

SPRING-FORD AREA SCHOOL DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2024

INTRODUCTORY SECTION

SPRING-FORD AREA SCHOOL DISTRICT

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of School Directors
Spring-Ford Area School District
Royersford, Pennsylvania

Report on 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 Spring-Ford Area School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Spring-Ford 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 Spring-Ford Area School District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Spring-Ford 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

Spring-Ford 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 Spring-Ford 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.

To the Board of School Directors
Spring-Ford Area School District
Royersford, Pennsylvania

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 Spring-Ford 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 Spring-Ford Area School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 19, budgetary comparison information on pages 72 through 74, schedule of the school district's proportionate share of the PSERS net pension liability on page 75, schedule of the school district's PSERS pension contributions on page 76, schedule of the school district's proportionate share of the PSERS net other postemployment benefit plan liability on page 77, schedule of the school district's PSERS other postemployment benefit plan contributions on page 78 and schedule of changes in the total other postemployment benefit plan liability and related ratios on page 79 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
Spring-Ford Area School District
Royersford, Pennsylvania

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Spring-Ford Area School District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statement.

The Schedule of Expenditures of Federal 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 Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024 on our consideration of Spring-Ford 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 Spring-Ford Area School District's internal control over financial reporting and compliance.



Limerick, Pennsylvania
December 13, 2024

SPRING-FORD AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

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

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

FINANCIAL HIGHLIGHTS

The District completed the fiscal year 2023/2024 with liabilities and deferred inflows of resources of \$352,548,044 exceeding assets and deferred outflows of resources of \$342,879,434 by \$27,668,610. In comparison the total net position of the district increased \$6,697,735 year-over-year.

- The governmental activities total assets decreased by \$3,783,399 over prior year.
- The District's business-type activities, which are comprised of the Food Service Fund, showed an increase of \$1,061,664 in total assets from prior year.
- At the end of the current fiscal year, the unassigned, undesignated fund balance of the General Fund was \$13,668,427 compared to the prior year of \$11,182,476 an increase of \$2,485,951.
- The Board continues to review the fund balance of the District and strives to maintain the fund balance to within 5-8% of the total budgeted expenditures, or in future years will budget to replenish the fund balance, should it be necessary.

USING THE BASIC FINANCIAL STATEMENTS

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

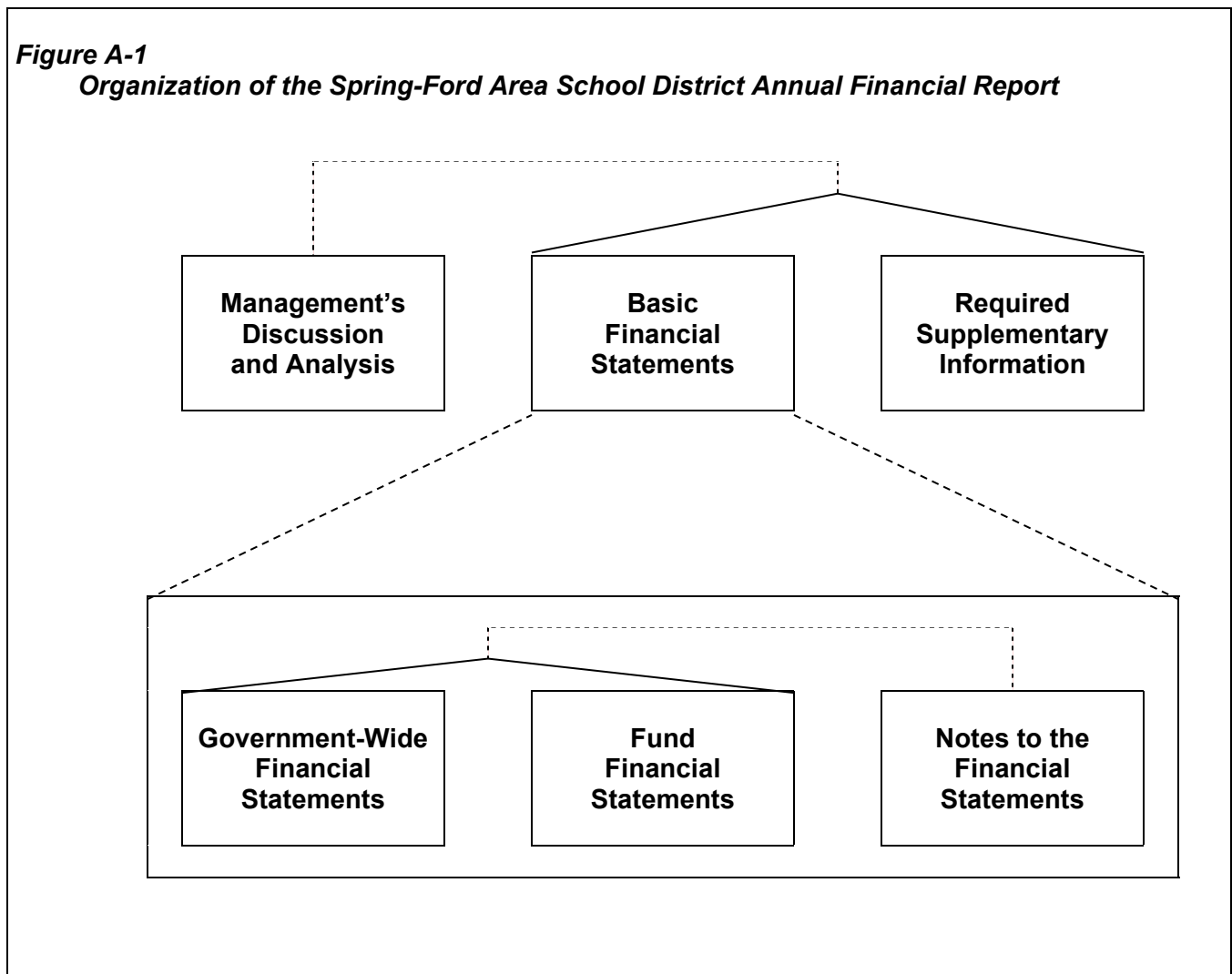
The first two statements are government-wide financial statements (District as a whole). These are the Condensed Statement of Net Position, and the Statement of Activities. The statements provide both long-term and short-term information about the District's overall financial status.

SPRING-FORD AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

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

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

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



SPRING-FORD AREA SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

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

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

SPRING-FORD AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

OVERVIEW OF FINANCIAL STATEMENTS

Government-Wide Statements

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

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

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

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

Fund Financial Statements

The District's fund financial statements, which begin on page 22, provide detailed information about the most significant individual funds. Some funds are required by state law and by debt requirements.

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

SPRING-FORD AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

- Fiduciary Funds:** The District is the trustee for some Custodial Funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 31 and Statement of Changes in Fiduciary Net Position on page 32. These activities are excluded from the District's other financial statements because the District does not have administrative involvement and cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position was \$(27,668,610) as of June 30, 2024, as a result of the GASB 68 pension and GASB 75 OPEB reporting requirements.

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

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current and other assets	\$ 80,904,448	\$ 3,672,211	\$ 84,576,659
Capital assets	189,561,958	143,943	189,705,901
TOTAL ASSETS	270,466,406	3,816,154	274,282,560
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding, net of accumulated amortization	374,028	-	374,028
Deferred outflows of resources, OPEB activity	2,808,846	19,000	2,827,846
Deferred outflows of resources, pension contributions	46,992,000	403,000	47,395,000
TOTAL DEFERRED OUTFLOWS OF RESOURCES	50,174,874	422,000	50,596,874
LIABILITIES			
Current and other liabilities	42,913,718	625,593	43,539,311
Long-term liabilities	289,482,321	2,091,691	291,574,012
TOTAL LIABILITIES	332,396,039	2,717,284	335,113,323
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, OPEB activity	5,603,221	92,500	5,695,721
Deferred inflows of resources, pension deferrals	10,312,000	1,427,000	11,739,000
TOTAL DEFERRED INFLOWS OF RESOURCES	15,915,221	1,519,500	17,434,721
NET POSITION			
Net investment in capital assets	141,077,077	143,943	141,221,020
Restricted	910,899	-	910,899
Unrestricted	(169,657,956)	(142,573)	(169,800,529)
TOTAL NET POSITION	\$ (27,669,980)	\$ 1,370	\$ (27,668,610)

SPRING-FORD AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

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

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current and other assets	\$ 92,174,836	\$ 2,607,559	\$ 94,782,395
Capital assets	182,074,969	146,931	182,221,900
TOTAL ASSETS	274,249,805	2,754,490	277,004,295
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding, net of accumulated amortization	492,637	-	492,637
Deferred outflows of resources, OPEB activity	2,940,454	45,197	2,985,651
Deferred outflows of resources, pension contributions	40,401,000	745,000	41,146,000
TOTAL DEFERRED OUTFLOWS OF RESOURCES	43,834,091	790,197	44,624,288
LIABILITIES			
Current and other liabilities	39,685,513	290,444	39,975,957
Long-term liabilities	288,886,357	4,120,437	293,006,794
TOTAL LIABILITIES	328,571,870	4,410,881	332,982,751
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, OPEB activity	6,425,907	49,000	6,474,907
Deferred inflows of resources, pension deferrals	16,239,000	298,270	16,537,270
TOTAL DEFERRED INFLOWS OF RESOURCES	22,664,907	347,270	23,012,177
NET POSITION			
Net investment in capital assets	138,667,307	146,931	138,814,238
Restricted	677,508	-	677,508
Unrestricted	(172,497,696)	(1,360,395)	(173,858,091)
TOTAL NET POSITION	\$ (33,152,881)	\$ (1,213,464)	\$ (34,366,345)

Table A-3 presents the District's Statement of Changes in Net Position. This schedule uses the financial information from the Statement of Activities found on page 21. The presentation of Table A-3 is similar to an income statement of a private industry organization.

Total revenues from governmental and Business type activities were \$203,021,725 for the fiscal year ended June 30, 2024, versus \$192,361,645 for the prior fiscal year. The main contributors to the increase were local property taxes, earned income taxes, real estate transfer taxes, investment earnings, and state subsidies for basic education funding.

Total expenditures for the current fiscal year were \$196,323,990 versus \$175,183,389 for the prior fiscal year. The major contributors to the increase in expenditures are related to increased costs in instruction and employee healthcare benefits.

Overall, the District's net position increased \$6,697,735 during the current fiscal year.

