		2,035,698	328,420	1,735,849	1,735,849	28,571	-
July 1, 2022 to June 30, 2023	N/A	628	-	628	628	-	-
	N/A	628	-	628	628	-	-
July 1, 2021 to June 30, 2022	N/A	11,602	11,602	-	-	-	-
July 1, 2022 to June 30, 2023	N/A	167,209	-	178,767	178,767	11,558	-
	-	2,215,137	340,022	1,915,244	1,915,244	40,129	-
	6,724,938	4,959,996	1,226,605	4,383,983	4,383,983	650,592	-
	-	(178,811)	(11,602)	(178,767)	(178,767)	(11,558)	-
	$ 6,724,938	$ 4,781,185	$ 1,215,003	$ 4,205,216	$ 4,205,216	$ 639,034	$ -

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 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 Improve Basic Programs - To improve the teaching and learning of children who are at risk of not meeting challenging and academic standards and who reside in areas with high concentrations of children from low-income families.

National School Lunch Program - To (1) assist states through cash grants and donations in making lunch available to school children and (2) encourage the domestic consumption of agricultural commodities and other foods. To improve the diets of school children in need of food assistance and to increase the market for domestically produced foods acquired under surplus removal or price support operations.

Title II Improving Teacher Quality - To upgrade the expertise of teachers and other school staff to enable them to teach all children to meet state content standards and to sustain high quality professional development focused on core academic subjects.

Title III Language Instruction LEP/Immigrant Students - Improve education of limited English proficient students and provide enhanced instructional opportunities for immigrant children and youths.

Title IV School Support and Academic Enrichment Program- To (1) Provide all students with access to a well-rounded education; (2) improve school conditions for student learning; (3) improve the use of technology in order to improve the academic achievement and digital literacy for all students.

NOTE C - PROGRAM OBJECTIVES (Continued)

Individuals with Disabilities Education (IDEA) Programs - To (1) ensure that all children with disabilities have available to them a free appropriate public education which emphasizes special education and related services designed to meet their unique needs; (2) ensure that the rights of children with disabilities and their parents or guardians are protected; (3) assist states, localities, educational service agencies and federal agencies to provide for the education of all children with disabilities; and (4) assess and ensure that effectiveness of efforts to educate children with disabilities.

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

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.

UPPER MERION AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

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 weaknesses(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
Special Education Cluster	84,027, 84.173

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, 2023

None.