



WALLINGFORD-SWARTHMORE SCHOOL DISTRICT
Wallingford, Pennsylvania
Delaware County
Financial Statements
June 30, 2024
With Independent Auditor's Reports

Wallingford-Swarthmore School District
Table of Contents
June 30, 2024

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-14
Basic Financial Statements	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position (Deficit)	15
Statement of Activities	16
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds	17
Reconciliation of Governmental Funds Balance Sheet to Net Position (Deficit) of Governmental Activities on the Statement of Net Position (Deficit)	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Change in Net Position (Deficit) of Governmental Activities on the Statement of Activities	20
Statement of Net Position – Proprietary Fund	21
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	22
Statement of Cash Flows – Proprietary Fund	23
Statement of Net Position – Fiduciary Funds	24
Statement of Changes in Net Position – Fiduciary Funds	25
Notes to Financial Statements	26-50
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	51
Schedule of the District's Proportionate Share of the Net Pension Liability - PSERS	52
Schedule of the District's Pension Plan Contributions - PSERS	53
Schedule of Changes in OPEB Liability – Single Employer Plan	54
Schedule of the District's Proportionate Share of the Net OPEB Liability - PSERS	55
Schedule of the District's OPEB Plan Contributions - PSERS	56

Wallingford-Swarthmore School District
Table of Contents
June 30, 2024

Single Audit

Schedule of Expenditures of Federal Awards and Certain State Grants	57-59
Notes to Schedule of Expenditures of Federal Awards and Certain State Grants	60
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	61-62
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	63-65
Schedule of Findings and Questioned Costs	66-68

INDEPENDENT AUDITOR'S REPORT

To the Board of School Directors of
Wallingford-Swarthmore School District:

Report on Audit of Financial Statements

Opinions

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

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wallingford-Swarthmore 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wallingford-Swarthmore 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 Wallingford-Swarthmore School District's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

Wallingford-Swarthmore School District's 2023 financial statements were previously audited by BBD, LLP, who joined WithumSmith+Brown, PC on April 1, 2024 and expressed unmodified opinions on those audited financial statements in their report dated March 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the schedules of the District's proportionate share of the net pension liability - PSERS and pension plan contributions - PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability - PSERS and OPEB plan contributions - PSERS on pages 4 through 14 and 51 through 56 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wallingford-Swarthmore School District's basic financial statements. The accompanying schedule of expenditures of federal awards and certain state grants, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and certain state grants is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 4, 2025, on our consideration of Wallingford-Swarthmore 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 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 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 Wallingford-Swarthmore School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "WithumSmith+Brown, PC".

June 4, 2025

Wallingford-Swarthmore School District Management's Discussion and Analysis - Unaudited June 30, 2024

Management's discussion and analysis ("MD&A") of the financial performance of the Wallingford-Swarthmore School District (the "District") provides an overview of the District's financial performance for fiscal year ended June 30, 2024. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

DISTRICT PROFILE

The District consists of three elementary schools, one middle school and one high school consisting of approximately 3,750 students. The District which covers 6.9 square miles is located in Delaware County, west of Philadelphia, in southeastern Pennsylvania and is comprised of the boroughs of Swarthmore, Rutledge and Rose Valley and the Township of Nether Providence. During 2023-2024, there were 558 full and part-time employees in the District consisting of 339 teachers and professional staff, 30 administrators, including general administration, principals and supervisors, and 189 support personnel including administrative assistants, maintenance staff, custodial staff, transportation staff and classroom assistants.

DISTRICT MISSION STATEMENT

The District is committed to assuring the academic achievement and personal growth of all students within an environment that promotes: respect for self and others; active engagement in learning; leadership in the global community and the pursuit of excellence.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, including all governmental activities and the business activities, the liabilities and deferred inflows of resources of the District exceeded assets and deferred outflows of resources resulting in a deficit in total net position at the close of the 2023-2024 fiscal year of \$36,121,188. During the 2023-2024 fiscal year, the District had an increase in total net position of \$5,478,908. The net position of governmental activities increased by \$5,100,470 and net position of business-type activities increased by \$378,438.
- The General Fund reported an increase in fund balance of \$1,367,391, bringing the cumulative balance to \$12,844,229 at the conclusion of the 2023-2024 fiscal year.
- At June 30, 2024, the General Fund fund balance includes \$171,834 which is considered nonspendable, \$1,500,000 committed to self-insurance rate stabilization, \$1,000,000 committed to retirement rate stabilization, \$1,500,000 committed for real estate tax stabilization, \$477,398 committed for debt service and unassigned amounts of \$8,195,000 or 8.00% of the \$102,437,505 2024-2025 General Fund expenditure budget. Guidelines prescribed by the Pennsylvania Department of Education allow a district to maintain a maximum General Fund fund balance of 8.00% of the following year's expenditure budget.
- During 2023-2024, the Capital Projects Fund reported an increase in fund balance of \$487,060 due to the issuance of debt and transfers from the General Fund in excess of current year capital expenditures. The remaining fund balance of \$7,010,895 as of June 30, 2024 is restricted for future capital project expenditures.
- Total General Fund revenues were \$3,674,728 or 3.84% more than budgeted amounts and total General Fund expenditures and other financing uses were \$2,207,337 or 2.31% more than budgeted amounts resulting in a net positive variance of \$1,467,391.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

**Wallingford-Swarthmore School District
Management's Discussion and Analysis - Unaudited
June 30, 2024**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position (Deficit) presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the District is improving or deteriorating. To assess the District's overall health, the reader will need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

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

Governmental Activities

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

Business-Type Activities

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

The government-wide financial statements can be found on Pages 15 and 16 of this report.

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

Wallingford-Swarthmore School District

Management's Discussion and Analysis - Unaudited

June 30, 2024

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

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

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

The governmental fund financial statements can be found on Pages 17 through 20 of this report.

Proprietary Funds

The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund is reported as an enterprise fund of the proprietary fund type. Internal service funds are used to accumulate and allocate certain costs internally among the District's various functions. The District uses an internal service fund to account for its participation in a consortium with other participating school districts and educational agencies to provide self-insurance programs for health and prescription coverage. Because an internal service fund predominantly benefits governmental rather than business-type functions, it is included within governmental activities in the government-wide financial statements.

The Proprietary Fund financial statements provide separate financial information for the Food Service and Internal Service Funds.

The Proprietary Fund financial statements can be found on Pages 21 through 23 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, consisting of scholarship and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose and by those to whom the assets belong. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The Fiduciary Fund financial statements can be found on Pages 24 and 25 of this report.

Notes to the Financial Statements

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

The notes to the financial statements can be found on Pages 26 through 50 of this report.

Wallingford-Swarthmore School District **Management's Discussion and Analysis - Unaudited** **June 30, 2024**

Other Information

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

The required supplementary information can be found on Pages 51 through 56 of this report

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the District's financial condition. At the close of the 2023-2024 fiscal year the District's liabilities and deferred inflows exceeded assets and deferred outflows by \$36,121,188. The following table presents condensed information for the Statement of Net Position of the District at June 30, 2024 and 2023.

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Assets						
Current assets	\$ 41,535,814	\$ 40,218,236	\$ 1,262,463	\$ 903,333	\$ 42,798,277	\$ 41,121,569
Capital assets	<u>83,435,218</u>	<u>84,680,099</u>	<u>135,053</u>	<u>144,949</u>	<u>83,570,271</u>	<u>84,825,048</u>
Total assets	<u>124,971,032</u>	<u>124,898,335</u>	<u>1,397,516</u>	<u>1,048,282</u>	<u>126,368,548</u>	<u>125,946,617</u>
Deferred Outflows						
Deferred amounts on debt refunding	153,889	406,718	-	-	153,889	406,718
Deferred charges - OPEB	1,833,873	1,495,195	-	-	1,833,873	1,495,195
Deferred charges - pensions	<u>29,880,246</u>	<u>19,454,688</u>	<u>-</u>	<u>-</u>	<u>29,880,246</u>	<u>19,454,688</u>
Total deferred outflows	<u>31,868,008</u>	<u>21,356,601</u>	<u>-</u>	<u>-</u>	<u>31,868,008</u>	<u>21,356,601</u>
Liabilities						
Current liabilities	11,797,654	12,254,463	141,802	171,006	11,939,456	12,425,469
Noncurrent liabilities	<u>173,456,466</u>	<u>163,994,813</u>	<u>-</u>	<u>-</u>	<u>173,456,466</u>	<u>163,994,813</u>
Total liabilities	<u>185,254,120</u>	<u>176,249,276</u>	<u>141,802</u>	<u>171,006</u>	<u>185,395,922</u>	<u>176,420,282</u>
Deferred inflows						
Deferred credits - OPEB	3,536,822	4,072,032	-	-	3,536,822	4,072,032
Deferred credits - pensions	<u>5,425,000</u>	<u>8,411,000</u>	<u>-</u>	<u>-</u>	<u>5,425,000</u>	<u>8,411,000</u>
Total deferred outflows	<u>8,961,822</u>	<u>12,483,032</u>	<u>-</u>	<u>-</u>	<u>8,961,822</u>	<u>12,483,032</u>
Net position (deficit)						
Net investment in capital assets	39,181,093	37,272,133	135,053	144,949	39,316,146	37,417,082
Restricted	7,117,793	5,735,816	-	-	7,117,793	5,735,816
Unrestricted (deficit)	<u>(83,675,788)</u>	<u>(85,485,321)</u>	<u>1,120,661</u>	<u>732,327</u>	<u>(82,555,127)</u>	<u>(84,752,994)</u>
Total net position (deficit)	<u>\$ (37,376,902)</u>	<u>\$ (42,477,372)</u>	<u>\$ 1,255,714</u>	<u>\$ 877,276</u>	<u>\$ (36,121,188)</u>	<u>\$ (41,600,096)</u>

The District's total assets as of June 30, 2024 were \$126,368,548 of which \$27,656,264 or 21.89% consisted of cash and \$83,570,271 or 66.13% consisted of the District's investment in capital assets. The District's total liabilities as of June 30, 2024 were \$185,395,922 of which \$120,068,740 or 64.76% consisted of the actuarially determined net pension liability and \$43,403,718 or 23.41% consisted of general obligation debt used to acquire and construct capital assets.

The District had a deficit in unrestricted net position of \$82,555,127 at June 30, 2024. The District's unrestricted net position increased by \$2,197,867 during 2023-2024 primarily due to current results of operations net of the change in the District's actuarially determined net pension liability and related deferred outflows and inflows.

A portion of the District's net position reflects its restricted net position which totaled \$7,117,793 as of June 30, 2024. All of the District's restricted net position related to amounts restricted for capital expenditures.

Wallingford-Swarthmore School District
Management's Discussion and Analysis - Unaudited
June 30, 2024

Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2024, the District's net investment in capital assets increased by \$1,899,064 because the debt used to acquire the capital assets was being repaid faster than the capital assets were being depreciated and capital assets were being acquired with funding sources other than long-term debt.