SPRING-FORD AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

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

	Governmental Activities	Business-Type Activities	Totals
REVENUES			
Program revenues			
Charges for services	\$ 510,920	\$ 2,233,897	\$ 2,744,817
Operating grants and contributions	26,569,812	2,289,045	28,858,857
Capital grants and contributions	658,553	-	658,553
General revenues			
Property taxes	131,378,541	-	131,378,541
Other taxes	16,897,364	-	16,897,364
Grants, subsidies and contributions, unrestricted	16,648,970	-	16,648,970
Investment earnings	4,930,811	164,951	5,095,762
Other	738,861	-	738,861
TOTAL REVENUES	198,333,832	4,687,893	203,021,725
EXPENSES			
Instruction	116,738,774	-	116,738,774
Instructional student support	20,986,294	-	20,986,294
Administrative and financial support	18,321,186	-	18,321,186
Operation and maintenance of plant	14,719,406	-	14,719,406
Pupil transportation	10,806,347	-	10,806,347
Student activities	3,402,858	-	3,402,858
Community services	14,087	-	14,087
Interest on long-term debt	2,812,719	-	2,812,719
Depreciation, unallocated	5,049,260	-	5,049,260
Food services	-	3,473,059	3,473,059
TOTAL EXPENSES	192,850,931	3,473,059	196,323,990
CHANGE IN NET POSITION	5,482,901	1,214,834	6,697,735
NET POSITION, BEGINNING	(33,152,881)	(1,213,464)	(34,366,345)
NET POSITION, ENDING	\$ (27,669,980)	\$ 1,370	\$ (27,668,610)

SPRING-FORD AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

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

	Governmental Activities	Business-Type Activities	Totals
REVENUES			
Program revenues			
Charges for services	\$ 477,607	\$ 2,243,600	\$ 2,721,207
Operating grants and contributions	27,043,424	2,156,539	29,199,963
Capital grants and contributions	1,028,277	-	1,028,277
General revenues			
Property taxes	124,580,765	-	124,580,765
Other taxes	15,765,203	-	15,765,203
Grants, subsidies and contributions, unrestricted	15,289,254	-	15,289,254
Investment earnings	3,249,256	89,224	3,338,480
Other	438,496	-	438,496
TOTAL REVENUES	<u>187,872,282</u>	<u>4,489,363</u>	<u>192,361,645</u>
EXPENSES			
Instruction	105,382,696	-	105,382,696
Instructional student support	18,249,401	-	18,249,401
Administrative and financial support	16,960,424	-	16,960,424
Operation and maintenance of plant	12,694,981	-	12,694,981
Pupil transportation	9,704,560	-	9,704,560
Student activities	3,103,464	-	3,103,464
Community services	2,655	-	2,655
Interest on long-term debt	1,362,245	-	1,362,245
Depreciation, unallocated	4,391,698	-	4,391,698
Food services	-	3,331,265	3,331,265
TOTAL EXPENSES	<u>171,852,124</u>	<u>3,331,265</u>	<u>175,183,389</u>
CHANGE IN NET POSITION	16,020,158	1,158,098	17,178,256
NET POSITION, BEGINNING, restated	<u>(49,173,039)</u>	<u>(2,371,562)</u>	<u>(51,544,601)</u>
NET POSITION, ENDING	<u>\$ (33,152,881)</u>	<u>\$ (1,213,464)</u>	<u>\$ (34,366,345)</u>

SPRING-FORD AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

Table A-5 compares the gross expenditures of the governmental activities of the District broken down by major category. The table further shows the net costs after applying each category's direct revenue, grants and contributions. (total cost less revenues generated by the activities).

Table A-5
Governmental Activities
Years Ended June 30, 2024 and 2023

Functions/Programs	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 116,738,774	\$ 96,867,129	\$ 105,382,696	\$ 85,421,738
Instructional student support	20,986,294	18,895,455	18,249,401	16,174,575
Administrative	18,321,186	16,806,391	16,960,424	15,427,982
Operation and maintenance of plant	14,719,406	13,940,743	12,694,981	11,961,212
Pupil transportation	10,806,347	8,723,193	9,704,560	7,211,616
Student activities	3,402,858	2,661,695	3,103,464	2,377,372
Community services	14,087	13,614	2,655	2,655
Interest on long-term debt	2,812,719	2,154,166	1,362,245	333,968
Unallocated depreciation expense	5,049,260	5,049,260	4,391,698	4,391,698
TOTAL GOVERNMENTAL ACTIVITIES	\$ 192,850,931	165,111,646	\$ 171,852,124	143,302,816
Less unrestricted grants, subsidies		<u>(16,648,970)</u>		<u>(15,289,254)</u>
TOTAL NEEDS FROM LOCAL TAXES AND OTHER REVENUES		\$ 148,462,676		\$ 128,013,562

Table A-6 reflects the activities of the Food Service program, the only business-type activity of the District.

Table A-6
Business-Type Activities
Years Ended June 30, 2024 and 2023

Functions/Programs	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Food services	\$ 3,473,059	\$ (1,049,883)	\$ 3,331,265	\$ (1,068,874)
Less investment earnings		<u>(164,951)</u>		<u>(89,221)</u>
TOTAL BUSINESS-TYPE ACTIVITIES		\$ (1,214,834)		\$ (1,158,095)

The Statement of Revenues, Expenses and Changes in Net Position for this Proprietary Fund will further detail the actual results of operations.

SPRING-FORD AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

THE DISTRICT FUNDS

At June 30, 2024, the District's Governmental Funds reported a combined total fund balance of \$42,997,230

General Fund

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

Capital Project Funds

Capital Reserve Fund - In order to fund projects without the need of additional borrowing issues, the District has established this fund. The district has developed and maintains a rolling 10-year facilities plan. The fund is utilized to support and fund this long-term plan.

Capital Projects Fund - The District established this fund in prior years for new construction capital projects. Current amounts in this fund are for the district's approved GESA project which is in progress.

Debt Service Fund

The decrease was due to interfund transfers.

General Fund Budget

During the fiscal year, the Board of School Directors (the "Board") authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year. A statement showing the District's original and final budget amounts compared with amounts actually paid and received is provided on page 72.

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

Budgeted expenditures and other financing uses also increased during the fiscal year as more accurate data became available. Transfers between specific categories of expenditures/financing uses occur during the year. The most significant transfers occur from the budget reserve category to specific expenditure areas.

The Budgetary Reserve is an amount used for unexpected expenditures throughout the fiscal year.

SPRING-FORD AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, the District had \$189,705,901 invested in a broad range of capital assets net of accumulated depreciation, including land, buildings, furniture and equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$7,484,001 or 4.1% from last year.

Table A-7 reflects the capital assets of both the governmental activities and the business-type activities of the District.

Table A-7
Governmental and Business-Type Activities
Capital Assets, Net of Depreciation
Years Ended June 30, 2024 and 2023

	2024	2023
Land	\$ 10,053,911	\$ 10,053,911
Site improvements, net of accumulated depreciation	5,055,886	4,599,348
Buildings and building improvements, net of accumulated depreciation	166,242,439	156,214,882
Furniture and equipment, net of accumulated depreciation	8,353,665	11,353,759
	\$ 189,705,901	\$ 182,221,900

Debt Administration

Table A-8
Outstanding Debt
Years Ended June 30, 2024 and 2023

	2024	2023
GENERAL OBLIGATION BONDS AND NOTES		
Bonds, Series of 2023	\$ 9,990,000	\$ -
Bonds, Series of 2022	20,450,000	23,270,000
Bonds, Series of 2018	6,455,000	7,170,000
Bonds, Series A of 2016	4,590,000	8,945,000
Bonds, Series of 2015	16,030,000	17,535,000
	\$ 57,515,000	\$ 56,920,000

The District, as a member of the Western Center for Technical Studies, issued School Lease Revenue Bonds, Series of 2016, in the total amount of \$26,315,000. Pottsgrove School District and Upper Perkiomen School District are the other two members of the Western Center. Spring-Ford's remaining portion of the debt principal obligation is estimated to be \$6,137,000.

SPRING-FORD AREA SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET 2024-2025 AND RATES

In June 2024, Moody’s Investor Services held the district’s general obligation rating steady at Aa1 with regard to the \$9.7 million in Government Obligation Bonds, Series of 2024. Moody’s cited that the Aa1 underlying rating reflects the District’s continued growth in the District’s affluent and residential tax base as well as a multi-year trend of improving finances. Further, the district’s strong financial operations have produced healthy reserve and liquidity balances. Moody’s acknowledged the District’s prudent budgeting and strategic planning and expects the District’s financial performance to remain strong.

The District expects the tax base will continue to experience moderate growth. There are numerous housing units in construction or planned in the future, as well as significant anticipated commercial development. The new assessment increases during 2023/2024 from property growth (\$40.3 million) have affected the tax base, thus generating approximately \$1.3 million in new gross tax dollars.

The District has developed many fiscal strategic planning to meet future needs of the District. These include the following: Capital Projects 10 Year Plan; Retirement Past and Future; Debt Budget and Actual; Summary of Debt Principal and Interest Requirement; Projects Financed by Bond Issues; and Future Borrowing Capacity. Because of these planning models, a Debt Service Fund account (\$283,000) and retirement account (\$511,000) are maintained and currently utilized to meet future financing needs.

The budget for the 2024/2025 fiscal year is in the amount of \$205,504,943, representing an increase of 7.8% over prior year. The District increased property taxes 5.3% to 32.5131 mills. The state cap index was 5.30% without allowable exceptions.

The comparison of revenue and expenditure categories is as follows:

Table A-9
Budgeted Revenues

	<u>2023-2024</u>	<u>2022-2023</u>
Local	78.21%	78.18%
State	20.82%	20.81%
Federal/other	0.97%	1.02%

Table A-10
Budgeted Expenditures

	<u>2023-2024</u>	<u>2022-2023</u>
Instruction	60.13%	60.10%
Support services	30.15%	30.19%
Non-instruction/community	1.71%	1.71%
Fund transfers/debt	8.01%	8.00%

SPRING-FORD AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

FUTURE ECONOMIC FACTORS

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

Act 1

The Taxpayer Relief Act Special Session Act 1 of 2006 ("Act 1") is complex legislation designed to provide property tax relief for homeowners. In doing so Act 1 sets aside tax revenue from the gaming industry in Pennsylvania to offset a portion of property taxes levied by school districts in the form of homestead and/or farmstead discounts. However, Act 1 also places restrictions on the amount a school district can raise property taxes to meet its expenses. Each year the state sets the maximum amount a school district may increase its property taxes referred to as the "Index". There are currently three exceptions whereby a school district may increase the property tax greater than the Index. However, tax increases above the Index are permitted, but only through voter approval. Unlike its predecessors, Act 1 is mandatory. Act 1 may have many collateral consequences for school districts, including negative impacts to education programs, possible bond downgrade and related borrowing expense, and many diverse required actions.

Collective Bargaining Contract

The Board and the Spring-Ford Education Association's most recent collective bargaining agreement was ratified on April 22, 2024. This contract will expire in August 2029.

Assessment

The District continues to work closely with its solicitor and appraisal companies to settle assessment appeals in the best interest of the District. While new commercial growth will help offset losses, the District must be very cautious with forecasting revenue to meet expenses. The District has hired an appraiser and the District solicitor to represent the interest of the District in resolving these disputes and hopefully arriving at a mutually agreed settlement. The District does have reserve accounts to assist with major negative losses.

Self-Funding Insurances and Insurance Plans

Beginning in 2010/11, the District moved to self-funded health insurance and vision. Previously, the District's health and vision coverage was fully insured with Independence Blue Cross. The District was already self-funded for its prescription and dental plans. The District continues to work with the Chester County Intermediate Unit with The Reschini Group as the medical consultant.

SPRING-FORD AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2024

The District continually reviews its insurance plans to control escalating health care costs. The District currently offers different levels of Personal Choice plans whereby participants make higher contributions for the more expensive plans. Further, to limit or hedge the exposures of self-insurance, the District has purchased stop-loss insurance for potential high-dollar claims. As a result of self-insuring, the District has incurred year-over-year average premium increases of approximately 11% for the past three years.

Act 32- County-Wide EIT Collection

PA Act 32 of 2009 amends the Local Tax Enabling Act (LTEA Act 5111 of 1965) to provide for consolidation of the collection of local earned income tax (EIT) at the county level starting January 1, 2012. The act has two overarching purposes: To establish state-wide uniformity in tax rules, procedures and forms; to provide greater tax collection efficiency by reducing the large number of tax collectors; and to consolidate local EIT collection at the county level. The District is involved in the TCC (Tax Collection Committee) to form a tax collection bureau and hire a tax collection agency to collect EIT for all school districts and municipalities within the county. The TCC group has appointed Berkheimer as the tax collection agency with the option of districts/municipalities to select an early implementation of EIT and LST (Local Service Taxes) beginning January 1, 2011.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact James D. Fink, CPA, Chief Financial Officer at Spring-Ford Area School District, 857 South Lewis Road, Royersford, PA 19468, or (610) 705-6000.

SPRING-FORD AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 47,635,689	\$ 3,673,166	\$ 51,308,855
Investments	17,954,735	-	17,954,735
Taxes receivable, net	1,935,549	-	1,935,549
Internal balances	113,918	(113,918)	-
Due from other governments	11,836,402	39,411	11,875,813
Other receivables, net	349,372	13,494	362,866
Inventories	257,196	60,058	317,254
Prepaid expenses	821,587	-	821,587
Capital assets, net of accumulated depreciation			
Land	10,053,911	-	10,053,911
Site improvements	5,055,886	-	5,055,886
Buildings and building improvements	166,242,439	-	166,242,439
Furniture and equipment	8,209,722	143,943	8,353,665
TOTAL ASSETS	270,466,406	3,816,154	274,282,560
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding, net of accumulated amortization	374,028	-	374,028
Deferred outflows of resources, OPEB activity	2,808,846	19,000	2,827,846
Deferred outflows of resources, pension activity	46,992,000	403,000	47,395,000
TOTAL DEFERRED OUTFLOWS OF RESOURCES	50,174,874	422,000	50,596,874
LIABILITIES			
Accounts payable	8,081,266	427,278	8,508,544
Accrued salaries and benefits	20,999,647	58,624	21,058,271
Accrued interest	1,332,999	-	1,332,999
Unearned revenue	222,667	139,691	362,358
Other liabilities	479,097	-	479,097
Long-term liabilities			
Portion due or payable within one year			
Bonds payable	10,751,486	-	10,751,486
Compensated absences	1,046,556	-	1,046,556
Portion due or payable after one year			
Bonds payable	48,551,465	-	48,551,465
Compensated absences	3,129,258	35,691	3,164,949
Net pension liability	224,104,000	1,976,000	226,080,000
Other postemployment benefit obligations	13,697,598	80,000	13,777,598
TOTAL LIABILITIES	332,396,039	2,717,284	335,113,323
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, OPEB activity	5,603,221	92,500	5,695,721
Deferred inflows of resources, pension activity	10,312,000	1,427,000	11,739,000
	15,915,221	1,519,500	17,434,721
NET POSITION			
Net investment in capital assets	141,077,077	143,943	141,221,020
Restricted for			
Scholarships	103,732	-	103,732
Special education compensatory	807,167	-	807,167
Unrestricted	(169,657,956)	(142,573)	(169,800,529)
TOTAL NET POSITION	\$ (27,669,980)	\$ 1,370	\$ (27,668,610)

See accompanying notes to the basic financial statements.

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SPRING-FORD AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular programs	\$ 70,570,300	\$ 123,614	\$ 10,982,729	\$ -
Special programs	42,029,067	-	8,719,819	-
Vocational education programs	3,952,981	-	-	-
Other instructional programs	179,726	-	45,483	-
Higher education programs	6,700	-	-	-
Support services				
Pupil personnel services	8,893,089	-	894,535	-
Instructional staff services	8,254,151	-	968,513	-
Administration services	9,604,624	-	1,060,922	-
Pupil health services	3,839,054	-	227,791	-
Business services	1,419,726	-	161,008	-
Operation and maintenance of plant services	14,719,406	-	778,663	-
Student transportation services	10,806,347	-	2,083,154	-
Central services	7,176,539	-	292,865	-
Other services	120,297	-	-	-
Operation of non-instructional services				
Student activities	3,402,858	387,306	353,857	-
Community services	14,087	-	473	-
Interest on long-term debt	2,812,719	-	-	658,553
Depreciation, unallocated	5,049,260	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	192,850,931	510,920	26,569,812	658,553
BUSINESS-TYPE ACTIVITIES				
Food service	3,473,059	2,233,897	2,289,045	-
TOTAL DISTRICT ACTIVITIES	\$ 196,323,990	\$ 2,744,817	\$ 28,858,857	\$ 658,553
GENERAL REVENUES				
Taxes				
Property taxes, levied for general purposes				
Public utility taxes				
Payment in lieu of taxes				
Earned income taxes				
Occupation taxes				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous				
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
\$ (59,463,957)	\$ -	\$ (59,463,957)
(33,309,248)	-	(33,309,248)
(3,952,981)	-	(3,952,981)
(134,243)	-	(134,243)
(6,700)	-	(6,700)
(7,998,554)	-	(7,998,554)
(7,285,638)	-	(7,285,638)
(8,543,702)	-	(8,543,702)
(3,611,263)	-	(3,611,263)
(1,258,718)	-	(1,258,718)
(13,940,743)	-	(13,940,743)
(8,723,193)	-	(8,723,193)
(6,883,674)	-	(6,883,674)
(120,297)	-	(120,297)
(2,661,695)	-	(2,661,695)
(13,614)	-	(13,614)
(2,154,166)	-	(2,154,166)
(5,049,260)	-	(5,049,260)
<u>(165,111,646)</u>	<u>-</u>	<u>(165,111,646)</u>
<u>-</u>	<u>1,049,883</u>	<u>1,049,883</u>
<u>(165,111,646)</u>	<u>1,049,883</u>	<u>(164,061,763)</u>
131,378,541	-	131,378,541
120,069	-	120,069
1,774,295	-	1,774,295
14,815,154	-	14,815,154
187,846	-	187,846
16,648,970	-	16,648,970
4,930,811	164,951	5,095,762
738,861	-	738,861
<u>170,594,547</u>	<u>164,951</u>	<u>170,759,498</u>
5,482,901	1,214,834	6,697,735
<u>(33,152,881)</u>	<u>(1,213,464)</u>	<u>(34,366,345)</u>
<u>\$ (27,669,980)</u>	<u>\$ 1,370</u>	<u>\$ (27,668,610)</u>

SPRING-FORD AREA SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2024

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 25,842,129	\$ 9,054,997	\$ 10,934,496	\$ 1,804,067	\$ 47,635,689
Investments	16,652,192	1,302,543	-	-	17,954,735
Taxes receivable	1,935,549	-	-	-	1,935,549
Due from other funds	1,648,176	-	-	-	1,648,176
Due from other governments	9,918,250	-	-	-	9,918,250
Other receivables	349,372	-	-	-	349,372
Prepaid items	821,587	-	-	-	821,587
TOTAL ASSETS	<u>\$ 57,167,255</u>	<u>\$ 10,357,540</u>	<u>\$ 10,934,496</u>	<u>\$ 1,804,067</u>	<u>\$ 80,263,358</u>
LIABILITIES					
Accounts payable	\$ 6,933,201	\$ 657,611	\$ 490,454	\$ -	\$ 8,081,266
Due to other funds	3,530,517	-	-	1,534,258	5,064,775
Unearned revenue	222,667	-	-	-	222,667
Accrued salaries and benefits	20,999,647	-	-	-	20,999,647
Other liabilities	479,097	-	-	-	479,097
Current portion of compensated absences	1,046,556	-	-	-	1,046,556
TOTAL LIABILITIES	<u>33,211,685</u>	<u>657,611</u>	<u>490,454</u>	<u>1,534,258</u>	<u>35,894,008</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue, property taxes	1,372,120	-	-	-	1,372,120
FUND BALANCES					
Nonspendable, prepaid expenses	821,587	-	-	-	821,587
Restricted for					
Capital projects	-	-	10,444,042	-	10,444,042
Scholarships	103,732	-	-	-	103,732
Special education compensatory	807,167	-	-	-	807,167
Committed to					
Capital projects	-	9,699,929	-	-	9,699,929
Future retirement rate increase	511,152	-	-	-	511,152
Assigned to					
Subsequent year's budget, payroll and benefits	4,000,000	-	-	-	4,000,000
Future tax assessment appeals	1,171,385	-	-	-	1,171,385
Self-funded insurance	1,500,000	-	-	-	1,500,000
Debt service	-	-	-	269,809	269,809
Unassigned	13,668,427	-	-	-	13,668,427
TOTAL FUND BALANCES	<u>22,583,450</u>	<u>9,699,929</u>	<u>10,444,042</u>	<u>269,809</u>	<u>42,997,230</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 57,167,255</u>	<u>\$ 10,357,540</u>	<u>\$ 10,934,496</u>	<u>\$ 1,804,067</u>	<u>\$ 80,263,358</u>

See accompanying notes to the basic financial statements.

SPRING-FORD AREA SCHOOL DISTRICT

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

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 42,997,230
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Land	10,053,911
Site improvements	5,055,886
Buildings and building improvements	166,242,439
Furniture and equipment	8,209,722
<p>Deferred charges on refunding used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Deferred amount on refunding	4,189,863
Accumulated amortization	(3,815,835)
<p>Deferred inflows and outflows of resources related to pension and OPEB activities are not financial resources and therefore not reported in the governmental funds.</p>	
	33,885,625
<p>The assets and liabilities of certain Internal Service Funds are not included in the fund financial statements but are included in the governmental activities on the statement of net position.</p>	
	3,530,517
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:</p>	
Accrued interest	(1,332,999)
Bonds payable	(59,302,951)
Compensated absences	(3,129,258)
Net pension liability	(224,104,000)
Other postemployment benefits	(13,697,598)
<p>Governmental Funds follow the purchase method of inventory; therefore, no inventory is reflected on the balance sheet. However, the statement of net position uses the consumption method of inventory.</p>	
	257,196
<p>Some of the District's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are either deferred in the funds, or not reported at all in the funds.</p>	
	<u>3,290,272</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (27,669,980)</u>

See accompanying notes to the basic financial statements.

SPRING-FORD AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources	\$ 155,693,426	\$ 256,222	\$ 480,308	\$ 86,854	\$ 156,516,810
State sources	39,898,847	-	-	-	39,898,847
Federal sources	1,430,935	-	-	-	1,430,935
TOTAL REVENUES	<u>197,023,208</u>	<u>256,222</u>	<u>480,308</u>	<u>86,854</u>	<u>197,846,592</u>
EXPENDITURES					
Instruction	117,182,129	-	-	-	117,182,129
Support services	59,691,162	805,546	-	-	60,496,708
Operation of non-instructional services	3,377,862	-	-	-	3,377,862
Facilities acquisition, construction and improvement services	106,584	1,565,779	15,535,608	-	17,207,971
Debt service	12,405,050	-	-	-	12,405,050
Refund of prior year revenues	41,694	-	-	-	41,694
TOTAL EXPENDITURES	<u>192,804,481</u>	<u>2,371,325</u>	<u>15,535,608</u>	<u>-</u>	<u>210,711,414</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,218,727</u>	<u>(2,115,103)</u>	<u>(15,055,300)</u>	<u>86,854</u>	<u>(12,864,822)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	100,000	2,659,690	-	-	2,759,690
Transfers out	(2,659,690)	-	-	(100,000)	(2,759,690)
Insurance recoveries	736	-	-	-	736
Bond issue proceeds	-	-	9,995,000	-	9,995,000
Bond premium	-	-	14,069	-	14,069
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,558,954)</u>	<u>2,659,690</u>	<u>10,009,069</u>	<u>(100,000)</u>	<u>10,009,805</u>
NET CHANGE IN FUND BALANCES	1,659,773	544,587	(5,046,231)	(13,146)	(2,855,017)
FUND BALANCES AT BEGINNING OF YEAR	<u>20,923,677</u>	<u>9,155,342</u>	<u>15,490,273</u>	<u>282,955</u>	<u>45,852,247</u>
FUND BALANCES AT END OF YEAR	<u>\$ 22,583,450</u>	<u>\$ 9,699,929</u>	<u>\$ 10,444,042</u>	<u>\$ 269,809</u>	<u>\$ 42,997,230</u>

See accompanying notes to the basic financial statements.

SPRING-FORD AREA SCHOOL DISTRICT

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS FORWARD	\$ <u>(2,855,017)</u>
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$8,831,566) is exceeded by capital outlays (\$16,318,555) in the current period.</p>	7,486,989
<p>Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Unavailable tax revenues decreased by this amount this year.</p>	583,721
<p>Because some transportation revenue will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Unavailable revenues increased by this amount this year.</p>	(55,523)
<p>The issuance of long-term debt provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	(30,718)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in Governmental Funds:</p>	
Accrued interest not reflected in Governmental Funds	(385,750)
Pension plan expense	835,000
<p>In the statement of activities, certain operating expenses--compensated absences (vacations and sick leave)--are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).</p>	<u>(51,441)</u>
SUBTOTAL ADJUSTMENTS FORWARD	\$ <u>8,382,278</u>

SPRING-FORD AREA SCHOOL DISTRICT

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS FORWARDED	\$	(2,855,017)
SUBTOTAL ADJUSTMENTS FORWARDED		8,382,278
The net change in the liability for the net OPEB obligation is reported in the government-wide statements but not in the Governmental Funds statements.		11,480
Governmental Funds use the purchase method of inventory, where all items purchased are charged to expenditures. However, the statement of activities is reflected on the consumption method of recording inventory type items; therefore, the adjustment reflects the inventory difference.		<u>(55,840)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>5,482,901</u></u>

See accompanying notes to the basic financial statements.