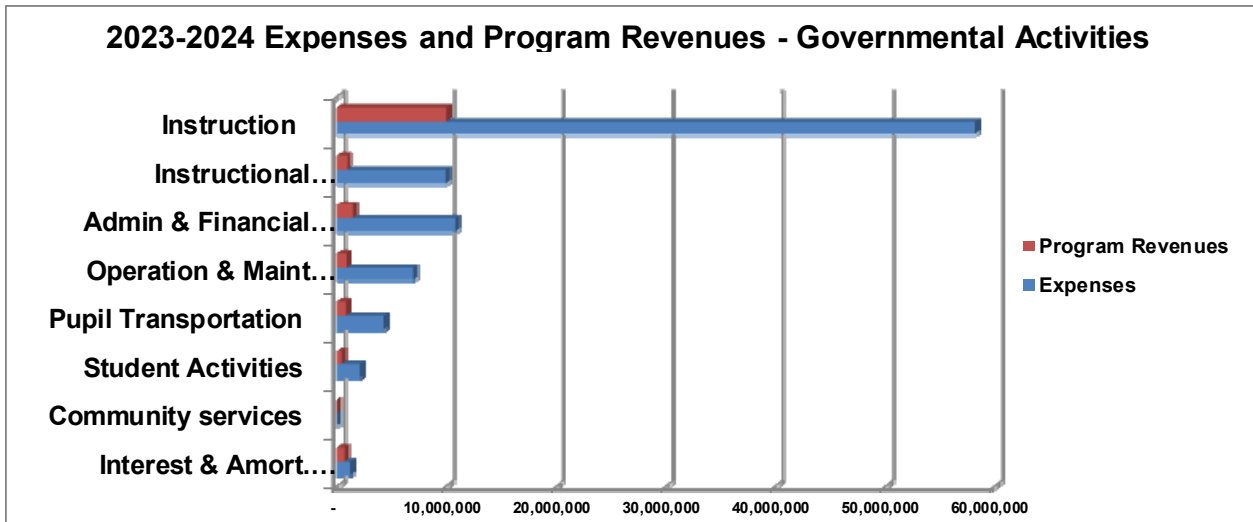
The following table presents condensed information for the Statement of Activities of the District for 2024 and 2023:

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	\$ 1,580,138	\$ 171,228	\$ 1,220,897	\$ 995,014	\$ 2,801,035	\$ 1,166,242
Operating grants and contributions	14,036,353	13,114,335	760,846	728,743	14,797,199	13,843,078
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes levied for general purposes	72,270,477	69,545,909	-	-	72,270,477	69,545,909
Other taxes levied for general purposes	958,357	1,076,026	-	-	958,357	1,076,026
Grants and entitlements not restricted to specific programs	6,925,891	6,552,672	-	-	6,925,891	6,552,672
Gain on sale of assets	28,501	-	-	-	28,501	-
Investment earnings	3,250,546	2,016,737	40,045	24,882	3,290,591	2,041,619
Total revenues	<u>99,050,263</u>	<u>92,476,907</u>	<u>2,021,788</u>	<u>1,748,639</u>	<u>101,072,051</u>	<u>94,225,546</u>
Expenses						
Instruction	58,152,920	49,386,571	-	-	58,152,920	49,386,571
Instructional student support services	10,015,560	8,706,993	-	-	10,015,560	8,706,993
Administrative and financial support services	10,873,290	8,775,063	-	-	10,873,290	8,775,063
Operation and maintenance of plant services	6,981,572	6,342,544	-	-	6,981,572	6,342,544
Pupil transportation	4,347,998	3,834,162	-	-	4,347,998	3,834,162
Student activities	2,227,218	1,545,086	-	-	2,227,218	1,545,086
Community services	1,353	-	-	-	1,353	-
Interest and amortization expense related to noncurrent liabilities	1,349,882	1,417,672	-	-	1,349,882	1,417,672
Food service	-	-	1,643,350	1,568,002	1,643,350	1,568,002
Total expenses	<u>93,949,793</u>	<u>80,008,091</u>	<u>1,643,350</u>	<u>1,568,002</u>	<u>95,593,143</u>	<u>81,576,093</u>
Change in net position (deficit)	<u>\$ 5,100,470</u>	<u>\$ 12,468,816</u>	<u>\$ 378,438</u>	<u>\$ 180,637</u>	<u>\$ 5,478,908</u>	<u>\$ 12,649,453</u>

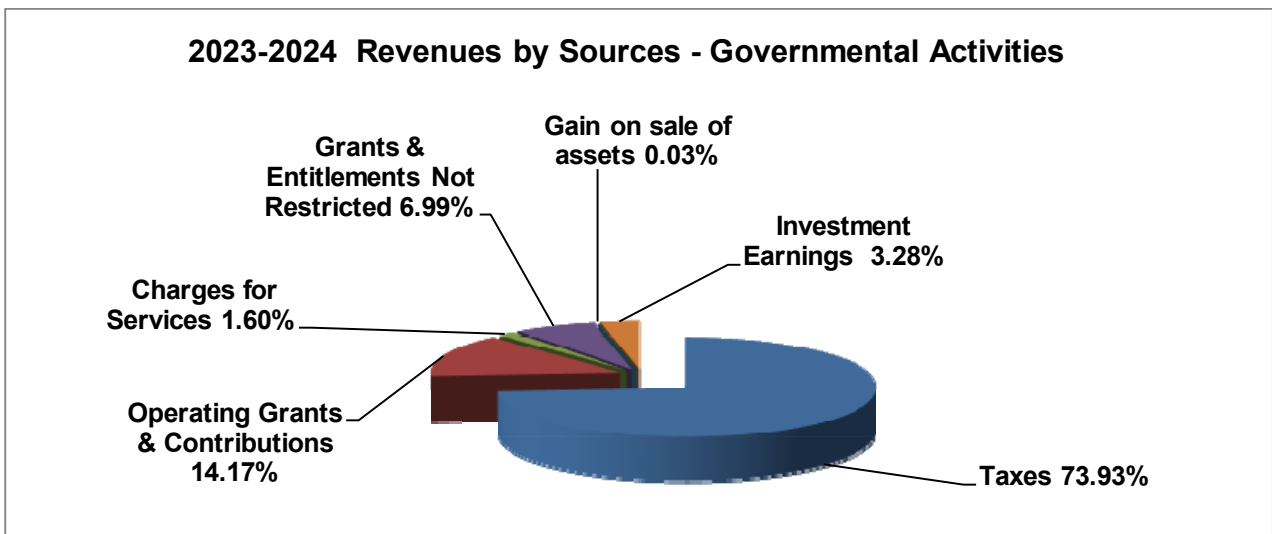
The District has been challenged with meeting its obligations without using its accumulated net position. Increased medical costs, pension contributions, state-mandated programs and negotiated contracts are all future aspects of this challenge. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors. In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated. A significant portion of the District's property tax base is in the form of residential housing.

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

**Wallingford-Swarthmore School District
Management's Discussion and Analysis - Unaudited
June 30, 2024**



To the degree that the District's functions or programs cost more than they raise, the Statement of Activities shows how the District chose to finance the difference through general revenues. The following chart shows that the District relies on tax revenues to finance its governmental activities.



GOVERNMENTAL FUNDS

The governmental fund financial statements provide detailed information on the District's major funds. Some funds are required to be established by state statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2024, the District's governmental funds reported a combined fund balance of \$19,855,124 which is an increase of \$1,854,451 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2024 and 2023 and the total 2024 change in governmental fund balances.

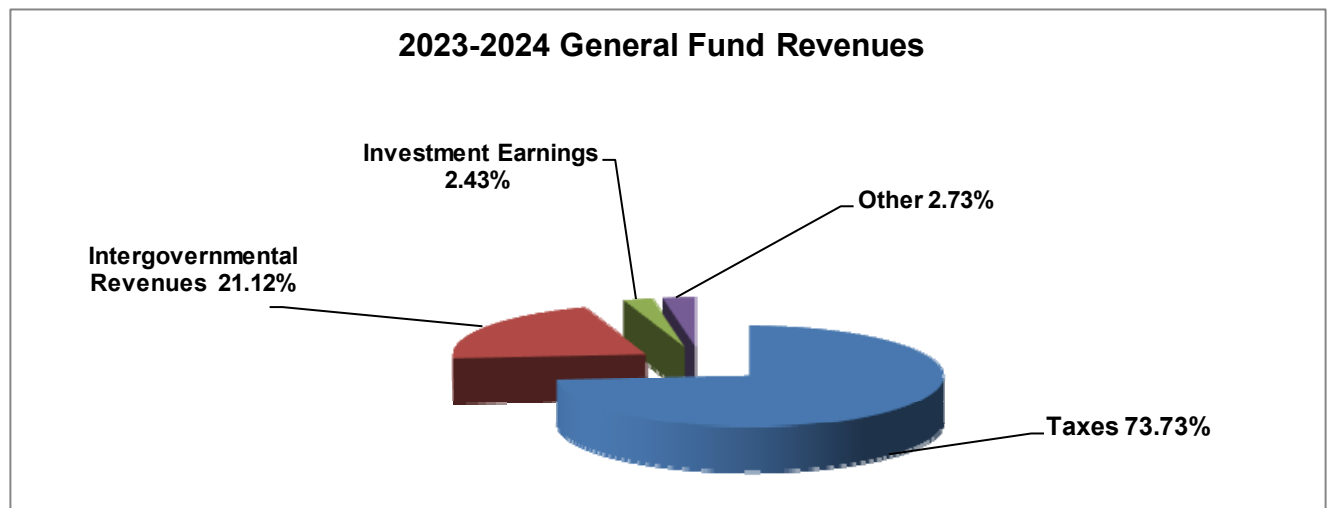
	2024	2023	\$ Change
General fund	\$ 12,844,229	\$ 11,476,838	\$ 1,367,391
Capital projects fund	7,010,895	6,523,835	487,060
	<u>\$ 19,855,124</u>	<u>\$ 18,000,673</u>	<u>\$ 1,854,451</u>

Wallingford-Swarthmore School District
Management's Discussion and Analysis - Unaudited
June 30, 2024

GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2023-2024 fiscal year, the General Fund fund balance was \$12,844,229 representing an increase of \$1,367,391 in relation to the prior year. The increase in the District's General Fund fund balance is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2023-2024 fiscal year.

The District's reliance upon tax revenues is demonstrated by the graph below that indicates 73.73% of General Fund revenues are derived from local taxes.



General Fund Revenues and Other Financing Sources

	2024	2023	\$ Change	% Change
Tax revenues	\$ 73,181,855	\$ 70,850,453	\$ 2,331,402	3.29%
Intergovernmental revenues	20,960,245	19,666,007	1,294,238	6.58%
Investment earnings	2,414,462	1,358,096	1,056,366	77.78%
Other	2,705,290	1,688,983	1,016,307	60.17%
	<u>\$ 99,261,852</u>	<u>\$ 93,563,539</u>	<u>\$ 5,698,313</u>	<u>6.09%</u>

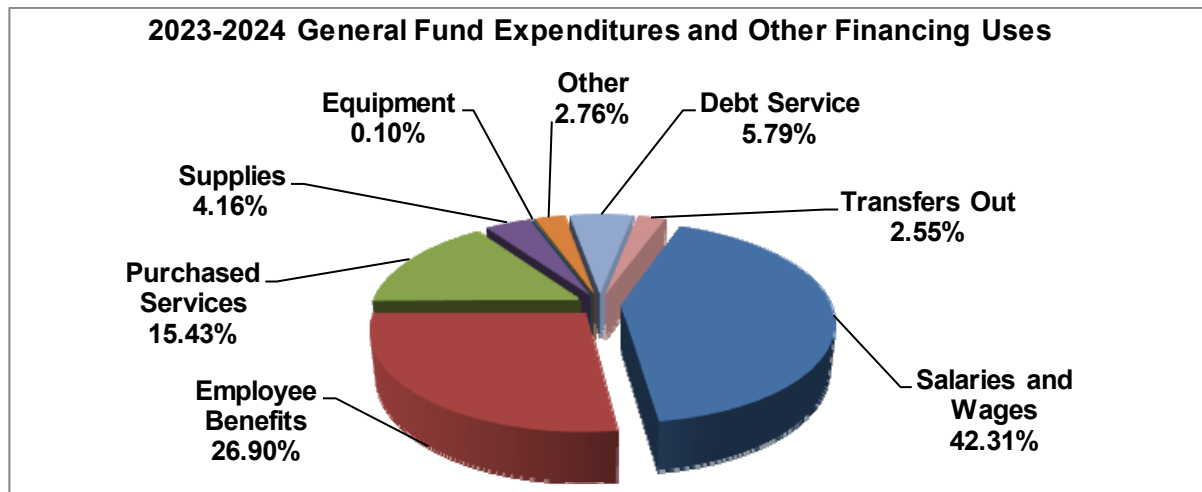
Net tax revenues increased by \$2,331,402 or 3.29% due to several factors. A millage increase of 4.10% in 2023-2024 compared to 2022-2023 accounted for most of the change. The following table summarizes changes in the District's tax revenues for 2024 compared to 2023:

	2024	2023	\$ Change	% Change
Real estate tax	\$ 71,368,787	\$ 68,360,669	\$ 3,008,118	4.40%
Interim real estate tax	28,508	11,090	17,418	157.06%
PURTA tax	-	64,015	(64,015)	-100.00%
Per capita tax	164,637	144,152	20,485	14.21%
Transfer tax	793,720	867,859	(74,139)	-8.54%
Delinquent real estate tax	826,203	1,402,668	(576,465)	-41.10%
	<u>\$ 73,181,855</u>	<u>\$ 70,850,453</u>	<u>\$ 2,331,402</u>	<u>3.29%</u>

**Wallingford-Swarthmore School District
Management's Discussion and Analysis - Unaudited
June 30, 2024**

Investment earnings increased consistent with funds available for investing during 2023-2024 and an increase in the interest rates.