SPRING-FORD AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2024

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Food Service Fund	Self-Insurance Fund
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,673,166	\$ -
Due from other funds	-	3,530,517
Due from other governments	39,411	-
Other receivables	13,494	-
Inventories	60,058	-
TOTAL CURRENT ASSETS	<u>3,786,129</u>	<u>3,530,517</u>
CAPITAL ASSETS		
Furniture and equipment	1,180,681	-
Accumulated depreciation	(1,036,738)	-
TOTAL CAPITAL ASSETS	<u>143,943</u>	<u>-</u>
TOTAL ASSETS	<u>3,930,072</u>	<u>3,530,517</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources, OPEB activity	19,000	-
Deferred outflows of resources, pension activity	403,000	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>422,000</u>	<u>-</u>
LIABILITIES		
CURRENT LIABILITIES		
Due to other funds	113,918	-
Accounts payable	427,278	-
Unearned revenue	139,691	-
Accrued salaries and benefits	58,624	-
TOTAL CURRENT LIABILITIES	<u>739,511</u>	<u>-</u>
NONCURRENT LIABILITIES		
Compensated absences	35,691	-
Net pension liability	1,976,000	-
Net OPEB liability	80,000	-
TOTAL NONCURRENT LIABILITIES	<u>2,091,691</u>	<u>-</u>
TOTAL LIABILITIES	<u>2,831,202</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources, OPEB activity	92,500	-
Deferred inflows of resources, pension activity	1,427,000	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,519,500</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	143,943	-
Unrestricted	(142,573)	3,530,517
TOTAL NET POSITION	<u>\$ 1,370</u>	<u>\$ 3,530,517</u>

See accompanying notes to the basic financial statements.

SPRING-FORD AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024

	Business-Type Activities <u>Enterprise Fund</u> Food <u>Service Fund</u>	Governmental Activities <u>Internal Service Fund</u> <u>Self-Insurance Fund</u>
OPERATING REVENUES		
Charges for services	\$ 2,233,896	\$ -
OPERATING EXPENSES		
Salaries	699,635	-
Employee benefits	338,317	-
Purchased property service	4,081	-
Other purchased service	2,056,080	-
Supplies	346,133	-
Care and upkeep of equipment services	13,104	-
Depreciation	8,349	-
Equipment	5,361	-
Other operating expenses	1,998	-
TOTAL OPERATING EXPENSES	<u>3,473,058</u>	<u>-</u>
OPERATING LOSS	<u>(1,239,162)</u>	<u>-</u>
NONOPERATING REVENUES		
Earnings on investments	164,951	-
State sources	557,537	-
Federal sources	1,731,508	-
TOTAL NONOPERATING REVENUES	<u>2,453,996</u>	<u>-</u>
CHANGE IN NET POSITION	1,214,834	-
NET POSITION AT BEGINNING OF YEAR	<u>(1,213,464)</u>	<u>3,530,517</u>
NET POSITION AT END OF YEAR	<u>\$ 1,370</u>	<u>\$ 3,530,517</u>

See accompanying notes to the basic financial statements.

SPRING-FORD AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Food Service Fund	Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,257,643	\$ -
Payments to employees	(1,486,968)	-
Payments to suppliers	(1,827,167)	-
Payments to other governments	(39,570)	-
NET CASH USED BY OPERATING ACTIVITIES	<u>(1,096,062)</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances to other funds	(11,797)	-
Federal sources	1,409,762	-
State sources	550,130	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>1,948,095</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property plant and equipment	(5,361)	-
Earnings on investments	164,951	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>159,590</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,011,623	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
	<u>2,661,543</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,673,166</u>	<u>\$ -</u>

SPRING-FORD AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Food Service Fund	Self-Insurance Fund
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (1,239,162)	\$ -
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	8,349	-
Donated foods	321,865	-
Employee benefit income	(481,573)	-
Increase in		
Other receivables	(7,473)	-
Inventories	(9,439)	-
Increase (decrease) in		
Due to other funds	(17,032)	-
Accounts payable	304,196	-
Accrued salaries and benefits	(267)	-
Unearned revenue	31,220	-
Compensated absences	(6,746)	-
	<u>(1,096,062)</u>	<u>-</u>
NET CASH USED BY OPERATING ACTIVITIES	\$ (1,096,062)	\$ -
SUPPLEMENTAL DISCLOSURES		
Noncash activities		
Donated foods	\$ 321,865	\$ -

See accompanying notes to the basic financial statements.

SPRING-FORD AREA SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>222,701</u>
NET POSITION	
Restricted for custodial purposes	\$ <u>222,701</u>

See accompanying notes to the basic financial statements.

SPRING-FORD AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2024

	<u>Custodial Funds</u>
ADDITIONS	
Student activity income	\$ <u>332,244</u>
DEDUCTIONS	
Student activities	<u>322,425</u>
CHANGE IN NET POSITION	9,819
NET POSITION AT BEGINNING OF YEAR	<u>212,882</u>
NET POSITION AT END OF YEAR	<u><u>\$ 222,701</u></u>

See accompanying notes to the basic financial statements.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Spring-Ford Area School District (the "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 District's accounting policies are described below.

School District

The Spring-Ford Area School District is located in Royersford, Pennsylvania. The District tax base consists of Limerick and Upper Providence Townships and Royersford and Spring City Boroughs.

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

Board of School Directors

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

In order to establish, enlarge, equip, furnish, operate and maintain any schools herein provided, or pay any school indebtedness which the District is required to pay, or pay any indebtedness that may at any time hereafter be created by the District, the Board of School Directors is vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual state appropriation, and 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.

Administration

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

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

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity

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

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

Basis of Presentation and Accounting

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

The government-wide 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 Fund 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 District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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 District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of Governmental and Proprietary Funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column (Other Governmental Funds). Fiduciary Funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All 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 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.

The Proprietary Funds 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 the 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 District finances and meets the cash flow needs of its proprietary activities.

The 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 the Proprietary Funds' principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are food service charges. Operating expenses of the Enterprise Fund 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.

Fiduciary Funds are reported using the economic resources measurement focus.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Accounting

The 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 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 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 - These 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 agreement. The District's Capital Project Funds are presented below.

The *Capital Reserve Fund* was established to set aside funds for capital expenses in the future.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Proprietary Funds

Enterprise Fund - The Enterprise Fund (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.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Internal Service Fund - The Internal Service Fund (Self-Insurance Fund) is used to account for all financial transactions related to the administration of the District's self-insured health plans. The Internal Service Fund is used to account for the financing of goods or services provided by an activity to other departments, funds, or component units of the District on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, the financial statements of the Internal Service Fund are consolidated into the governmental activities column when presented in the government-wide financial statements.

Fiduciary Funds

Custodial Funds - Custodial funds are used to account for assets held as an agent for the various student activities.

Fair Value Measurement

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

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 2 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Cash and Cash Equivalents

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

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Statutes authorize the 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 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.

Under Act No. 72, enacted by the General Assembly of the Commonwealth of Pennsylvania, the funds deposited with the various banks are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit. These may be bonds of the United States, any state of the United States, or bonds of any political subdivision of Pennsylvania or the general state authority or their authorities created by the General Assembly of the Commonwealth of Pennsylvania, or insured with the Federal Deposit Insurance Corporation. The market value of such bonds pledged must equal 120% of the funds deposited. The security pledged by the various depositories utilized during the year end at June 30, 2024, was in excess of the minimum requirements just described.

The 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.

Allowance for Doubtful Accounts

The District believes that all receivables are collectible; therefore, an allowance for doubtful accounts is not needed.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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 foods received from the federal government. Donated foods are valued at their 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 purchased rather than when consumed. Inventories on government-wide financial statements are presented at the lower of cost or market on a first-in, first-out method and are expensed when used.

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 District defines a capital asset as an asset with an initial, individual cost equal to or greater than \$5,000 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. Interest incurred during the construction of capital assets utilized by the Enterprise Fund is also capitalized.

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 District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Site improvements	20
Buildings and building improvements	20-50
Furniture and equipment	5-20

Long-Term Obligations

In the government-wide financial statements and Proprietary Fund Type 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 premium or discount. Bond issuance costs are recognized during the period in which they were incurred.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District accounts for compensated absences by complying with GASB Statement No. 16, *Accounting for Compensated Absences*. This statement requires a liability be reported for certain compensated absences as the benefits are earned by employees instead of when they are paid.

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means.

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

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

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

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The 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 District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Deferred Outflows/Inflows of Resources

The District previously implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to assets, the statement of net 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 District's deferred outflows on the statement on net position consist of deferred charges on debt refundings, net of accumulated amortization, the deferred outflow related to OPEB activity and the deferred outflow related to pension activity. A deferred charge on refunding results from the difference in the 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 deferred outflows related to OPEB activity and the deferred outflows related to pension activity, are reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred outflow related to OPEB activity is the result of the difference between expected and actual experience, changes in assumptions, net difference between projected and actual investment earnings, changes in proportions and contributions subsequent to the measurement date. The deferred outflow related to pension activity is the result of the difference between expected and actual experience, changes in assumptions, changes in proportions, difference between projected and actual investment earnings, and contributions subsequent to the measurement date.

In addition to liabilities, the statement of net 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 District has three items, which arise only under a modified accrual basis of accounting 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 deferred inflows related to OPEB activity and the deferred inflows related to pension activity, are reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred inflow related to OPEB activity is the result of changes in assumptions, changes in proportions and difference between expected and actual experience. The deferred inflow related to pension activity is the result of differences between expected and actual experience and changes in proportions. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the 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 District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance and GASB Statement No. 54

The District previously implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balances more transparent.

The following classifications describe the relative strength of the spending constraints:

- ***Nonspendable*** - Amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints. Fund balance types of this category are prepaid expenses.
- ***Restricted*** - Amounts that can be spent only for specific purposes stipulated by external resource providers or through enabling legislation. Fund Balance types in this category include amounts for capital projects, scholarships, self-insured costs and special education costs.
- ***Committed*** - Amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and do not lapse at year-end. Fund balance of this type is for the future retirement rate increase. Since the District is required to contribute to the retirement plan, the retirement rate commitment has been set up by the Board of School Directors to provide for any fluctuations to the rate increases.
- ***Assigned*** - Amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the District Manager and/or District Finance Director. Fund balance of this type includes amounts for subsequent year's budget, contractual or legal settlement commitments, self-insured costs and debt service.
- ***Unassigned*** - Amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. It is the policy of the District to retain a minimum 5% to 8% of the subsequent year operating budget in the unassigned category.

The Board of School Directors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is intended to be used by the government for specific purposes but does not meet the criteria to be classified as restricted or committed. The details of the fund balances are included in the Governmental Funds balance sheet (page 22). 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 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.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE B - CASH AND INVESTMENTS

Cash

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2024, \$44,575,942 of the District’s \$51,752,928 bank balance is uninsured and collateralized with securities held by the pledging bank’s trust department not in the District’s name, \$750,000 was insured by the FDIC and \$6,426,986 is uninsured and uncollateralized. The cash deposits totaling \$6,426,986 of the School District are in the Pennsylvania School District Liquid Asset Fund (PSDLAF) and Pennsylvania Local Government Investment Trust (PLGIT). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF and PLGIT act like money market mutual funds in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit.

Interest Rate Risk - The 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.

Investments

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

Investment Type	Amortized Cost	Fair Value	Maturities Less Than One Year
State investment pools	\$ 1,302,543	\$ -	\$ 1,302,543
US Treasury notes	-	16,652,192	16,652,192
	\$ 1,302,543	\$ 16,652,192	\$ 17,954,735

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE B - CASH AND INVESTMENTS (Continued)

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79. The District had \$1,302,543 in PA Invest which are not subject to withdrawal restrictions.

Fair Value Measurement

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quotes market prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2024:

Investments in US Treasury notes of \$16,652,192 are valued using broker quotes that utilize observable market inputs (Level 2 inputs).

NOTE C - TAXES - REAL ESTATE AND OTHER

The School Board is authorized by state law to levy property taxes for District operations, capital improvements and debt service. Property taxes are based on assessed valuations of all taxable real property within the District. Taxable real property was assessed at \$4,264,382,388. The tax rate for the year was \$3.088 per \$100 of assessed valuation. Current tax collections for the District were approximately 97% of the total levy.

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	October 31 to collection - 10% of gross levy
Lien date	January 15

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.

NOTE D - RECEIVABLES

Receivables at June 30, 2024, consisted of taxes, other revenue and intergovernmental grants and entitlements. The real estate taxes receivable account represents real estate transfer taxes and prior year uncollected tax levies. 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.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE D - RECEIVABLES (Continued)

A summary of receivables by fund is as follows:

	<u>General Fund</u>	<u>Food Service Fund</u>
Taxes receivable	\$ 1,935,549	\$ -
Federal subsidies	2,440,284	-
State subsidies	7,477,966	39,411
Other revenue	349,372	13,494
	<u>\$ 12,203,171</u>	<u>\$ 52,905</u>

NOTE E - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Self Insurance Fund	General Fund	\$ 3,530,517
General Fund	Debt Service Fund	1,534,258
General Fund	Food Service Fund	113,918
		<u>\$ 5,178,693</u>

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." The amounts between the Debt Service Fund and the General Fund are interfund borrowings to pay for principal and interest due on outstanding bonds and notes payable. The amounts between the General Fund and the Food Service Fund are for payroll. The amounts between the General Fund and the Capital Reserve Fund are for capital projects. The amounts between the General Fund and Self-Insurance Fund are for health benefits.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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

Interfund Transfers

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Capital Reserve	General Fund	\$ 2,659,690
General Fund	Debt Service Fund	<u>100,000</u>
		<u>\$ 2,759,690</u>

The District typically transfers budgeted dollar amounts from the General Fund to the Capital Project Funds, Food Service Fund and the Debt Service Fund to assist in providing for various repairs, maintenance, or purchase of buildings and equipment, payment of debt service costs and operation of student activities. Transfers may be made between the General Fund and the Self-Insurance Fund for health care stabilization.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE F - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 10,053,911	\$ -	\$ -	\$ 10,053,911
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	10,053,911	-	-	10,053,911
Capital assets being depreciated				
Site improvements	12,940,466	867,094	-	13,807,560
Buildings and building improvements	235,136,856	14,370,819	-	249,507,675
Furniture and equipment	34,655,956	1,080,642	-	35,736,598
TOTAL CAPITAL ASSETS BEING DEPRECIATED	282,733,278	16,318,555	-	299,051,833
Accumulated depreciation				
Site improvements	(8,341,118)	(410,556)	-	(8,751,674)
Buildings and building improvements	(78,921,974)	(4,343,262)	-	(83,265,236)
Furniture and equipment	(23,449,128)	(4,077,748)	-	(27,526,876)
TOTAL ACCUMULATED DEPRECIATION	(110,712,220)	(8,831,566)	-	(119,543,786)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	172,021,058	7,486,989	-	179,508,047
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	182,074,969	7,486,989	-	189,561,958
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Furniture and equipment	1,175,320	5,361	-	1,180,681
Accumulated depreciation	(1,028,389)	(8,349)	-	(1,036,738)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	146,931	(2,988)	-	143,943
CAPITAL ASSETS, net	\$ 182,221,900	\$ 7,484,001	\$ -	\$ 189,705,901

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE F - CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

INSTRUCTION		
Regular programs		\$ 99,602
Special programs		6,150
SUPPORT SERVICES		
Instructional staff services		28,408
Pupil health services		4,936
Operation and maintenance of plant services		843,413
Student transportation services		31,260
Central and other support services		2,709,162
OPERATION OF NON-INSTRUCTIONAL SERVICES		
Student activities		55,046
DEPRECIATION, unallocated		<u>5,049,260</u>
		<u>\$ 8,831,566</u>

NOTE G - LONG-TERM DEBT

General Obligation Bonds and Notes

The District issues general obligation bonds and notes to provide funds for acquisition and construction of major capital facilities. At June 30, 2024, the outstanding balance of general obligation bonds and notes issued was \$57,515,000.

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

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2025	\$ 10,215,000	\$ 2,371,294	\$ 12,586,294
2026	5,085,000	1,998,244	7,083,244
2027	5,315,000	1,767,944	7,082,944
2028	5,540,000	1,547,906	7,087,906
2029	5,775,000	1,313,006	7,088,006
2030 to 2034	20,090,000	3,478,586	23,568,586
2035 to 2037	<u>5,495,000</u>	<u>523,844</u>	<u>6,018,844</u>
	<u>\$ 57,515,000</u>	<u>\$ 13,000,824</u>	<u>\$ 70,515,824</u>

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SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE H - CHANGES IN LONG-TERM LIABILITIES

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

	<u>Interest Rate</u>	<u>Maturity Date</u>
GOVERNMENTAL ACTIVITIES		
General obligation bonds		
Series of 2015	2.75% to 5.00%	6/1/2033
Series A of 2016	2.00% to 5.00%	3/1/2025
Series of 2018	3.00% to 4.00%	3/1/2033
Series of 2022	5.00%	4/1/2037
Series of 2023	4.00% to 5.00%	4/1/2037
TOTAL GENERAL OBLIGATION BONDS AND NOTES		
Deferred amounts		
Issuance premium		
TOTAL GENERAL OBLIGATION BONDS AND NOTES, net		
Compensated absences		
Vacation pay		
Sick pay		
TOTAL COMPENSATED ABSENCES		
Net pension liability		
Other postemployment benefits		
Other postemployment benefit liability (PSERS)		
Other postemployment benefit liability (single employer plan)		
TOTAL OTHER POSTEMPLOYMENT BENEFITS		
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES		
BUSINESS-TYPE ACTIVITIES		
Compensated absences, sick pay		
Net pension liability		
Other postemployment benefit liability (PSERS)		
TOTAL BUSINESS-TYPE ACTIVITIES		
TOTAL LONG-TERM LIABILITIES		

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
\$ 17,535,000	\$ -	\$ (1,505,000)	\$ 16,030,000	\$ 1,560,000
8,945,000	-	(4,355,000)	4,590,000	4,590,000
7,170,000	-	(715,000)	6,455,000	735,000
23,270,000	-	(2,820,000)	20,450,000	3,325,000
<u>-</u>	<u>9,995,000</u>	<u>(5,000)</u>	<u>9,990,000</u>	<u>5,000</u>
56,920,000	9,995,000	(9,400,000)	57,515,000	10,215,000
<u>2,470,572</u>	<u>14,069</u>	<u>(696,690)</u>	<u>1,787,951</u>	<u>536,486</u>
<u>59,390,572</u>	<u>10,009,069</u>	<u>(10,096,690)</u>	<u>59,302,951</u>	<u>10,751,486</u>
1,334,375	150,294	-	1,484,669	916,928
2,722,140	-	(30,995)	2,691,145	129,628
<u>4,056,515</u>	<u>150,294</u>	<u>(30,995)</u>	<u>4,175,814</u>	<u>1,046,556</u>
212,421,000	11,683,000	-	224,104,000	-
8,783,000	313,000	-	9,096,000	-
<u>4,235,270</u>	<u>366,328</u>	<u>-</u>	<u>4,601,598</u>	<u>-</u>
13,018,270	679,328	-	13,697,598	-
<u>288,886,357</u>	<u>22,521,691</u>	<u>(10,127,685)</u>	<u>301,280,363</u>	<u>11,798,042</u>
42,437	-	(6,746)	35,691	-
3,915,000	-	(1,939,000)	1,976,000	-
163,000	-	(83,000)	80,000	-
<u>4,120,437</u>	<u>-</u>	<u>(2,028,746)</u>	<u>2,091,691</u>	<u>-</u>
<u>\$ 293,006,794</u>	<u>\$ 22,521,691</u>	<u>\$ (12,156,431)</u>	<u>\$ 303,372,054</u>	<u>\$ 11,798,042</u>

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE H - CHANGES IN LONG-TERM LIABILITIES (Continued)

Funds to repay the outstanding bonds and notes will be provided from future taxes or other general revenues in the General Fund. Total interest expense paid during the year ended June 30, 2024, was \$3,005,050. Interest costs incurred were charged to expenditures in the General Fund.

Vested employee benefits will be liquidated by Governmental and Proprietary Funds.

The Debt Service Fund has been used to liquidate other long-term liabilities in prior years.

In November 2023, the District issued General Obligation Bonds, Series of 2023 in the amount of \$9,995,000 for the purpose of (1) planning, designing, constructing, equipping, and furnishing the renovations and expansion of certain areas of the Spring City Elementary School, and to undertake various other capital improvement projects for the benefit of the School District and (2) pay the costs and expenses related to the issuances of the bonds.

NOTE I - DEFEASED DEBT

In the 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 District's financial statements.

As of June 30, 2024, the District has defeased debt outstanding of \$7,225,000.

NOTE J - UNEARNED REVENUE

General Fund

Program grants received prior to the incurrence of qualifying expenditures are recorded as unearned revenue. Unearned revenue is \$222,667, representing funds received to be used for future expenditures.

Food Service Fund

Unearned revenue of \$139,691 in the Food Service Fund represents the carryover of student deposits and donated commodities inventory.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE K - 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 to 1% or 2.5%, depending on 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.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE K - 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%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.5% After 7/1/21: 8.0%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.3% After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.0%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.5% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE K - PENSION PLAN (Continued)

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2024, was 33.09% of covered payroll, actuarially determined as an amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the School District were \$26,134,000 for the year ended June 30, 2024.

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

At June 30, 2024, the School District reported a liability of \$226,080,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2023 to June 30, 2024. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2024, the School District's proportion was 0.5082%, which was an increase of 0.0216% from its proportion measured as of June 30, 2023.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE K - PENSION PLAN (Continued)

For the year ended June 30, 2024, the School District recognized pension expense of \$835,000. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
GOVERNMENTAL ACTIVITIES		
Difference between expected and actual experience	\$ 51,000	\$ 3,068,000
Changes in assumptions	3,344,000	-
Net difference between projected and actual investment earnings	6,341,000	-
Changes in proportions	11,352,000	7,244,000
Contributions subsequent to the measurement date	<u>25,904,000</u>	<u>-</u>
	<u>\$ 46,992,000</u>	<u>\$ 10,312,000</u>
BUSINESS-TYPE ACTIVITIES		
Difference between expected and actual experience	\$ -	\$ 27,000
Changes in assumptions	29,000	-
Net difference between projected and actual investment earnings	56,000	-
Changes in proportions	88,000	1,400,000
Contributions subsequent to the measurement date	<u>230,000</u>	<u>-</u>
	<u>\$ 403,000</u>	<u>\$ 1,427,000</u>

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE K - PENSION PLAN (Continued)

\$26,134,000 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 new pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2025	\$ 4,328,500	\$ (411,500)
2026	(5,215,500)	(495,500)
2027	9,546,500	(365,500)
2028	<u>2,116,500</u>	<u>18,500</u>
	<u>\$ 10,776,000</u>	<u>\$ (1,254,000)</u>

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

- Valuation date - June 30, 2022
- Actuarial cost method - entry age normal - level % of pay
- Investment return - 7.00%, includes inflation at 2.75%
- Salary growth - effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2022 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE K - PENSION PLAN (Continued)

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

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan’s policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Public Equity	30.0%	5.2%
Private Equity	12.0%	7.9%
Fixed Income	33.0%	3.2%
Commodities	7.5%	2.7%
Infrastructure/MLPs	10.0%	5.4%
Real Estate	11.0%	5.7%
Absolute Return	4.0%	4.1%
Cash	3.0%	1.2%
Leverage	-10.5%	1.2%
	<u>100.0%</u>	

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

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

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE K - 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	\$ <u>293,062,000</u>	\$ <u>226,080,000</u>	\$ <u>169,567,000</u>

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 L - COMPENSATED ABSENCES

Sick Pay

Under the District's administrative regulations, professional, administrators and eligible support personnel accumulate unused sick days from year to year. These accumulated sick days are nonvesting during the employee's tenure.