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



General Fund Expenditures and Other Financing Uses

	2024	2023	\$ Change	% Change
Salaries and wages	\$ 41,418,320	\$ 39,670,321	\$ 1,747,999	4.41%
Employee benefits	26,331,992	26,084,006	247,986	0.95%
Purchased services	15,104,365	13,881,954	1,222,411	8.81%
Supplies	4,074,637	2,877,688	1,196,949	41.59%
Equipment	99,119	203,781	(104,662)	-51.36%
Other	2,693,796	1,083,909	1,609,887	148.53%
Debt service	5,672,232	5,548,819	123,413	2.22%
Transfers out	2,500,000	1,500,000	1,000,000	66.67%
	<u>\$ 97,894,461</u>	<u>\$ 90,850,478</u>	<u>\$ 7,043,983</u>	<u>7.75%</u>

Salaries and wages increased \$1,747,999 or 4.41% primarily due to contractual employment obligations.

Employee benefits increased primarily due to costs associated with an increase in salaries and wages and increased health insurance rates.

Supplies increased \$1,196,949 or 41.59% related to increase in tech fees and supplies and books and periodicals.

Other increased \$1,609,887 or 148.53% related to education service agreements reimbursements.

Transfers out represent one-time revenues over expenditures to subsidize future capital projects.

Wallingford-Swarthmore School District Management's Discussion and Analysis - Unaudited June 30, 2024

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. During 2023-2024, the Capital Projects Fund reported an increase in fund balance of \$487,060 due to transfers from the General Fund in excess of current year capital expenditures. The fund balance as of June 30, 2024 of \$7,010,895 is restricted for future capital expenditures.

GENERAL FUND BUDGET INFORMATION

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

Actual revenues were \$3,674,728 or 3.84% more than budgeted amounts and actual expenditures and other financing uses were \$2,207,337 or 2.31% more than budgeted amounts resulting in a net positive variance of \$1,467,391. Major budgetary highlights for 2023-2024 were as follows:

- Actual local revenues received were \$3,765,232 more than budgeted amounts primarily due to more than anticipated collections of current and delinquent real estate taxes and investment earnings.
- Total actual expenditures and other financing uses were \$2,207,337 or 2.31% more than budgeted amounts primarily due to a one-time unbudgeted appropriation to the Capital Projects Fund.

BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND

During 2023-2024, the net position of business-type activities and Food Service Fund increased by \$378,438. As of June 30, 2024, the business-type activities and Food Service Fund had net position of \$1,255,714.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2024 amounted to \$83,570,271 net of accumulated depreciation and amortization. This investment in capital assets includes land, land improvements, buildings and improvements, furniture and equipment, and right-to-use lease equipment. The total net decrease in the District's investment in capital assets for the current fiscal year was \$1,254,777 or 1.48%.

Current year capital additions were \$3,292,087 and depreciation and amortization expense was \$4,546,864.

Major capital additions for the current fiscal year included the following:

- GESA project \$816,038
- Synthetic turf replacement project \$582,032
- Information technology leases \$913,998

**Wallingford-Swarthmore School District
Management's Discussion and Analysis - Unaudited
June 30, 2024**

NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of \$43,403,718 consisting of \$19,600,000 in bonds payable, \$23,701,000 in notes payable, and unamortized bond premiums of \$102,718. The entire amount is backed by the full faith and credit of the District. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior obligation debt. The District's general obligation debt decreased by \$4,557,272 or 9.50% during the fiscal year.

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The District's outstanding general obligation debt of \$43,403,718 is within the current debt limitation of the District which was \$209,964,800 as of June 30, 2024.

The District's general obligation debt rating is a Standard & Poor's AA-/Stable underlying rating. Standard and Poor's notes that the AA-/Stable rating reflects the District's stable financial performance, limited tax base and manageable debt position.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in PSERS. The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the net pension plan liability which totaled \$120,068,740 as of June 30, 2024. The District's net pension liability increased by \$13,145,514 or 12.29% during the fiscal year.

The District reports a liability for its other post-employment benefits ("OPEB") related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB obligation which totaled \$7,931,093 as of June 30, 2024. The District's OPEB liability increased by \$740,024 or 10.29% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for leases and compensated absences, which totaled \$2,052,915 as of June 30, 2024. These liabilities increased by \$133,387 or 6.95% during the fiscal year.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District adopted a balanced 2024-2025 budget totaling \$102,437,505 which used \$985,379 of General Fund balance as of June 30, 2024 and the real estate tax millage rate was increased by 3.51%.
- The District expects the historical trend for greater local tax effort to fund instructional programs and services to continue as state and federal funding for public education is expected to remain stagnant. The Commonwealth of Pennsylvania only accounted for approximately 20.04% of total revenue sources to fund costs supporting the District's educational programs during fiscal 2023-2024. Local sources of revenue, primarily property taxes, now provide approximately 78.88% of total revenue sources.

**Wallingford-Swarthmore School District
Management's Discussion and Analysis - Unaudited
June 30, 2024**

- In 2006, Act 1 was passed which repealed Act 72, which provides taxpayer relief through gambling revenues generated at the state level. The intent of this legislation was to provide a mechanism to relieve the burden of funding public education from property owners. This legislation put a "ceiling" on the percentage increase of local real estate taxes that can be levied year-to-year in order to balance the school district budget. Pennsylvania school districts are now required to seek approval through back-end referendum to increase taxes higher than the approved index. This law puts an already increased burden on the District's revenue stream in future years. This legislation introduced certain new requirements on school districts which include the following:

In the event a school district wishes to increase the property tax millage rate by more than an index annually prescribed by the state (5.30% for Wallingford-Swarthmore School District for 2024-2025), the school district must seek voter approval (known commonly as a "back-end referendum") prior to implementing the millage rate increase. In the event voters do not approve the millage rate increase, the school district must limit its millage rate increase to the index.

Certain exceptions are provided under Act 1 that, if approved by the appropriate authority, may permit increases above the Act 1 index without the need for a back-end referendum. Typically, these exceptions relate to emergencies and cost increases in excess of the Act 1 index (e.g., retirement system contributions) over which the school district has no control.

Any revenues distributed under the provisions of Act 1 are to be used for the purpose of reducing property taxes for homesteaders and farmsteaders.

- In November 2010 and, again, in 2017 legislation was signed into law to implement a series of actuarial and funding changes to PSERS. The 2017 law took effect in July of 2019. The law changed the pension plans for all new hires effective July 1, 2019. It does not impact the pension benefits of current or retired PSERS members. Based on available projections, school districts will not see relief from the new legislation until 10-20 years in the future. The employer contribution rate for 2025-2026 is projected at 34.72%. Currently, the employer contribution rate for 2024-2025 is 33.90%.
- The District is conducting an initiative through the facility committee to evaluate facility and capacity needs and educational goals for the next ten years. Priority projects will include those related to programs and projects for repairs and upgrades of District facilities to ensure safety and functionality ("Warm, Safe and Dry").

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator, Wallingford-Swarthmore School District, 200 South Providence Road, Wallingford, Pennsylvania 19086.

Wallingford-Swarthmore School District
Statement of Net Position (Deficit)
June 30, 2024 With Summarized Comparative Totals for 2023

	Governmental Activities	Business-type Activities	Totals	
			2024	2023
Assets and Deferred Outflows of Resources				
Current assets				
Cash	\$ 26,680,640	\$ 975,624	\$ 27,656,264	\$ 24,247,670
Taxes receivable	991,145	-	991,145	1,030,295
Due from other governments	4,088,820	95,002	4,183,822	5,994,534
Internal balances	(191,837)	191,837	-	-
Other receivables	549,188	-	549,188	286,262
Prepaid expenses	9,417,858	-	9,417,858	9,562,808
Total current assets	<u>41,535,814</u>	<u>1,262,463</u>	<u>42,798,277</u>	<u>41,121,569</u>
Noncurrent assets				
Capital assets, net	<u>83,435,218</u>	<u>135,053</u>	<u>83,570,271</u>	<u>84,825,048</u>
Total assets	<u>124,971,032</u>	<u>1,397,516</u>	<u>126,368,548</u>	<u>125,946,617</u>
Deferred outflows of resources				
Deferred amounts on debt refunding	153,889	-	153,889	406,718
Deferred charges - OPEB	1,833,873	-	1,833,873	1,495,195
Deferred charges - pension	<u>29,880,246</u>	<u>-</u>	<u>29,880,246</u>	<u>19,454,688</u>
Total deferred outflows	<u>31,868,008</u>	<u>-</u>	<u>31,868,008</u>	<u>21,356,601</u>
Liabilities, Deferred Inflows of Resources and Net Position (Deficit)				
Current liabilities				
Accounts payable	4,043,883	84,617	4,128,500	4,574,336
Accrued salaries, payroll withholdings and benefits	7,418,215	-	7,418,215	7,268,284
Unearned revenue	185,628	57,185	242,813	415,014
Other liabilities	2,400	-	2,400	2,400
Accrued interest payable	<u>147,528</u>	<u>-</u>	<u>147,528</u>	<u>165,435</u>
Total current liabilities	<u>11,797,654</u>	<u>141,802</u>	<u>11,939,456</u>	<u>12,425,469</u>
Noncurrent liabilities				
Due within one year	5,068,812	-	5,068,812	4,963,768
Due in more than one year	<u>168,387,654</u>	<u>-</u>	<u>168,387,654</u>	<u>159,031,045</u>
Total noncurrent liabilities	<u>173,456,466</u>	<u>-</u>	<u>173,456,466</u>	<u>163,994,813</u>
Total liabilities	<u>185,254,120</u>	<u>141,802</u>	<u>185,395,922</u>	<u>176,420,282</u>
Deferred inflows of resources				
Deferred credits - OPEB	3,536,822	-	3,536,822	4,072,032
Deferred credits - pension	<u>5,425,000</u>	<u>-</u>	<u>5,425,000</u>	<u>8,411,000</u>
Total deferred inflows	<u>8,961,822</u>	<u>-</u>	<u>8,961,822</u>	<u>12,483,032</u>
Net position (deficit)				
Net investment in capital assets	39,181,093	135,053	39,316,146	37,417,082
Restricted	7,117,793	-	7,117,793	5,735,816
Unrestricted	<u>(83,675,788)</u>	<u>1,120,661</u>	<u>(82,555,127)</u>	<u>(84,752,994)</u>
Total net position (deficit)	<u>\$ (37,376,902)</u>	<u>\$ 1,255,714</u>	<u>\$ (36,121,188)</u>	<u>\$ (41,600,096)</u>

The Notes to Financial Statements are an integral part of this statement.