Upon retirement, employees are entitled to payment of unused sick days as follows: All employees may elect either (1) a lump sum retirement bonus of \$18 to \$75 per unused sick day depending on their classification or (2) employer contributions to continuation of employee elected health insurance benefits based on unused accumulated sick days times a rate per day as follows:

<u>Unused Sick Days</u>	<u>Professional (50% of substitute rate)</u>	<u>Administrative</u>	<u>Nurses, Aides, Maintenance and Custodial Workers</u>
0 to 50	\$75 per day	\$21 per day	\$18 per day
51 to 100	\$75 per day	\$23 per day	\$20 per day
101 to 150	\$75 per day	\$26 per day	\$22 per day
151 to 200	\$75 per day	\$29 per day	\$24 per day
201 or more	\$75 per day	\$32 per day	\$27 per day

Benefits payable under option (2) of this plan shall be paid directly to the insurance carrier until the employee reaches age 65. To qualify for either of these options, the employee must be eligible for super annuation, withdrawal, or disability pension from PSERS and must be retiring from a full-time position.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE L - COMPENSATED ABSENCES (Continued)

The District maintains records of accumulated sick days earned by employees who are eligible to retire. As a result, liabilities of \$2,561,517, including FICA tax (net of reimbursement), have been established as a long-term liability in the governmental activities column of the government-wide statement of net position and a long-term liability of \$35,691 including FICA tax (net of reimbursement), is recorded in the Food Service Fund and in the business-type activities column of the government-wide statement of net position, as required by GASB Statement No. 16. In addition, a liability of \$129,628, including FICA tax (net of reimbursement), has been set up in the General Fund for the portion that will use currently available financial resources. This amount is also shown as a current liability in the governmental activities column of the government-wide statement of net position.

Vacation Leave

Unused vacation leave is paid upon an employee’s termination. The District maintains records of each employee’s accumulated vacation days. In accordance with GASB Statement No. 16, the portion of vacation pay earned at June 30, 2024, that will use currently available financial resources is \$916,928 including FICA tax and retirement contributions (net of reimbursement), which has been recorded in the General Fund and as a current liability in the governmental activities column of the government-wide statement of net position. The remaining vacation pay earned at June 30, 2024, of \$567,741, including FICA tax and retirement contributions (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position.

NOTE M - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN

Plan Description

The 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 District Supervisors and can be amended by the 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 District’s General Fund.

Plan Membership - At June 30, 2023, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	26
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	967
	993
	993

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE M - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)

Funding Policy and Funding Status

The plan is an unfunded plan with no assets accumulated in a trust. Contributions to the plan are equal to benefit payments. For the year ending June 30, 2024 benefit payments paid as they came due were \$126,969.

Benefits Provided

The plan provides the following benefits:

All administrators who have at least 15 years of service with the School District and at least 25 years of PSERS service shall be eligible for benefits under the plan. Benefits include medical and prescription drug. The School District pays \$100 of the premium per month, with the member paying the remainder of the cost. Member's spouse and family are included as dependents. Coverage lasts up to 7 years.

All teachers who have at least 15 years of service with the School District and at least 25 years of PSERS service shall be eligible for benefits under the plan. Benefits include medical and prescription drug. The School District pays \$40 of the premium per month, with the member paying the remainder of the cost. Member's spouse and family are included as dependents. Coverage lasts up to 7 years.

All Administrators, Teachers, and Support Staff who have reached PSERS retirement eligibility or PSERS disability eligibility shall be eligible for benefits under the plan. Benefits include medical and prescription drug. The member must pay the full premium. Member's spouse and family are included as dependents. Member is covered until member reaches Medicare age, and spouse is covered until earlier of spouse reaches Medicare age, Member reaches Medicare age, and member death.

Assumptions

The following assumptions and actuarial methods and calculation were used:

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

Salary - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies from 2.75% to 0%.

Withdrawal - Rates of withdrawal vary by age, gender and years of service. 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.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE M - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>	<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	4.55%	3.90%	45	1.41%	1.60%
30	4.55%	3.90%	50	1.89%	2.08%
35	1.68%	2.83%	55	3.63%	3.66%
40	1.42%	1.67%	60	5.49%	5.94%

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. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Disability - No disability was assumed.

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

Percent of Eligible Retirees Electing Coverage in Plan - 50% of Teachers and Administrators and 20% of the Support Staff are assumed to elect coverage.

Continuation of Benefits Past Medicare Age - Retirees are assumed to not continue coverage past Medicare age.

Percent Married at Retirement - 30% 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.

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. Dental and vision costs are assumed to not vary with age or gender.

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

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

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

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE M - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)

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 serve to reduce or increase the Unfunded Accrued Liability.

Participant Data - Based on census information as of July 2022.

Changes in Assumptions - In the 2023 actuarial valuation, the discount rate changed from 4.06% to 4.13%. The trend assumption was updated.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2023	\$ <u>4,235,270</u>
Changes for the year	
Service cost	251,742
Interest cost	179,380
Changes in assumptions	62,175
Benefit payments	<u>(126,969)</u>
Net changes	<u>366,328</u>
Balance at June 30, 2024	\$ <u><u>4,601,598</u></u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the School District, as well as what the School District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current discount rate:

	1% Decrease <u>3.13%</u>	Current Discount Rate <u>4.13%</u>	1% Increase <u>5.13%</u>
Net OPEB liability	\$ <u><u>4,975,488</u></u>	\$ <u><u>4,601,598</u></u>	\$ <u><u>4,246,704</u></u>

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE M - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)

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

The following presents the net OPEB liability of the School District, as well as what the School District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Rates</u>	<u>1% Increase</u>
Net OPEB liability	\$ <u>4,061,621</u>	\$ <u>4,601,598</u>	\$ <u>5,233,981</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2024, the School District recognized OPEB expense of \$50,250. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 57,392	\$ 1,860,721
Difference between expected and actual experience	341,445	1,460,500
Contributions subsequent to the measurement date	<u>126,509</u>	<u>-</u>
	<u>\$ 525,346</u>	<u>\$ 3,321,221</u>

\$126,509 was reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2025	\$ (354,863)
2026	(354,863)
2027	(354,863)
2028	(354,863)
2029	(354,863)
Thereafter	<u>(1,148,069)</u>
	<u>\$ (2,922,384)</u>

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE N - OTHER POSTEMPLOYMENT BENEFITS - 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.

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.

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 part of their distributions.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE N - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)

Pension Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

Contributions

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$580,000 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$9,176,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.5072% percent, which was an increase of 0.0212% from its proportion measured as of June 30, 2023.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE N - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)

For the year ended June 30, 2024, the District recognized OPEB income of \$61,731. At June 30, 2024, 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
GOVERNMENTAL ACTIVITIES		
Difference between expected and actual experience	\$ 59,000	\$ 90,000
Changes in assumptions	786,000	1,721,000
Net difference between projected and actual investment earnings	21,000	-
Changes in proportions	916,500	471,000
Contributions subsequent to the measurement date	501,000	-
	<u>\$ 2,283,500</u>	<u>\$ 2,282,000</u>
BUSINESS-TYPE ACTIVITIES		
Difference between expected and actual experience	\$ 1,000	\$ 1,000
Changes in assumptions	7,000	15,000
Changes in proportions	7,000	76,500
Contributions subsequent to the measurement date	4,000	-
	<u>\$ 19,000</u>	<u>\$ 92,500</u>

\$505,000 was reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities
2025	\$ (41,507)	\$ (14,993)
2026	(133,695)	(15,805)
2027	(184,250)	(16,250)
2028	(251,161)	(16,839)
2029	111,113	(13,613)
Thereafter	<u>-</u>	<u>-</u>
	<u>\$ (499,500)</u>	<u>\$ (77,500)</u>

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE N - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)

Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.13% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.5%, comprised of inflation of 2.5% and 2.0% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
Eligible retirees will elect to participate Pre age 65 at 50%.
Eligible retirees will elect to participate Post age 65 at 70%.

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.13%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.13% which represents the S&P 20 year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE N - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)

Change in Actuarial Assumptions

The discount rate used to measure the Total OPEB Liability increased from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023.

Investments

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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	<u>100.0%</u>	1.2%
	<u><u>100.0%</u></u>	

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

For the year ended June 30, 2023, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 4.36%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Sensitivity of the District's proportionate share of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2023, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2023, 92,677 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023, 522 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE N - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)

The following presents the District's proportionate share of the net OPEB liability for June 30, 2023, 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 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
School District's proportionate share of the net OPEB liability	\$ <u>10,375,000</u>	\$ <u>9,176,000</u>	\$ <u>8,173,000</u>

Sensitivity of the District's proportionate share of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ <u>9,176,000</u>	\$ <u>9,176,000</u>	\$ <u>9,177,000</u>

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 O - COMMITMENTS AND CONTINGENCIES

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

As of June 30, 2024, several suits and claims were in progress dealing with various subject matters. In these actions, indicated amounts are either not material or management is of the opinion that insurance coverage is adequate to cover the applicable claim. Management believes no adverse financial decisions of a material amount against the District would result from these legal proceedings.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE P - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for worker's compensation for which the District retains risk of loss. For insured programs, there were no significant reductions in insurance coverages for the 2023-2024 year. Settlement amounts have not exceeded insurance coverage for the current year or the five prior years.

The District is a member of the School Districts Insurance Consortium (SDIC) for worker's compensation coverage. SDIC is comprised of 76 member school districts which jointly self-assume their worker's compensation liabilities. Even though the member school districts contribute to SDIC's insurance fund, they remain individually liable for their own worker's compensation claims. The members of SDIC are required to participate in any deficiencies of SDIC and are subject to periodic assessments, as required. At June 30, 2024, there was no unfunded liability. The District is self-insured for its medical, dental and hospitalization benefits and prescription drug benefits. The monthly premium is revised annually in April for the upcoming fiscal year beginning July 1 and is based upon actual cost plus basis per third-party administrator.

NOTE Q - JOINT VENTURE

The District is a participating member of the Western Montgomery Career and Technical Center (the "Center"). The Center is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The Board of Directors of each participating district must approve the Center's annual operating budget. Each participating district pays a pro-rata share of the Center's operating costs based on the previous five years average daily members at the Center from each district. The District's share of the Center's operating costs for 2023-2024 was \$2,581,603.

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

In September 2008, the District entered into a long-term sublease agreement with the Center through February 2029 for a portion of the debt service payments on the Center's School Lease Revenue Bonds, Series of 2008. The payments for each year are based on a proration of the previous market value (40%) and the previous five-year average of average daily members (60%).

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE Q - JOINT VENTURE (Continued)

Future estimated minimum sublease payments are as follows:

Year Ending June 30,		
2025	\$	1,228,322
2026		1,227,682
2027		1,226,464
2028		1,227,761
2029		<u>1,226,969</u>
	\$	<u><u>6,137,198</u></u>

Sublease expenditures for the year ended June 30, 2024, were \$1,371,379.

NOTE R - JOINTLY GOVERNED ORGANIZATION

The District is a participating member of the Montgomery County Intermediate Unit (MCIU). The MCIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The Board of Directors of each participating district must approve MCIU’s annual operating budget. The MCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no ongoing financial interest or responsibility in the MCIU. The MCIU contracts with participating districts to supply special education services and computer services and to serve as a conduit for certain federal programs.

NOTE S - SELF-INSURANCE

In July 2010, the District elected to sponsor a self-insured employee welfare benefit plan for health care coverage. An administrative services agreement was signed with a third-party insurance company (claims administrator) to administer the costs and claims associated with the plan.

NOTE T - DONATED FOODS

The Food Service Fund contains inventories which consist of both food commodities donated by the federal government and other food and supply inventories. Donated foods represent \$22,927 of the Proprietary Funds’ inventory balance at June 30, 2024. These inventories are valued at last unit cost in accordance with the recommendations of the Food and Nutrition Service of the Department of Agriculture and are expensed as used.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE U - SUBSEQUENT EVENT

In July 2024, the District issued General Obligation Bonds, Series of 2024 in the amount of \$9,700,000 for the purpose of (1) planning, designing, constructing, furnishing, and equipping the renovations and expansion of certain areas of the Spring City Elementary School, and to undertake various other capital improvement projects for the benefit of the School District and (2) pay the costs and expenses related to the issuance of the Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

SPRING-FORD AREA SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts GAAP Basis	Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 148,278,151	\$ 148,278,151	\$ 155,693,426	\$ 7,415,275
State sources	39,466,801	39,466,801	39,898,847	432,046
Federal sources	1,834,077	1,834,077	1,430,935	(403,142)
TOTAL REVENUES	189,579,029	189,579,029	197,023,208	7,444,179
EXPENDITURES				
Instruction				
Regular programs	70,791,680	70,791,723	70,844,002	(52,279)
Special programs	39,774,846	39,774,847	42,197,724	(2,422,877)
Vocational education programs	3,971,405	3,971,405	3,952,981	18,424
Other instructional programs	84,785	84,785	176,243	(91,458)
Nonpublic school programs	-	-	4,479	(4,479)
Higher education programs for secondary students	-	-	6,700	(6,700)
Pre-kindergarten	500	500	-	500
Support services				
Pupil personnel services	7,988,776	7,988,775	8,936,521	(947,746)
Instructional staff services	7,169,845	7,169,845	8,280,132	(1,110,287)
Administration services	8,929,216	8,929,215	9,519,652	(590,437)
Pupil health services	2,349,922	2,349,922	3,845,195	(1,495,273)
Business services	1,348,738	1,355,738	1,423,467	(67,729)
Operation and maintenance of plant services	12,562,493	12,562,493	12,376,999	185,494
Student transportation services	10,032,076	10,032,076	10,773,429	(741,353)
Central and other services	6,961,812	6,954,812	4,415,470	2,539,342
Other support services	123,500	123,500	120,297	3,203
Operation of non-instructional services				
Student activities	3,234,172	3,259,708	3,364,855	(105,147)
Community services	25,578	-	13,007	(13,007)
Facilities acquisition, construction and improvement services				
	-	-	106,584	(106,584)
Debt service	12,304,567	12,304,567	12,405,050	(100,483)
Refund of prior year revenues	-	-	41,694	(41,694)
TOTAL EXPENDITURES	187,653,911	187,653,911	192,804,481	(5,150,570)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	1,925,118	1,925,118	4,218,727	2,293,609
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Transfers out	(2,659,690)	(2,659,690)	(2,659,690)	-
Insurance recoveries	-	-	736	736
Budgetary reserve	(300,000)	(300,000)	-	300,000
TOTAL OTHER FINANCING SOURCES (USES)	(2,859,690)	(2,859,690)	(2,558,954)	300,736
NET CHANGE IN FUND BALANCE	(934,572)	(934,572)	1,659,773	2,594,345
FUND BALANCE AT BEGINNING OF YEAR	20,923,677	20,923,677	20,923,677	-
FUND BALANCE AT END OF YEAR	\$ 19,989,105	\$ 19,989,105	\$ 22,583,450	\$ 2,594,345

See accompanying notes to the budgetary comparison schedule.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2024

NOTE A - BUDGETARY INFORMATION

An operating budget is adopted prior to the beginning of each year for the General Fund on a basis consistent with generally accepted accounting principles. The General Fund is the only fund for which a budget is legally required.

The Pennsylvania School Code dictates specific procedures relative to adoption of the District's budget and reporting of its financial statements, specifically:

- The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
- The District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located and within 15 days of final action that the proposed budget has been prepared and is available for public inspection at the administrative office of the District.
- Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the Board.

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the Pennsylvania Department of Education's 2028 Report when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2023-2024 budget transfers.

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2024

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2024, expenditures exceeded appropriations in the following General Fund department levels (the legal level of budgetary control):

GENERAL FUND

Regular programs	\$ 52,279
Special programs	2,422,877
Other instructional programs	91,458
Nonpublic school programs	4,479
Higher education programs for secondary students	6,700
Pupil personnel services	947,746
Instructional staff services	1,110,287
Administration services	590,437
Pupil health services	1,495,273
Business services	67,729
Student transportation services	741,353
Student activities	105,147
Community services	13,007
Facilities acquisition, construction and improvement services	106,584
Debt service	100,483
Refund of prior year revenues	41,694
	<u>7,897,533</u>
	<u>\$ 7,897,533</u>

These excess expenditures were funded by available fund balance in the General Fund.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
SCHOOL DISTRICT'S PROPORTION OF THE NET PENSION LIABILITY	<u>0.5082%</u>	<u>0.4866%</u>	<u>0.5183%</u>	<u>0.4939%</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	<u>\$ 226,080,000</u>	<u>\$ 216,336,000</u>	<u>\$ 212,797,000</u>	<u>\$ 243,192,000</u>
SCHOOL DISTRICT'S COVERED PAYROLL	<u>\$ 77,621,685</u>	<u>\$ 71,400,412</u>	<u>\$ 73,309,460</u>	<u>\$ 69,310,309</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF ITS COVERED PAYROLL	<u>291.26%</u>	<u>302.99%</u>	<u>290.07%</u>	<u>350.87%</u>
THE PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>61.85%</u>	<u>61.34%</u>	<u>63.67%</u>	<u>54.32%</u>

NOTE TO SCHEDULE

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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>0.4765%</u>	<u>0.4813%</u>	<u>0.4659%</u>	<u>0.4182%</u>	<u>0.4575%</u>	<u>0.4495%</u>
<u>\$ 222,919,000</u>	<u>\$ 231,108,000</u>	<u>\$ 230,101,000</u>	<u>\$ 207,247,000</u>	<u>\$ 198,167,000</u>	<u>\$ 177,915,000</u>
<u>\$ 65,710,333</u>	<u>\$ 64,814,908</u>	<u>\$ 62,035,863</u>	<u>\$ 54,157,108</u>	<u>\$ 58,861,569</u>	<u>\$ 67,363,329</u>
<u>339.24%</u>	<u>356.57%</u>	<u>370.92%</u>	<u>382.68%</u>	<u>336.67%</u>	<u>264.11%</u>
<u>55.66%</u>	<u>54.00%</u>	<u>49.86%</u>	<u>50.14%</u>	<u>45.64%</u>	<u>57.24%</u>

SPRING-FORD AREA SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT'S PSERS PENSION
CONTRIBUTIONS
LAST TEN FISCAL YEARS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ 26,134,000	\$ 26,632,000	\$ 24,269,000	\$ 24,566,000
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>26,134,000</u>	<u>26,632,000</u>	<u>24,269,000</u>	<u>24,566,000</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SCHOOL DISTRICT'S COVERED PAYROLL	<u>\$ 78,978,543</u>	<u>\$ 77,621,685</u>	<u>\$ 71,400,412</u>	<u>\$ 73,309,460</u>
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	<u>33.09%</u>	<u>34.31%</u>	<u>33.99%</u>	<u>33.51%</u>

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$	23,059,000	\$ 21,377,000	\$ 20,446,000	\$ 17,830,000	\$ 13,539,000	\$ 12,062,000
	<u>23,059,000</u>	<u>21,377,000</u>	<u>20,446,000</u>	<u>17,830,000</u>	<u>13,539,000</u>	<u>12,062,000</u>
\$	<u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$	<u>69,310,309</u>	\$ <u>65,710,333</u>	\$ <u>64,814,908</u>	\$ <u>62,035,863</u>	\$ <u>54,157,108</u>	\$ <u>58,861,569</u>
	<u>33.27%</u>	<u>32.53%</u>	<u>31.55%</u>	<u>28.74%</u>	<u>25.00%</u>	<u>20.50%</u>

SPRING-FORD AREA SCHOOL DISTRICT

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
SCHOOL DISTRICT'S PROPORTION OF THE NET OPEB LIABILITY	<u>0.5072%</u>	<u>0.4860%</u>	<u>0.5175%</u>	<u>0.4938%</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	<u>\$ 9,176,000</u>	<u>\$ 8,946,000</u>	<u>\$ 12,265,000</u>	<u>\$ 10,670,000</u>
SCHOOL DISTRICT'S COVERED PAYROLL	<u>\$ 77,621,685</u>	<u>\$ 71,400,412</u>	<u>\$ 73,309,460</u>	<u>\$ 69,310,309</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AS A PERCENTAGE OF ITS COVERED PAYROLL	<u>11.82%</u>	<u>12.53%</u>	<u>16.73%</u>	<u>15.39%</u>
THE PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	<u>7.22%</u>	<u>6.89%</u>	<u>5.30%</u>	<u>5.69%</u>

NOTES TO SCHEDULE

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

This schedule is 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.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>0.4765%</u>	<u>0.4813%</u>	<u>0.4659%</u>	<u>0.4182%</u>
<u>\$ 10,134,000</u>	<u>\$ 10,035,000</u>	<u>\$ 8,946,000</u>	<u>\$ 9,008,000</u>
<u>\$ 65,710,333</u>	<u>\$ 64,814,904</u>	<u>\$ 71,467,969</u>	<u>\$ 54,157,108</u>
<u>15.42%</u>	<u>15.48%</u>	<u>12.52%</u>	<u>16.63%</u>
<u>5.56%</u>	<u>5.56%</u>	<u>5.47%</u>	<u>5.47%</u>

SPRING-FORD AREA SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PSERS OTHER POSTEMPLOYMENT
BENEFIT PLAN CONTRIBUTIONS
LAST EIGHT FISCAL YEARS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ 505,000	\$ 582,000	571,000	\$ 601,000
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>505,000</u>	<u>582,000</u>	<u>571,000</u>	<u>601,000</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
SCHOOL DISTRICT'S COVERED PAYROLL	<u>\$ 78,978,543</u>	<u>\$ 77,621,685</u>	<u>71,400,412</u>	<u>\$ 73,309,460</u>
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	<u>0.64%</u>	<u>0.75%</u>	<u>0.80%</u>	<u>0.82%</u>

NOTE TO SCHEDULE

This schedule is 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.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 581,000	\$ 544,000	\$ 535,000	\$ 351,000
<u>581,000</u>	<u>544,000</u>	<u>535,000</u>	<u>351,000</u>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
\$ <u><u>69,310,309</u></u>	\$ <u><u>65,710,333</u></u>	\$ <u><u>64,814,904</u></u>	\$ <u><u>62,035,863</u></u>
<u><u>0.84%</u></u>	<u><u>0.83%</u></u>	<u><u>0.83%</u></u>	<u><u>0.57%</u></u>

SPRING-FORD AREA SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT
BENEFIT PLAN LIABILITY AND RELATED RATIOS
LAST SEVEN FISCAL YEARS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
TOTAL OPEB LIABILITY				
Service cost	\$ 251,742	\$ 370,250	\$ 373,921	\$ 358,001
Interest	179,380	116,089	91,256	178,858
Differences between expected and actual experience	-	403,525	-	(683,017)
Changes of assumptions	62,175	(1,315,961)	(157,365)	(180,569)
Benefit payments	<u>(126,969)</u>	<u>(130,895)</u>	<u>(104,470)</u>	<u>(108,043)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	366,328	(556,992)	203,342	(434,770)
TOTAL OPEB LIABILITY, BEGINNING	<u>4,235,270</u>	<u>4,792,262</u>	<u>4,588,920</u>	<u>5,023,690</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 4,601,598</u>	<u>\$ 4,235,270</u>	<u>\$ 4,792,262</u>	<u>\$ 4,588,920</u>
COVERED PAYROLL	<u>\$ 69,025,263</u>	<u>\$ 69,025,263</u>	<u>\$ 67,084,483</u>	<u>\$ 67,084,483</u>
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>6.67%</u>	<u>6.14%</u>	<u>7.14%</u>	<u>6.84%</u>

NOTES TO SCHEDULE

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

Changes in assumptions: In the 2023 actuarial valuation, the discount rate changed from 4.06% to 4.13%.