Wallingford-Swarthmore School District
Statement of Activities
Year Ended June 30, 2024 With Summarized Comparative Totals for 2023

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
							2024	2023
Governmental activities								
Instruction	\$ 58,152,920	\$ 787,340	\$ 9,289,994	\$ -	\$ (48,075,586)	\$ -	\$ (48,075,586)	\$ (40,179,069)
Instructional student support	10,015,560	-	1,004,110	-	(9,011,450)	-	(9,011,450)	(7,641,876)
Administrative and financial support services	10,873,290	594,907	1,008,593	-	(9,269,790)	-	(9,269,790)	(7,772,615)
Operation and maintenance of plant services	6,981,572	142,835	762,588	-	(6,076,149)	-	(6,076,149)	(5,557,399)
Pupil transportation	4,347,998	-	846,309	-	(3,501,689)	-	(3,501,689)	(2,815,700)
Student activities	2,227,218	55,056	404,014	-	(1,768,148)	-	(1,768,148)	(1,338,197)
Community services	1,353	-	-	-	(1,353)	-	(1,353)	-
Interest and amortization expense related to noncurrent liabilities	1,349,882	-	720,745	-	(629,137)	-	(629,137)	(1,417,672)
Total governmental activities	<u>93,949,793</u>	<u>1,580,138</u>	<u>14,036,353</u>	<u>-</u>	<u>(78,333,302)</u>	<u>-</u>	<u>(78,333,302)</u>	<u>(66,722,528)</u>
Business-type activities								
Food service	1,643,350	1,220,897	760,846	-	-	338,393	338,393	155,755
Total primary government	<u>\$ 95,593,143</u>	<u>\$ 2,801,035</u>	<u>\$ 14,797,199</u>	<u>\$ -</u>	<u>(78,333,302)</u>	<u>338,393</u>	<u>(77,994,909)</u>	<u>(66,566,773)</u>
General revenues								
Property taxes levied for general purposes					72,270,477	-	72,270,477	69,545,909
Other taxes levied for general purposes					958,357	-	958,357	1,076,026
Grants and entitlements not restricted to specific programs					6,925,891	-	6,925,891	6,552,672
Investment earnings					3,250,546	40,045	3,290,591	2,041,619
Gain on sale of assets					28,501	-	28,501	-
Total general revenues					<u>83,433,772</u>	<u>40,045</u>	<u>83,473,817</u>	<u>79,216,226</u>
Change in net position (deficit)					5,100,470	378,438	5,478,908	12,649,453
Net position (deficit)								
Beginning of year					(42,477,372)	877,276	(41,600,096)	(54,249,549)
End of year					<u>\$ (37,376,902)</u>	<u>\$ 1,255,714</u>	<u>\$ (36,121,188)</u>	<u>\$ (41,600,096)</u>

The Notes to Financial Statements are an integral part of this statement.

Wallingford-Swarthmore School District
Balance Sheet – Governmental Funds
June 30, 2024 With Summarized Comparative Totals for 2023

	General Fund	Capital Projects Fund	Totals	
			2024	2023
Assets				
Cash	\$ 19,654,398	\$ 7,026,242	\$ 26,680,640	\$ 23,594,436
Taxes receivable	991,145	-	991,145	1,030,295
Due from other funds	-	177,708	177,708	170,003
Due from other governments	4,088,820	-	4,088,820	5,836,407
Other receivables	549,188	-	549,188	286,262
Prepaid items	171,834	-	171,834	171,834
 Total assets	 <u>\$ 25,455,385</u>	 <u>\$ 7,203,950</u>	 <u>\$ 32,659,335</u>	 <u>\$ 31,089,237</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 3,850,828	\$ 193,055	\$ 4,043,883	\$ 4,449,774
Due to other funds	369,545	-	369,545	261,975
Accrued salaries, payroll withholdings and benefits	7,418,215	-	7,418,215	7,268,284
Unearned revenue	185,628	-	185,628	368,570
Other liabilities	2,400	-	2,400	2,400
Total liabilities	<u>11,826,616</u>	<u>193,055</u>	<u>12,019,671</u>	<u>12,351,003</u>
Deferred inflows of resources				
Unavailable revenues - property taxes	<u>784,540</u>	<u>-</u>	<u>784,540</u>	<u>737,561</u>
Fund balances				
Nonspendable				
Prepaid items	171,834	-	171,834	171,834
Restricted for				
Capital projects	-	7,010,895	7,010,895	6,523,835
Committed to				
Employer retirement rate stabilization	1,000,000	-	1,000,000	1,000,000
Self-insurance rate stabilization	1,500,000	-	1,500,000	1,500,000
Real estate rate stabilization	1,500,000	-	1,500,000	-
Debt service	477,395	-	477,395	-
Unassigned	<u>8,195,000</u>	<u>-</u>	<u>8,195,000</u>	<u>8,805,004</u>
Total fund balances	<u>12,844,229</u>	<u>7,010,895</u>	<u>19,855,124</u>	<u>18,000,673</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 25,455,385</u>	 <u>\$ 7,203,950</u>	 <u>\$ 32,659,335</u>	 <u>\$ 31,089,237</u>

The Notes to Financial Statements are an integral part of this statement.

Wallingford-Swarthmore School District
Reconciliation of Governmental Funds Balance Sheet to Net Position (Deficit) of
Governmental Activities on the Statement of Net Position (Deficit)
June 30, 2024

TOTAL GOVERNMENTAL FUND BALANCES	\$ 19,855,124
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	83,435,218
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources on the governmental funds balance sheet.	784,540
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(173,456,466)
Deferred outflows of resources for deferred amounts on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the life of the respective debt in the government-wide statement of net position (deficit).	153,889
Deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits are not reported as assets and liabilities in the governmental funds balance sheet.	22,752,297
Accrued interest payable on long-term liabilities is included in the statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.	(147,528)
The Internal Service Fund is used by management to charge the cost of health and prescription insurance premiums and claims to the General Fund. The assets and liabilities of the Internal Service Fund are included in the governmental activities on the government-wide statement of net position (deficit).	9,246,024
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ (37,376,902)</u>

The Notes to Financial Statements are an integral part of this statement.

Wallingford-Swarthmore School District
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds
Year Ended June 30, 2024 With Summarized Comparative Totals for 2023

	General Fund	Capital Projects Fund	Totals	
			2024	2023
Revenues				
Local sources	\$ 78,301,607	\$ 292,719	\$ 78,594,326	\$ 74,172,788
State sources	19,892,281	-	19,892,281	18,554,438
Federal sources	1,067,964	-	1,067,964	1,111,569
Total revenues	<u>99,261,852</u>	<u>292,719</u>	<u>99,554,571</u>	<u>93,838,795</u>
Expenditures				
Current				
Instruction	56,447,549	913,998	57,361,547	53,516,284
Support services	30,717,521	-	30,717,521	28,757,151
Operation of noninstructional services	2,135,604	-	2,135,604	1,623,842
Facilities acquisition, construction and improvement services	-	2,305,659	2,305,659	3,584,708
Debt service	<u>5,672,232</u>	<u>-</u>	<u>5,672,232</u>	<u>5,548,819</u>
Total expenditures	<u>94,972,906</u>	<u>3,219,657</u>	<u>98,192,563</u>	<u>93,030,804</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,288,946</u>	<u>(2,926,938)</u>	<u>1,362,008</u>	<u>807,991</u>
Other financing sources (uses)				
Issuance of debt	-	-	-	3,010,000
Proceeds from right-to-use arrangements	-	913,998	913,998	139,431
Refund of prior year receipts	(421,555)	-	(421,555)	(12,449)
Transfers in (out)	<u>(2,500,000)</u>	<u>2,500,000</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,921,555)</u>	<u>3,413,998</u>	<u>492,443</u>	<u>3,136,982</u>
Net change in fund balances	1,367,391	487,060	1,854,451	3,944,973
Fund balances				
Beginning of year	<u>11,476,838</u>	<u>6,523,835</u>	<u>18,000,673</u>	<u>14,055,700</u>
End of year	<u>\$ 12,844,229</u>	<u>\$ 7,010,895</u>	<u>\$ 19,855,124</u>	<u>\$ 18,000,673</u>

The Notes to Financial Statements are an integral part of this statement.

Wallingford-Swarthmore School District
Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Change in Net Position (Deficit)
of Governmental Activities on the Statement of Activities
Year Ended June 30, 2024

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS

\$ 1,854,451

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

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

Capital outlay expenditures	\$ 3,292,087	
Depreciation expense	<u>(4,536,968)</u>	(1,244,881)

Because some tax will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources increased by this amount this year.

Deferred inflows of resources June 30, 2023	(737,561)	
Deferred inflows of resources June 30, 2024	<u>784,540</u>	46,979

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

Repayment of bonds and notes payable	4,547,000	
Proceeds from right-to-use lease arrangements	(913,998)	
Repayment of leases payable	658,313	
Amortization of premiums and deferred amounts on refunding	<u>(242,557)</u>	4,048,758

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

Change in net pension liability and related deferred inflows and outflows	266,044	
Current year change in accrued interest payable	17,907	
Current year change in compensated absences	122,298	
Change in net post-employment benefit (OPEB) liability and related deferred inflows and outflows	<u>133,864</u>	540,113

The Internal Service Fund is used by management to charge the cost of health and prescription insurance premiums and claims to the General Fund. The change in net position of the Internal Service Fund is reported within the governmental activities.

(144,950)

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES

\$ 5,100,470

The Notes to Financial Statements are an integral part of this statement.

Wallingford-Swarthmore School District
Statement of Net Position – Proprietary Fund
June 30, 2024 With Summarized Comparative Totals for 2023

	<u>Major Fund</u>	<u>Internal</u>	<u>Totals</u>	
	<u>Food Service</u>	<u>Service</u>	<u>2024</u>	<u>2023</u>
	<u>Fund</u>	<u>Fund</u>		
Assets				
Current assets				
Cash	\$ 975,624	\$ -	\$ 975,624	\$ 653,234
Due from other funds	191,837	-	191,837	91,972
Due from other governments	95,002	-	95,002	158,127
Prepaid expenses	-	9,246,024	9,246,024	9,390,974
Total current assets	<u>1,262,463</u>	<u>9,246,024</u>	<u>10,508,487</u>	<u>10,294,307</u>
Noncurrent assets				
Capital assets, net	<u>135,053</u>	<u>-</u>	<u>135,053</u>	<u>144,949</u>
Total assets	<u>1,397,516</u>	<u>9,246,024</u>	<u>10,643,540</u>	<u>10,439,256</u>
Liabilities and Net Position				
Liabilities				
Accounts payable	84,617	-	84,617	124,562
Unearned revenue	<u>57,185</u>	<u>-</u>	<u>57,185</u>	<u>46,444</u>
Total liabilities	<u>141,802</u>	<u>-</u>	<u>141,802</u>	<u>171,006</u>
Net position				
Net investment in capital assets	135,053	-	135,053	144,949
Unrestricted	<u>1,120,661</u>	<u>9,246,024</u>	<u>10,366,685</u>	<u>10,123,301</u>
Total net position	<u>\$ 1,255,714</u>	<u>\$ 9,246,024</u>	<u>\$ 10,501,738</u>	<u>\$ 10,268,250</u>

The Notes to Financial Statements are an integral part of this statement.

Wallingford-Swarthmore School District
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund
Year Ended June 30, 2024 With Summarized Comparative Totals for 2023

	<u>Major Fund</u>	<u>Internal</u>	<u>Totals</u>	
	<u>Food Service</u>	<u>Service</u>	<u>2024</u>	<u>2023</u>
	<u>Fund</u>	<u>Fund</u>		
Operating revenues				
Charges for services	\$ 1,220,897	\$ 9,719,870	\$ 10,940,767	\$ 10,377,180
Operating expenses				
Employee benefits	-	9,585,492	9,585,492	8,245,636
Purchased professional and technical services	-	822,693	822,693	677,296
Purchased property services	6,303	-	6,303	9,070
Other purchased services	931,024	-	931,024	862,188
Supplies	696,127	-	696,127	686,848
Depreciation	9,896	-	9,896	9,896
Total operating expenses	<u>1,643,350</u>	<u>10,408,185</u>	<u>12,051,535</u>	<u>10,490,934</u>
Operating income (loss)	<u>(422,453)</u>	<u>(688,315)</u>	<u>(1,110,768)</u>	<u>(113,754)</u>
Nonoperating revenues				
Earnings on investments	40,045	543,365	583,410	408,268
State sources	118,329	-	118,329	82,643
Federal sources	642,517	-	642,517	646,100
Total nonoperating revenues	<u>800,891</u>	<u>543,365</u>	<u>1,344,256</u>	<u>1,137,011</u>
Change in net position	378,438	(144,950)	233,488	1,023,257
Net position				
Beginning of year	<u>877,276</u>	<u>9,390,974</u>	<u>10,268,250</u>	<u>9,244,993</u>
End of year	<u>\$ 1,255,714</u>	<u>\$ 9,246,024</u>	<u>\$ 10,501,738</u>	<u>\$ 10,268,250</u>

The Notes to Financial Statements are an integral part of this statement.

Wallingford-Swarthmore School District
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2024 With Summarized Comparative Totals for 2023

	<u>Major Fund</u>	<u>Internal</u>	<u>Totals</u>	
	<u>Food Service</u>	<u>Service</u>	<u>2024</u>	<u>2023</u>
	<u>Fund</u>	<u>Fund</u>		
Operating activities				
Cash received from charges for services	\$ 1,231,638	\$ -	\$ 1,231,638	\$ 983,835
Cash received for assessments made to other fund	-	9,719,870	9,719,870	9,382,166
Cash payments to suppliers for goods and services	(1,653,611)	-	(1,653,611)	(1,516,324)
Cash payments for insurance claims	-	(9,440,542)	(9,440,542)	(9,088,256)
Cash payments for other operating expenses	-	(822,693)	(822,693)	(677,296)
Net cash used in operating activities	<u>(421,973)</u>	<u>(543,365)</u>	<u>(965,338)</u>	<u>(915,875)</u>
Noncapital financing activities				
State sources	124,003	-	124,003	63,068
Federal sources	<u>580,315</u>	<u>-</u>	<u>580,315</u>	<u>705,535</u>
Net cash provided by noncapital financing activities	<u>704,318</u>	<u>-</u>	<u>704,318</u>	<u>768,603</u>
Capital and related financing activities				
Acquisition of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,281)</u>
Investing activities				
Earnings on investments	<u>40,046</u>	<u>543,365</u>	<u>583,411</u>	<u>408,268</u>
Net change in cash	322,391	-	322,391	216,715
Cash				
Beginning of year	<u>653,234</u>	<u>-</u>	<u>653,234</u>	<u>436,519</u>
Ending of year	<u>\$ 975,625</u>	<u>\$ -</u>	<u>\$ 975,625</u>	<u>\$ 653,234</u>
Reconciliation of operating income (loss) to net cash used for operating activities:				
Operating income (loss)	\$ (422,453)	\$ (688,315)	\$ (1,110,768)	\$ (113,754)
Adjustments to reconcile operating loss to net cash used for operating activities				
Depreciation	9,896	-	9,896	9,896
Donated commodities used	119,653	-	119,653	77,975
(Increase) decrease in				
Due from other funds	(99,865)	-	(99,865)	(91,972)
Other receivables	-	-	-	-
Prepaid expenses	-	144,950	144,950	(773,171)
Increase (decrease) in				
Accounts payable	(39,945)	-	(39,945)	(13,670)
Unearned revenue	<u>10,741</u>	<u>-</u>	<u>10,741</u>	<u>(11,179)</u>
Net cash used in operating activities	<u>\$ (421,973)</u>	<u>\$ (543,365)</u>	<u>\$ (965,338)</u>	<u>\$ (915,875)</u>
Supplemental disclosure				
Noncash noncapital financing activity				
USDA donated commodities	<u>\$ 119,653</u>	<u>\$ -</u>	<u>\$ 119,653</u>	<u>\$ 77,975</u>

The Notes to Financial Statements are an integral part of this statement.

Wallingford-Swarthmore School District
Statement of Net Position – Fiduciary Funds
June 30, 2024 With Summarized Comparative Totals for 2023

	Private- Purpose Trust	Custodial Funds	Totals	
			2024	2023
Assets				
Cash	\$ 193,334	\$ 173,448	\$ 366,782	\$ 300,340
Other receivables	-	38,446	38,446	62,225
Total assets	193,334	211,894	405,228	362,565
Liabilities and Net Position				
Liabilities				
Accounts payable	9,461	-	9,461	6,951
Net position				
Restricted for student activities	-	211,894	211,894	182,803
Net position held in trust for scholarships	183,873	-	183,873	172,811
Total net position	\$ 183,873	\$ 211,894	\$ 395,767	\$ 355,614

The Notes to Financial Statements are an integral part of this statement.

Wallingford-Swarthmore School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2024 With Summarized Comparative Totals for 2023

	Private- Purpose Trust	Custodial Funds	Totals	
			2024	2023
Addition				
Receipts from student groups	\$ -	\$ 243,746	\$ 243,746	\$ 269,713
Local contributions	11,062	-	11,062	5,942
Total additions	11,062	243,746	254,808	275,655
Deductions				
Student activity disbursements	-	214,655	214,655	247,930
Scholarships awarded and fees paid	-	-	-	102
Total deductions	-	214,655	214,655	248,032
Change in net position	11,062	29,091	40,153	27,623
Net position				
Beginning of year	172,811	182,803	355,614	327,991
End of year	\$ 183,873	\$ 211,894	\$ 395,767	\$ 355,614

The Notes to Financial Statements are an integral part of this statement.

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

1. ORGANIZATION AND PURPOSE

The Wallingford-Swarthmore School District (the "District") operates three elementary schools, a middle school and a high school to provide education and related services to the residents in the Boroughs of Swarthmore, Rutledge and Rose Valley and the Township of Nether Providence. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the third class. The District operates under a locally elected nine-member board form of government (the "School Board").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

Reporting Entity

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

Basis of Presentation

Government-Wide Financial Statements

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

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

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

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Revenue Recognition

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

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

Expenditure Recognition

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

Proprietary Funds

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

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

The Internal Service Fund is used to account for the District's participation in a consortium with other participating school districts and educational agencies to provide self-insurance programs for health and prescription coverage.

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

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. The private-purpose trust fund accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as described by donor stipulations. Custodial funds are used to account for assets held on behalf of individuals and/or government units and are, therefore, not available to support the District's own programs. The District has one custodial fund consisting of funds held on behalf of the students.

Cash and Cash Equivalents

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

Investments

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

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

Interfund Receivables and Payables

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

Property Taxes

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

July 1 – August 31	-	Discount period, 2% of gross levy
September 1 – October 31	-	Face period
November 1 to collection	-	Penalty period, 10% of gross levy
February 28	-	Lien date

The County Board of Assessments determines assessed valuations of property, and the District bills and collects its own property taxes. The tax on real estate for public school purposes for fiscal 2023-2024 was 29.0449 mills (\$29.05 for \$1,000 of assessed valuation) for Rose Valley Borough and Nether Providence Township and 29.2978 mills (\$29.30 for \$1,000 of assessed valuation) for the Boroughs of Swarthmore and Rutledge (includes additional levy for the sponsorship of the Delaware County Community College). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

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

Installment One	-	August 31
Installment Two	-	September 30
Installment Three	-	October 31

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

Prepaid Items and Inventories

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

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

Unearned Revenues

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

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

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

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

Property, plant and equipment (net of salvage value) of the District is depreciated using the straight-line method over the following estimated useful lives: buildings and improvements – 10-40 years, furniture and equipment – 5-20 years, and right-to-use lease equipment – 4 years.

Leases - Lessee

The District has entered into noncancellable leases as the lessee. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments include how the District determines (1) the discount rate it used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability is comprised of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Impairment of Long-Lived Assets

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the District. No impairment losses were recognized for the year ended June 30, 2024.

Compensated Absences

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

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

Long-Term Obligations

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

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

Fund Equity

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

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

Unassigned

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

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

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

The School Board has set a General Fund maximum unassigned fund balance of 8% of the following year's expenditure budget in accordance with guidelines prescribed by the Pennsylvania Department of Education.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Use of Estimates

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

Implementation of New Accounting Pronouncements

Effective July 1, 2023, the District adopted the provisions of GASB Statement No. 100 *Accounting Changes and Error Corrections*. GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability.

New Accounting Pronouncements

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

GASB Statement No. 102, *Certain Risk Disclosures*, will be effective for the District for the year ended June 30, 2025. The objective of GASB Statement No. 102 is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the District for the year ended June 30, 2026. The objective of GASB Statement No. 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the District for the year ended June 30, 2026. The objective of GASB Statement No. 104 is to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

Legal budgetary control is maintained at the sub-function/major object level. The School Board may make transfers of funds appropriated in any particular item of expenditure by legislative action in accordance with Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without approval from the School Board. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

Expenditures in Excess of Appropriations

Regular programs, special programs and administrative services expenditures exceeded appropriations totaling \$8,004,962, \$1,960,813 and \$1,648,246, respectively, and can be attributed to modifications in the cost coding practices. Although the overall expenditures in the General Fund did not exceed the budgeted expenditures for the year due to other favorable variances, these amounts were considered significantly above the level of budgetary control.

Transfers out exceeded budgeted appropriations totaling \$2,200,000 for the year ended June 30, 2024 due to transfers in excess of budgeted amounts to the Capital Projects Fund.