This schedule is 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.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$	362,419	\$ 513,309	\$ 514,519
	151,129	223,405	163,662
	-	(1,834,189)	-
	(160,319)	(724,146)	(25,148)
	<u>(84,140)</u>	<u>(104,776)</u>	<u>(66,129)</u>
	269,089	(1,926,397)	586,904
	<u>4,754,601</u>	<u>6,680,998</u>	<u>6,094,094</u>
\$	<u>5,023,690</u>	<u>\$ 4,754,601</u>	<u>\$ 6,680,998</u>
\$	<u>63,130,108</u>	<u>\$ 63,130,108</u>	<u>\$ 60,207,071</u>
	<u>7.96%</u>	<u>7.53%</u>	<u>11.10%</u>

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
Spring-Ford Area School District
Royersford, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Spring-Ford Area School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Spring-Ford Area School District's basic financial statements, and have issued our report thereon dated December 13, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Spring-Ford Area School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Spring-Ford Area School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Spring-Ford 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of School Directors
Spring-Ford Area School District
Royersford, Pennsylvania

Report on Compliance and Other Matters

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

Purpose of this Report

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



Limerick, Pennsylvania
December 13, 2024

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

To the Board of School Directors
Spring-Ford Area School District
Royersford, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Spring-Ford Area School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Spring-Ford 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 Spring-Ford 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 Spring-Ford Area School District's federal programs.

To the Board of School Directors
Spring-Ford Area School District
Royersford, Pennsylvania

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 Spring-Ford 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 Spring-Ford 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 Spring-Ford 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 Spring-Ford 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 Spring-Ford 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.

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.

To the Board of School Directors
Spring-Ford Area School District
Royersford, Pennsylvania

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

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

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



Limerick, Pennsylvania
December 13, 2024

**SUPPLEMENTARY INFORMATION - MAJOR FEDERAL
AWARD PROGRAMS AUDIT**

SPRING-FORD AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates
U.S. DEPARTMENT OF EDUCATION				
Passed through the Pennsylvania Department of Education				
Title I Improving Basic Programs	I	84.010	013-240414	July 1, 2023 to September 30, 2024
Title I Improving Basic Programs	I	84.010	013-230414	July 21, 2022 to September 30, 2023
TOTAL ALN 84.010				
Title II Improving Teacher Quality	I	84.367	020-240414	July 1, 2023 to September 30, 2024
Title II Improving Teacher Quality	I	84.367	020-230414	July 21, 2022 to September 30, 2024
TOTAL ALN 84.367				
Title IV Student Support and Academic Enrichment	I	84.424	144-240414	July 1, 2023 to September 30, 2024
Title IV Student Support and Academic Enrichment	I	84.424	144-230414	July 21, 2022 to September 30, 2023
TOTAL ALN 84.424				
American Rescue Plan Elementary And Secondary School Emergency Relief (COVID-19)	I	84.425U	223-210414	March 13, 2020 to September 30, 2024
American Rescue Plan - Elementary and Secondary Schools Emergency Relief (Homeless Children and Youth) (COVID-19)	I	84.425U	181-212415	July 1, 2021 to September 30, 2024
American Rescue Plan - Elementary and Secondary Schools Emergency Relief (7%) (COVID-19)	I	84.425U	225-210414	March 13, 2020 to September 30, 2024
TOTAL ALN 84.425				
Passed through the Montgomery County Intermediate Unit				
Title III Language Instruction	I	84.365	N/A	July 1, 2023 to September 30, 2024
Title III Language Instruction	I	84.365	N/A	July 1, 2022 to September 30, 2024
Title III Language Instruction	I	84.365	N/A	July 1, 2021 to September 30, 2023
Title III Language Instruction	I	84.365	N/A	July 1, 2020 to September 30, 2023
TOTAL ALN 84.365				
Individual Disability Education Act - Section 611	I	84.027	N/A	July 1, 2023 to September 30, 2024
Individual Disability Education Act - Section 611	I	84.027	N/A	July 1, 2022 to September 30, 2023
American Rescue Plan (ARP) Supplemental Funds, Individuals with Disabilities Education Act, Part B (IDEA-B) (COVID-19)	I	84.027X	N/A	July 1, 2021 to September 30, 2023
TOTAL ALN 84.027				
Individual Disability Education Act - Section 619	I	84.173	N/A	July 1, 2023 to September 30, 2024
TOTAL ALN 84.173				
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				
TOTAL U.S. DEPARTMENT OF EDUCATION				
SUBTOTAL FORWARD				

<u>Program or Award Amount</u>	<u>Total Received for the Year</u>	<u>Accrued or (Deferred) Revenue at July 1, 2023</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2024</u>	<u>Passed Through to Sub-Recipients</u>
\$ 374,239	\$ 325,323	\$ -	\$ 374,239	\$ 374,239	\$ 48,916	\$ -
420,145	<u>56,019</u>	<u>55,138</u>	<u>881</u>	<u>881</u>	<u>-</u>	<u>-</u>
	<u>381,342</u>	<u>55,138</u>	<u>375,120</u>	<u>375,120</u>	<u>48,916</u>	<u>-</u>
136,571	117,944	-	122,807	122,807	4,863	-
116,312	<u>24,292</u>	<u>9,071</u>	<u>15,221</u>	<u>15,221</u>	<u>-</u>	<u>-</u>
	<u>142,236</u>	<u>9,071</u>	<u>138,028</u>	<u>138,028</u>	<u>4,863</u>	<u>-</u>
33,007	28,606	-	33,007	33,007	4,401	-
38,921	<u>9,260</u>	<u>9,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>37,867</u>	<u>9,260</u>	<u>33,007</u>	<u>33,007</u>	<u>4,401</u>	<u>-</u>
4,358,776	79,250	(262,088)	214,525	214,525	(126,813)	-
34,722	890	(3,311)	2,265	2,265	(1,937)	-
338,775	<u>277,180</u>	<u>145,259</u>	<u>131,921</u>	<u>131,921</u>	<u>-</u>	<u>-</u>
	<u>357,320</u>	<u>(120,140)</u>	<u>348,711</u>	<u>348,711</u>	<u>(128,750)</u>	<u>-</u>
15,242	-	-	15,242	15,242	15,242	-
20,864	-	-	20,864	20,864	20,864	-
17,356	17,356	6,760	10,596	10,596	-	-
8,915	<u>1,578</u>	<u>1,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>18,934</u>	<u>8,338</u>	<u>46,702</u>	<u>46,702</u>	<u>36,106</u>	<u>-</u>
1,670,921	-	-	1,670,921	1,670,921	1,670,921	-
1,612,699	1,612,699	1,612,699	-	-	-	-
365,179	<u>365,179</u>	<u>267,615</u>	<u>97,564</u>	<u>97,564</u>	<u>-</u>	<u>-</u>
	<u>1,977,878</u>	<u>1,880,314</u>	<u>1,768,485</u>	<u>1,768,485</u>	<u>1,670,921</u>	<u>-</u>
5,568	<u>-</u>	<u>-</u>	<u>5,568</u>	<u>5,568</u>	<u>5,568</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>5,568</u>	<u>5,568</u>	<u>5,568</u>	<u>-</u>
	<u>1,977,878</u>	<u>1,880,314</u>	<u>1,774,053</u>	<u>1,774,053</u>	<u>1,676,489</u>	<u>-</u>
	<u>2,915,576</u>	<u>1,841,981</u>	<u>2,715,621</u>	<u>2,715,621</u>	<u>1,642,025</u>	<u>-</u>
\$	<u>2,915,576</u>	<u>1,841,981</u>	<u>2,715,621</u>	<u>2,715,621</u>	<u>1,642,025</u>	<u>\$ -</u>

SPRING-FORD AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates
U.S. DEPARTMENT OF EDUCATION				
SUBTOTAL FORWARDED				
U.S. DEPARTMENT OF TREASURY				
Passed through Montgomery County, Pennsylvania				
COVID-19 State and Local Fiscal Recovery Funds	I	21.027	N/A	May 17, 2023 to December 31, 2026
PASSED THROUGH CHESTER COUNTY, PENNSYLVANIA				
COVID-19 SD 44 Structured Literact Grant	I	21.027	N/A	August 1, 2023 to June 30, 2024
TOTAL ALN 21.027				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the Pennsylvania Department of Public Welfare				
Medical Assistance Program	I	93.778	N/A	July 1, 2023 to September 30, 2024
TOTAL MEDICAID CLUSTER				
U.S. DEPARTMENT OF AGRICULTURE				
Passed through the Pennsylvania Department of Education				
P-EBT Local Admin Funds	I	10.649	N/A	July 1, 2023 to September 30, 2024
National School Lunch Program, Federal (NSLP)	I	10.555	N/A	July 1, 2023 to September 30, 2024
School Breakfast Program (SBP)	I	10.553	N/A	July 1, 2023 to September 30, 2024
Supply Chain Assistance	I	10.555	N/A	July 1, 2023 to September 30, 2024
Passed through the Pennsylvania Department of Agriculture				
National School Lunch Program (NSLP)	I	10.555	N/A	July 1, 2023 to September 30, 2024
TOTAL ALN 10.555				
TOTAL CHILD NUTRITION CLUSTER				
TOTAL U.S. DEPARTMENT OF AGRICULTURE				
TOTAL FEDERAL AWARDS				

Footnotes:

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

Source Codes:

I = Indirect funding

See accompanying notes to the schedule of expenditures of federal awards.

<u>Program or Award Amount</u>	<u>Total Received for the Year</u>	<u>Accrued or (Deferred) Revenue at July 1, 2023</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2024</u>	<u>Passed Through to Sub-Recipients</u>
	\$ <u>2,915,576</u>	\$ <u>1,841,981</u>	\$ <u>2,715,621</u>	\$ <u>2,715,621</u>	\$ <u>1,642,025</u>	\$ <u>-</u>
242,295	-	(242,295)	153,348	153,348	(88,947)	-
<u>246,300</u>	<u>238,583</u>	<u>-</u>	<u>238,583</u>	<u>238,583</u>	<u>-</u>	<u>-</u>
<u>488,595</u>	<u>238,583</u>	<u>(242,295)</u>	<u>391,931</u>	<u>391,931</u>	<u>(88,947)</u>	<u>-</u>
17,720	<u>17,720</u>	<u>-</u>	<u>17,720</u>	<u>17,720</u>	<u>-</u>	<u>-</u>
	17,720	-	17,720	17,720	-	-
N/A	5,763	-	5,763	5,763	-	-
N/A	1,049,896	-	1,049,896	1,049,896	-	-
N/A	237,531	-	237,531	237,531	-	-
N/A	173,312	-	173,312	173,312	-	-
N/A	<u>337,993</u> (A)	<u>(13,151)</u> (B)	<u>328,217</u>	<u>328,217</u>	<u>(22,927)</u> (D)	<u>-</u>
	<u>1,561,201</u>	<u>(13,151)</u>	<u>1,551,425</u>	<u>1,551,425</u>	<u>(22,927)</u>	<u>-</u>
	<u>1,798,732</u>	<u>(13,151)</u>	<u>1,788,956</u>	<u>1,788,956</u>	<u>(22,927)</u>	<u>-</u>
	<u>1,804,495</u>	<u>(13,151)</u>	<u>1,794,719</u>	<u>1,794,719</u>	<u>(22,927)</u>	<u>-</u>
	\$ <u><u>4,976,375</u></u>	\$ <u><u>1,586,535</u></u>	\$ <u><u>4,919,991</u></u>	\$ <u><u>4,919,991</u></u>	\$ <u><u>1,530,151</u></u>	\$ <u><u>-</u></u>

SPRING-FORD AREA SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

NOTE A - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note A to the School District's basic financial statements.

NOTE B - FEDERAL EXPENDITURES

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants, which were active during the fiscal year.

NOTE C - DONATED FOODS

Donated foods were valued according to cost estimates provided by the U.S.D.A.

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.

SPRING-FORD AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Internal control over financial reporting:

Significant deficiencies identified: **No**

Significant deficiencies identified that are considered to be material weaknesses: **No**

Noncompliance material to financial statements noted: **No**

Federal Awards

Internal control over major programs:

Significant deficiencies identified: **No**

Significant deficiencies identified that are considered to be material weaknesses: **No**

Type of auditors' report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with the Uniform Grant Guidance: **No**

Identification of major programs:

Program	ALN
Child Nutrition Cluster	10.555/10.553

The threshold used for distinguishing Types A and B programs was \$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.