4. DEPOSITS AND INVESTMENTS

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

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2024, the carrying amount of the District's deposits was \$28,023,046 and the bank balance was \$29,290,341. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, \$80,061 was covered by federal depository insurance, and the remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund ("PSDLAF"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to independent annual audit. As of June 30, 2024, PSDLAF was rated as AAA by a nationally recognized statistical rating agency.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 128,010	\$ -	\$ -	\$ 128,010
Construction in progress	3,073,283	1,645,074	4,718,357	-
Total capital assets not being depreciated	<u>3,201,293</u>	<u>1,645,074</u>	<u>4,718,357</u>	<u>128,010</u>
Capital assets being depreciated				
Buildings and improvements	136,742,697	5,117,607	-	141,860,304
Furniture and equipment	16,737,791	333,765	-	17,071,556
Right-to-use leased equipment	2,964,741	913,998	-	3,878,739
Total capital assets being depreciated	<u>156,445,229</u>	<u>6,365,370</u>	<u>-</u>	<u>162,810,599</u>
Less accumulated depreciation for				
Buildings and improvements	(56,248,048)	(3,636,156)	-	(59,884,204)
Furniture and equipment	(16,406,471)	(332,062)	-	(16,738,533)
Right-to-use leased equipment	(2,311,904)	(568,750)	-	(2,880,654)
Total accumulated depreciation	<u>(74,966,423)</u>	<u>(4,536,968)</u>	<u>-</u>	<u>(79,503,391)</u>
Total capital assets being depreciated, net	<u>81,478,806</u>	<u>1,828,402</u>	<u>-</u>	<u>83,307,208</u>
Governmental activities, net	<u>\$ 84,680,099</u>	<u>\$ 3,473,476</u>	<u>\$ 4,718,357</u>	<u>\$ 83,435,218</u>
Business-type activities				
Machinery and equipment	\$ 665,900	\$ -	\$ -	\$ 665,900
Less: Accumulated depreciation	(520,951)	(9,896)	-	(530,847)
Business-type activities, net	<u>\$ 144,949</u>	<u>\$ (9,896)</u>	<u>\$ -</u>	<u>\$ 135,053</u>

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

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

Governmental activities

Instruction	\$ 2,867,892
Instructional student support	488,400
Administrative and financial support services	529,508
Operation and maintenance of plant services	330,629
Pupil transportation	212,106
Student activities	<u>108,433</u>
Total depreciation expense - governmental activities	<u>\$ 4,536,968</u>

Business-type activities

Food service	<u>\$ 9,896</u>
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6. INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

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

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
Food service fund	\$ 191,837	General fund	\$ 191,837
Capital projects fund	<u>177,708</u>	General fund	<u>177,708</u>
	<u>\$ 369,545</u>		<u>\$ 369,545</u>

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

A summary of interfund transfers for the year ended June 30, 2024 is as follows:

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital projects fund	<u>\$ 2,500,000</u>	General fund	<u>\$ 2,500,000</u>

Transfers from the General Fund to the Capital Projects Fund represent transfers to subsidize costs associated with the acquisition of capital assets.

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

7. NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2024:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Amount Due Within One Year
Governmental activities					
General obligation debt					
Notes payable	\$ 27,728,000	\$ -	\$ 4,027,000	\$ 23,701,000	\$ 4,128,000
Bonds payable	20,120,000	-	520,000	19,600,000	525,000
Bond premiums	112,990	-	10,272	102,718	10,272
Total general obligation debt	<u>47,960,990</u>	<u>-</u>	<u>4,557,272</u>	<u>43,403,718</u>	<u>4,663,272</u>
Other noncurrent liabilities					
Leases payable	641,713	913,998	658,313	897,398	405,540
Compensated absences	1,277,815	-	122,298	1,155,517	-
OPEB liability	2,776,900	369,425	83,859	3,062,466	-
Net OPEB liability - PSERS	4,414,169	454,458	-	4,868,627	-
Net pension liability - PSERS	106,923,226	13,145,514	-	120,068,740	-
Total other noncurrent liabilities	<u>116,033,823</u>	<u>14,883,395</u>	<u>864,470</u>	<u>130,052,748</u>	<u>405,540</u>
Total governmental activities	<u>\$ 163,994,813</u>	<u>\$ 14,883,395</u>	<u>\$ 5,421,742</u>	<u>\$ 173,456,466</u>	<u>\$ 5,068,812</u>

Noncurrent liabilities are generally liquidated by the General Fund.

8. GENERAL OBLIGATION DEBT

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

General obligation debt outstanding as of June 30, 2024 consisted of the following:

Description	Interest Rate(s)	Original Issue Amount	Final Maturity	Principal Outstanding
General obligation bonds				
GOB Series of 2019	2.00% - 4.00%	\$ 7,860,000	05/01/2034	\$ 5,535,000
GOB Series of 2022	3.330%	\$ 14,075,000	05/01/2036	14,065,000
Total general obligation bonds				<u>19,600,000</u>
General obligation notes				
GON Series of 2017	2.573%	\$ 19,845,000	05/01/2025	655,000
GON Series of 2017A	2.550%	\$ 17,140,000	05/01/2029	2,770,000
GON Series of 2017B	2.840%	\$ 8,505,000	05/01/2031	1,640,000
GON Series of 2020	0.887%	\$ 10,165,000	04/25/2027	6,740,000
GON Series of 2020A	0.887%	\$ 10,119,000	04/25/2028	8,991,000
GON Series of 2022	3.980%	\$ 3,010,000	05/01/2036	2,905,000
Total general obligation notes				<u>23,701,000</u>
Total general obligation debt				<u>\$ 43,301,000</u>

General obligation notes that bear interest at a variable rate are adjusted weekly based upon the Securities Industry and Financial Markets.

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

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

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2025	\$ 4,653,000	\$ 1,011,569	\$ 5,664,569
2026	4,722,000	944,250	5,666,250
2027	4,778,000	887,175	5,665,175
2028	4,828,000	838,146	5,666,146
2029	3,365,000	786,119	4,151,119
2030-2034	15,265,000	2,460,214	17,725,214
2035-2036	5,690,000	287,932	5,977,932
	<u>\$ 43,301,000</u>	<u>\$ 7,215,405</u>	<u>\$ 50,516,405</u>

Interest Rate Management Plan

The General Obligation Notes, Series of 2020 and 2020A, of the District have been issued to the Delaware Valley Regional Finance Authority ("DVRFA"). The DVRFA was formed by certain counties in Southeastern Pennsylvania to provide financing to local government units ("participants") for various projects. DVRFA obtained the funds used to finance these projects by issuing its Local Government Revenue Bonds. In order to reduce the interest costs of participants in its loan program and to enhance their ability to manage their interest rate risks, DVRFA and the participants in its loan program, including the District, have entered into an Interest Rate Management Plan, the provisions of which allow the participants to select fixed or variable rates of interest on their loans.

In order to provide this option to participants, DVRFA has entered into interest rate swap agreements with financial institutions. In the event that the swap agreements between DVRFA and the financial institutions are terminated and the value of the swaps to DVRFA at the time of termination is a liability, the participants are required to pay their proportionate share of the liability. The value of the swap agreements relative to the General Obligation Notes, Series of 2020 and Series of 2020A, at June 30, 2024 was an asset of \$1,360,095. The value of the swap agreements relative to the District's General Obligation Notes, Series of 2020 and Series of 2020A, are not reflected on the District's statement of net position (deficit).

9. LEASES PAYABLE

The District has entered into long-term lease agreements for computer and copier equipment. Initial lease liabilities were recorded in the amount of \$3,878,739. As of June 30, 2024, the value of the lease liabilities is \$897,398. The leases have interest rates ranging from 3.57% to 5.56%. The estimated useful lives of the equipment were 4 to 5 years as of their contract commencements. The value of the capital assets as of June 30, 2024 is \$998,085, net of accumulated depreciation and amortization of \$2,880,654, and is included with noncurrent assets on the statement of net position. Future minimum lease payments under these leases are as follows:

<u>Year Ending June 30,</u>	
2025	\$ 464,058
2026	289,395
2027	252,072
Less: Amount representing interest	<u>(108,127)</u>
Present value of minimum lease payments	<u>\$ 897,398</u>

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

10. PENSION PLAN

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

Plan Description

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

Benefits Provided

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

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

Benefits are generally equal to 1.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

Contributions

Member Contributions

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
				7.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50%
				After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30%
				After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25%
				After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50%
				After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2024 was 33.36% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$14,257,246 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 District reported a liability of \$120,068,740 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 PSERS' total pension liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.2699 percent, which was a decrease of 0.0294 percent from its proportion measured as of June 30, 2023. As of June 30, 2024, the net pension liability of \$120,068,740 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

For the year ended June 30, 2024, the District recognized net pension expense of \$13,937,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 27,000	\$ 1,644,000
Changes in assumptions	1,792,000	-
Net difference between projected and actual investment earnings	3,397,000	-
Changes in proportions	10,407,000	3,781,000
Contributions subsequent to the measurement date	14,257,246	-
	<u>\$ 29,880,246</u>	<u>\$ 5,425,000</u>

\$14,257,246 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,

2025	\$ 3,204,000
2026	(999,000)
2027	6,859,000
2028	1,134,000
	<u>\$ 10,198,000</u>

Actuarial Assumptions

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

- Valuation date – June 30, 2022
- Actuarial cost method – entry age normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.50%
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 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.

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

- Mortality rates - Previously based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

The actuarial assumptions used in the June 30, 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 pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.00%	5.20%
Private equity	12.00%	7.90%
Fixed income	33.00%	3.20%
Commodities	7.50%	2.70%
Infrastructure/MLPs	10.00%	5.40%
Real estate	11.00%	5.70%
Absolute return	4.00%	4.10%
Cash	3.00%	1.20%
Leverage	<u>-10.50%</u>	1.20%
	<u>100.00%</u>	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	<u>\$ 155,642,188</u>	<u>\$ 120,068,740</u>	<u>\$ 90,055,393</u>

Pension Plan Fiduciary Net Position

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

11. OTHER POST-EMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

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

OPEB Plan Membership

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

Active participants	525
Vested former participants	-
Retired participants	<u>99</u>
Total	<u>624</u>

Funding Policy

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

OPEB Liability

The District's OPEB liability has been measured as of June 30, 2024. The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, and by rolling forward the liabilities from the July 1, 2023 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is \$3,062,466, all of which is unfunded.

The District's change in its OPEB liability for the year ended June 30, 2024 was as follows:

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

Balances as of July 1, 2023	<u>\$ 2,776,900</u>
Changes for the year:	
Service cost	209,570
Interest on total OPEB liability	119,406
Differences between expected and actual experience	-
Changes in assumptions	40,449
Benefit payments	<u>(83,859)</u>
Net changes	<u>285,566</u>
Balances as of June 30, 2024	<u>\$ 3,062,466</u>

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$33,171. At June 30, 2024, the District had deferred inflows and outflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 1,080,183
Changes of assumptions	371,302	1,233,639
Contributions subsequent to the measurement date	<u>107,051</u>	<u>-</u>
	<u>\$ 478,353</u>	<u>\$ 2,313,822</u>

\$107,051 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 pensions will be recognized in pension expense as follows:

Year Ended June 30,

2025	\$ (295,805)
2026	(295,805)
2027	(295,804)
2028	(186,334)
2029	(174,901)
Thereafter	<u>(693,871)</u>
	<u>\$ (1,942,520)</u>

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

The following presents the OPEB liability for June 30, 2024, calculated using current healthcare cost trends as well as what the OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$ 2,736,555</u>	<u>\$ 3,062,466</u>	<u>\$ 3,439,754</u>

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

Sensitivity of the OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
OPEB liability	<u>\$ 3,299,268</u>	<u>\$ 3,062,466</u>	<u>\$ 2,838,281</u>

Actuarial Methods and Significant Assumptions

The OPEB liability as of June 30, 2024, was determined by rolling forward the OPEB liability as of July 1, 2023 to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - entry age normal
- Discount rate – 4.13% - Standard and Poors 20-year municipal bond rate. The discount rate changed from 4.06% to 4.13%.
- Salary growth – salary increases are composed of inflation of 2.50%, 1.50% for real wage growth and 0.00% to 2.75% for merit or seniority increases.
- Assumed healthcare cost trends – 7.00% in 2023 with 0.50% decrease per year until 5.50% in 2026. Rates gradually decrease from 5.40% in 2027 to 4.10% in 2075 and later.
- PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-20210 headcount-weighted mortality table including rates for contingent survivors for all other employees.

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

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 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.

Plan Description

PSERS provides health insurance premium assistance which is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

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

- Have 24 ½ or more years of service, or

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

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

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

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

Benefits Provided

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

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 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 \$273,520 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 \$4,868,627 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 PSERS' 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 0.2691 percent, which was a decrease of 0.0293 percent from its proportion measured as of June 30, 2023. As of June 30, 2024, the OPEB liability of \$4,868,627 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2024, the District recognized OPEB expense of \$215,000. 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
Difference between expected and actual experience	\$ 32,000	\$ 48,000
Changes of assumptions	421,000	921,000
Net difference between projected and actual investment earnings	11,000	-
Changes in proportions	618,000	254,000
Contributions subsequent to the measurement date	273,520	-
	<u>\$ 1,355,520</u>	<u>\$ 1,223,000</u>

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

\$273,520 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 Ended June 30,

2025	\$ (28,000)
2026	(48,000)
2027	(62,000)
2028	(96,000)
2029	93,000
	<u>\$ (141,000)</u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2023, was determined by rolling forward the PSERS' 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% – Standard & Poor's 20-year municipal bond rate
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Participation rate:

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

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 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 OPEB plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

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

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

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	<u>100.00%</u>	1.20%

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

Discount Rate

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

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual health insurance premium assistance. As of June 30, 2023, retirees' health insurance 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 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

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

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	<u>\$ 4,868,170</u>	<u>\$ 4,868,627</u>	<u>\$ 4,868,996</u>

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

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 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
District's proportionate share of the net OPEB liability	\$ 5,504,554	\$ 4,868,627	\$ 4,336,315

OPEB Plan Fiduciary Net Position

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

12. JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

Delaware County Vocational Technical School and Delaware Vocational Technical School Authority

The District and the other fourteen Delaware County school districts participate in the Delaware County Vocational Technical School (the "DCVTS"). The DCVTS provides vocational-technical training and education to students of the participating school districts. The DCVTS is controlled by a joint Board comprised of representative School Board members of the participating school districts. District oversight of the DCVTS operations is the responsibility of the joint Board. The District's share of operating costs for the DCVTS fluctuates based on the District's percentage of enrollment. The District's share of operating costs for 2023-2024 was \$306,769.

The District and the other fourteen Delaware County school districts also participate in a joint venture for the operation of the Delaware County Vocational-Technical School Authority (the "DCVTSA"). The DCVTSA oversees acquiring holding, constructing, improving and maintaining the DCVTSA school buildings. The DCVTSA is controlled by a joint Board comprised of representative School Board members of the participating school districts in the DCVTS. During 2023-2024, the District did not have any financial transactions with the DCVTSA.

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

Delaware County Community College

The District and twelve other Delaware County schools sponsor the Delaware County Community College (the "DCCC"). Only residents of the Boroughs of Swarthmore and Rutledge participate in this joint venture within the District. The DCCC provides higher education programs to the residents of southeastern Pennsylvania. Sponsoring school districts pay a share of the DCCC's operating and debt service costs which fluctuate based on each District's certified market values and in return residents of each of the sponsoring school districts pay a reduced cost to participate in DCCC higher education programs. The sponsoring school districts have entered into a long-term lease agreement with the DCCC to provide rental payments sufficient to retire the DCCC's outstanding debt obligations. The lease agreement expires in 2034-2035 unless the debt is retired earlier. The District's share of operating costs and rent expense for 2023-2024 was \$186,544.

The DCCC prepares financial statements that are available to the public from their administrative offices located at 901 South Media Line Road, Media, Pennsylvania 19063.

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

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

Year Ending June 30,

2025	\$ 56,998
2026	56,987
2027	56,934
2028	56,944
2029	56,952
2030-2034	257,939
2035-2039	137,673
2040-2044	126,489
2045-2049	60,683
	<u>\$ 867,599</u>

Delaware County Intermediate Unit

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

13. CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

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

Litigation

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

14. RISK MANAGEMENT

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

Wallingford-Swarthmore School District
Notes to Financial Statements
June 30, 2024

The District participates in a consortium with other participating school districts and educational agencies from Delaware County to provide self-insurance programs for health and prescription insurance coverage and related expenses for eligible employees, spouses and dependents. Accordingly benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims. Since the District has not transferred its risk to the other participants in the consortium, GASB requires that it recognize and measure its claims, liabilities and related expenses. The District accounts for its participation in the consortium in the Internal Service Fund in the accompanying financial statements. The following table presents the components of the self-insurance claims surplus (liability) and the related changes claims surplus (liability) for the year ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Insurance claims surplus (liability) - beginning of year	\$ 9,390,974	\$ 8,548,354
Current year insurance claims and changes in estimates	(10,408,185)	(8,922,932)
Insurance claims paid	<u>10,263,235</u>	<u>9,765,552</u>
Insurance claims surplus (liability) - end of year	<u>\$ 9,246,024</u>	<u>\$ 9,390,974</u>

Because estimates are used in the process of computing self-insurance claims (liabilities), it is reasonably possible that there may be claims incurred but not yet recorded and related receivables for stop loss insurance. This would affect the District's net position in its Internal Service Fund. Adjustments resulting from these claim settlements are recorded in the year in which they become known.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 4, 2025, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2024 that required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Wallingford-Swarthmore School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Local sources	\$ 74,536,375	\$ 74,536,375	\$ 78,301,607	\$ 3,765,232
State sources	19,503,587	19,503,587	19,892,281	388,694
Federal sources	1,547,162	1,547,162	1,067,964	(479,198)
Total revenues	<u>95,587,124</u>	<u>95,587,124</u>	<u>99,261,852</u>	<u>3,674,728</u>
Expenditures				
Instruction				
Regular programs	32,267,182	32,267,182	40,272,144	(8,004,962)
Special programs	13,408,578	13,408,578	15,369,391	(1,960,813)
Vocational programs	310,000	310,000	403,272	(93,272)
Other instructional programs	87,500	87,500	213,002	(125,502)
Nonpublic school programs	-	-	3,196	(3,196)
Adult education programs	195,000	195,000	186,544	8,456
Total instruction	<u>46,268,260</u>	<u>46,268,260</u>	<u>56,447,549</u>	<u>(10,179,289)</u>
Support services				
Pupil support services	12,873,023	12,873,023	4,575,144	8,297,879
Instructional staff services	4,120,831	4,120,831	4,044,452	76,379
Administrative services	6,093,486	6,093,486	7,741,732	(1,648,246)
Pupil health	1,202,672	1,202,672	993,391	209,281
Business services	734,261	734,261	916,090	(181,829)
Operation and maintenance of plant services	9,009,583	9,009,583	6,507,635	2,501,948
Student transportation services	4,196,417	4,196,417	4,174,803	21,614
Support services - central	2,061,988	2,061,988	1,716,743	345,245
Other support services	50,000	50,000	47,531	2,469
Total support services	<u>40,342,261</u>	<u>40,342,261</u>	<u>30,717,521</u>	<u>9,624,740</u>
Operation of noninstructional services				
Student activities	2,538,761	2,538,761	2,134,251	404,510
Community services	-	-	1,353	(1,353)
Total operation of noninstructional services	<u>2,538,761</u>	<u>2,538,761</u>	<u>2,135,604</u>	<u>403,157</u>
Debt service	<u>5,837,842</u>	<u>5,837,842</u>	<u>5,672,232</u>	<u>165,610</u>
Total expenditures	<u>94,987,124</u>	<u>94,987,124</u>	<u>94,972,906</u>	<u>14,218</u>
Excess (deficiency) of revenues over (under) expenditures	<u>600,000</u>	<u>600,000</u>	<u>4,288,946</u>	<u>3,688,946</u>
Other financing uses				
Refund of prior year receipts	-	-	(421,555)	(421,555)
Transfers out	(300,000)	(300,000)	(2,500,000)	(2,200,000)
Budgetary reserve	(400,000)	(400,000)	-	400,000
Total other financing uses	<u>(700,000)</u>	<u>(700,000)</u>	<u>(2,921,555)</u>	<u>(2,221,555)</u>
Net change in fund balance	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	1,367,391	<u>\$ 1,467,391</u>
Fund balance				
Beginning of year			11,476,838	
End of year			<u>\$ 12,844,229</u>	

See Independent Auditor's Report.

Wallingford-Swarthmore School District
Schedule of the District's Proportionate Share of the Net Pension Liability - PSERS
Year Ended June 30

	Measurement Date									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.2699%	0.2405%	0.2569%	0.2515%	0.2457%	0.2484%	0.2489%	0.2461%	0.2522%	0.2475%
District's proportionate share of the net pension liability	\$ 120,068,740	\$ 106,923,226	\$ 105,474,739	\$ 123,836,125	\$ 114,944,868	\$ 119,244,333	\$ 122,928,000	\$ 121,959,000	\$ 109,241,000	\$ 87,962,000
District's covered-employee payroll	\$ 41,226,261	\$ 35,256,782	\$ 36,365,201	\$ 35,155,814	\$ 33,883,596	\$ 33,447,621	\$ 33,133,436	\$ 31,875,110	\$ 32,444,136	\$ 31,581,726
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	291.24%	303.27%	290.04%	352.25%	339.23%	356.51%	371.01%	382.62%	336.70%	278.52%
Plan fiduciary net position as a percentage of the total net pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	52.00%	50.00%	54.00%	57.00%

See Independent Auditor's Report.

Wallingford-Swarthmore School District
Schedule of the District's Pension Plan Contributions - PSERS
Year Ended June 30

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 14,257,246	\$ 14,133,567	\$ 11,987,663	\$ 12,210,202	\$ 11,749,645	\$ 11,003,026	\$ 10,540,427	\$ 9,520,000	\$ 7,830,000	\$ 6,512,000
Contributions in relation to the contractually required contribution	<u>\$ 14,257,246</u>	<u>\$ 14,133,567</u>	<u>\$ 11,987,663</u>	<u>\$ 12,210,202</u>	<u>\$ 11,749,645</u>	<u>\$ 11,048,538</u>	<u>\$ 10,606,548</u>	<u>\$ 9,674,020</u>	<u>\$ 7,969,108</u>	<u>\$ 6,649,224</u>
Contribution deficiency (excess)	-	-	-	-	-	(45,512)	(66,121)	(154,020)	(139,108)	(137,224)
District's covered-employee payroll	\$ 42,737,548	\$ 41,226,261	\$ 35,256,782	\$ 36,365,201	\$ 35,155,814	\$ 33,883,596	\$ 33,447,621	\$ 33,133,436	\$ 31,875,110	\$ 32,444,136
Contributions as a percentage of covered-employee payroll	33.36%	34.28%	34.00%	33.58%	33.42%	32.61%	31.71%	29.20%	25.00%	20.49%

See Independent Auditor's Report.

Wallingford-Swarthmore School District
Schedule of Changes in OPEB Liability – Single Employer Plan
Year Ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability							
Service cost	\$ 209,570	\$ 350,621	\$ 350,906	\$ 243,353	\$ 242,640	\$ 294,472	\$ 275,684
Interest on total OPEB liability	119,406	105,508	81,892	131,503	110,845	144,556	100,862
Differences between expected and actual experience	-	(647,288)	-	(351,420)	-	(1,019,195)	-
Changes of assumptions	40,449	(1,263,777)	(124,838)	427,813	(102,929)	(199,530)	259,470
Benefit payments	<u>(83,859)</u>	<u>(98,344)</u>	<u>(64,737)</u>	<u>(75,742)</u>	<u>(35,123)</u>	<u>(105,211)</u>	<u>(65,624)</u>
Net change in total OPEB liability	285,566	(1,553,280)	243,223	375,507	215,433	(884,908)	570,392
 Total OPEB liability, beginning	<u>2,776,900</u>	<u>4,330,180</u>	<u>4,086,957</u>	<u>3,711,450</u>	<u>3,496,017</u>	<u>4,380,925</u>	<u>3,810,533</u>
 Total OPEB liability, ending	<u>\$ 3,062,466</u>	<u>\$ 2,776,900</u>	<u>\$ 4,330,180</u>	<u>\$ 4,086,957</u>	<u>\$ 3,711,450</u>	<u>\$ 3,496,017</u>	<u>\$ 4,380,925</u>
 Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
 Covered payroll	\$ 39,343,784	\$ 39,343,784	\$ 34,074,992	\$ 34,074,992	\$ 30,887,904	\$ 30,887,904	\$ 30,295,952
 Net OPEB liability as a % of covered payroll	7.78%	7.06%	12.71%	11.99%	12.02%	11.32%	14.46%

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

See Independent Auditor's Report.

Wallingford-Swarthmore School District
Schedule of the District's Proportionate Share of the Net OPEB Liability - PSERS
Year Ended June 30

	Measurement Date						
	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.2691%	0.2398%	0.2565%	0.2505%	0.2457%	0.2484%	0.2489%
District's proportionate share of the net OPEB liability	\$ 4,868,627	\$ 4,414,169	\$ 6,079,263	\$ 5,412,546	\$ 5,225,651	\$ 5,179,013	\$ 5,071,000
District's covered-employee payroll	\$ 41,226,261	\$ 35,256,782	\$ 36,365,201	\$ 35,155,814	\$ 33,883,596	\$ 33,447,621	\$ 33,133,436
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	11.81%	12.52%	16.72%	15.00%	15.00%	15.00%	15.00%
Plan fiduciary net position as a percentage of the total net OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	6.00%

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

See Independent Auditor's Report.

Wallingford-Swarthmore School District
Schedule of the District's OPEB Plan Contributions - PSERS
Year Ended June 30

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 273,520	\$ 314,236	\$ 280,022	\$ 298,476	\$ 294,896	\$ 281,501	\$ 277,522	\$ 275,000
Contributions in relation to the contractually required contribution	<u>273,520</u>	<u>314,236</u>	<u>280,022</u>	<u>298,476</u>	<u>294,896</u>	<u>281,297</u>	<u>277,361</u>	<u>274,981</u>
Contribution deficiency (excess)	-	-	-	-	-	204	161	19
District's covered-employee payroll	\$ 42,737,548	\$ 41,226,261	\$ 35,256,782	\$ 36,365,201	\$ 35,155,814	\$ 33,883,596	\$ 33,447,621	\$ 33,133,436
Contributions as a percentage of covered-employee payroll	0.64%	0.76%	0.79%	0.82%	0.84%	0.83%	0.83%	0.83%

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

See Independent Auditor's Report.

SINGLE AUDIT

Wallingford-Swarthmore School District
Schedule of Expenditures of Federal Awards and Certain State Grants
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Assistance Listing Number	Pass- Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2023	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2024	Passed Through to Subrecipients
<u>U.S. Department of Education</u>											
Passed-Through the Pennsylvania Department of Education											
Title I - Improving Basic Programs	I	84.010	013-220458	07/01/21 - 09/30/22	\$ 165,448	\$ 82,548	\$ 82,724	\$ (176)	\$ (176)	\$ -	\$ -
Title I - Improving Basic Programs	I	84.010	013-230458	09/22/22 - 09/30/23	140,092	-	140,092	-	-	140,092	-
Title I - Improving Basic Programs	I	84.010	013-240458	09/22/23 - 09/30/24	138,948	-	-	138,772	138,772	138,772	-
Total ALN 84.010						82,548	222,816	138,596	138,596	278,864	-
Title II - Improving Teacher Quality	I	84.367	020-220458	07/01/21 - 09/30/22	54,025	2,843	27,150	-	-	24,307	-
Title II - Improving Teacher Quality	I	84.367	020-230458	09/30/22 - 09/30/23	48,680	-	48,680	-	-	48,680	-
Title II - Improving Teacher Quality	I	84.367	020-240458	09/22/23 - 09/30/24	57,958	-	-	33,652	33,652	33,652	-
Total ALN 84.367						2,843	75,830	33,652	33,652	106,639	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-200458	07/01/19 - 09/30/20	20,110	-	(7,182)	-	-	(7,182)	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-210458	07/01/20 - 09/30/21	17,300	-	(11,792)	-	-	(11,792)	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-220458	07/01/21 - 09/30/22	14,582	(7,286)	(7,286)	-	-	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-230458	09/30/22 - 09/30/23	12,932	-	-	23,899	23,899	23,899	-
Total ALN 84.424						(7,286)	(26,260)	23,899	23,899	4,925	-
COVID-19 ARP ESSER	I	84.425U	223-210458	03/13/20 - 09/30/24	1,448,278	-	(210,658)	191,438	191,438	(19,220)	-
COVID-19 ARP ESSER 7%	I	84.425U	225-210458	03/13/20 - 09/30/24	112,564	14,326	(6,140)	16,081	16,081	(4,385)	-
COVID-19 ARP ESSER - Homeless Children and Youth	I	84.425W	181-212463	03/13/20 - 09/30/24	11,049	3,683	(1,417)	11,049	11,049	5,949	-
Total ALN 84.425						18,009	(218,215)	218,568	218,568	(17,656)	-
Passed-Through Delaware County I.U.											
I.D.E.A. - Part B, Section 611	I	84.027	062-230013	07/01/22 - 06/30/23	657,484	653,484	653,484	-	-	-	-
I.D.E.A. - Part B, Section 611	I	84.027	062-240013	07/01/23 - 06/30/24	652,127	4,000	-	652,127	652,127	648,127	-
COVID-19 - ARP I.D.E.A. - Part B, Section 611	I	84.027X	H027X210093	07/01/21 - 09/30/23	139,796	139,796	139,796	-	-	-	-
Total ALN 84.027						797,280	793,280	652,127	652,127	648,127	-
I.D.E.A. - Part B, Section 619	I	84.173	131-220013	07/01/22 - 06/30/23	876	876	876	-	-	-	-
I.D.E.A. - Part B, Section 619	I	84.173	131-230013	07/01/23 - 06/30/24	1,122	1,122	-	1,122	1,122	-	-
Total ALN 84.173						1,998	876	1,122	1,122	-	-
Total U.S. Department of Education						895,392	848,327	1,067,964	1,067,964	1,020,899	-

See Independent Auditor's Report.

Wallingford-Swarthmore School District
Schedule of Expenditures of Federal Awards and Certain State Grants
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Assistance Listing Number	Pass- Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2023	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2024	Passed Through to Subrecipients
<u>U.S. Department of Agriculture</u>											
Passed-Through the Pennsylvania Department of Education											
Breakfast Program	I	10.553	N/A	07/01/22 - 06/30/23	N/A	15,984	15,984	-	-	-	-
Breakfast Program	I	10.553	N/A	07/01/23 - 06/30/24	N/A	48,733	-	59,823	59,823	11,090	-
Total ALN 10.553						64,717	15,984	59,823	59,823	11,090	-
P-EBT Local Admin Funds	I	10.649	N/A	07/01/23 - 06/30/24	N/A	653	-	653	653	-	-
Special Milk	I	10.556	N/A	07/01/22 - 06/30/23	N/A	708	708	-	-	-	-
Special Milk	I	10.556	N/A	07/01/23 - 06/30/24	N/A	1,903	-	2,442	2,442	539	-
Total ALN 10.556						2,611	708	2,442	2,442	539	-
State Matching Share	S	N/A	N/A	07/01/22 - 06/30/23	N/A	26,878	26,878	-	-	-	-
State Matching Share	S	N/A	N/A	07/01/23 - 06/30/24	N/A	97,125	-	118,329	118,329	21,204	-
Total State Matching Share						124,003	26,878	118,329	118,329	21,204	-
Supply Chain Assistance	I	10.555	N/A	07/01/23 - 06/30/24	N/A	85,456	-	85,456	85,456	-	-
National School Lunch Program	I	10.555	N/A	07/01/22 - 06/30/23	N/A	114,557	114,557	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/23 - 06/30/24	N/A	312,322	-	374,490	374,490	62,168	-
Passed-Through the Pennsylvania Department of Agriculture											
National School Lunch Program	I	10.555	N/A	07/01/23 - 06/30/24	N/A	119,653	-	119,653	119,653	-	-
Total ALN 10.555						631,988	114,557	579,599	579,599	62,168	-
Total U.S. Department of Agriculture						823,972	158,127	760,846	760,846	95,001	-
Total Federal awards and certain state grants						\$ 1,719,364	\$ 1,006,454	\$ 1,828,810	\$ 1,828,810	\$ 1,115,900	\$ -

See Independent Auditor's Report.

Wallingford-Swarthmore School District
Schedule of Expenditures of Federal Awards and Certain State Grants
Year Ended June 30, 2024

Total Federal awards	\$ 1,595,361	\$ 979,576	\$ 1,710,481	\$ 1,710,481	\$ 1,094,696	\$ -
Total State awards	<u>124,003</u>	<u>26,878</u>	<u>118,329</u>	<u>118,329</u>	<u>21,204</u>	<u>-</u>
Total Federal awards and certain state grants	<u>\$ 1,719,364</u>	<u>\$ 1,006,454</u>	<u>\$ 1,828,810</u>	<u>\$ 1,828,810</u>	<u>\$ 1,115,900</u>	<u>\$ -</u>
Special Education Cluster (IDEA) (ALN's 84.027 and 84.173)	<u>\$ 799,278</u>	<u>\$ 794,156</u>	<u>\$ 653,249</u>	<u>\$ 653,249</u>	<u>\$ 648,127</u>	<u>\$ -</u>
Child Nutrition Cluster (ALN's 10.553, 10.555 and 10.556)	<u>\$ 699,316</u>	<u>\$ 131,249</u>	<u>\$ 641,864</u>	<u>\$ 641,864</u>	<u>\$ 73,797</u>	<u>\$ -</u>

Source Codes
 D - Direct Funding
 I - Indirect Funding
 S - State Share
 ALN - Assistance Listing Number

Wallingford-Swarthmore School District
Notes to Schedule of Expenditures of Federal Awards and Certain State Grants
June 30, 2024

1. FEDERAL EXPENDITURES

The Schedule of Expenditures of Federal Awards and Certain State Grants reflects federal expenditures for all individual grants which were active during the fiscal year. Additionally, the Schedule reflects expenditures for certain state grants.

2. BASIS OF ACCOUNTING

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

3. NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards and Certain State Grants under ALN 10.555 National School Lunch Program and passed through the Pennsylvania Department of Agriculture represent federal surplus food consumed by the District during the 2023-2024 fiscal year.

4. ACCESS PROGRAM

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2024 was \$0.

5. INDIRECT COSTS

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. No indirect costs were charged to the District's Federal awards for the year ended June 30, 2024.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of School Directors of
Wallingford-Swarthmore School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wallingford-Swarthmore School District, Wallingford, Pennsylvania, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Wallingford-Swarthmore School District's basic financial statements, and have issued our report thereon dated June 4, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wallingford-Swarthmore School District's internal control over financial reporting (internal control) as a basis for designing 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 Wallingford-Swarthmore School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Wallingford-Swarthmore School District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wallingford-Swarthmore School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-01.

Wallingford-Swarthmore School District's Response to Findings

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

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.

A handwritten signature in blue ink that reads 'Withum Smith + Brown, PC'.

June 4, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of School Directors of
Wallingford-Swarthmore School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Wallingford-Swarthmore 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 Wallingford-Swarthmore School District's major federal programs for the year ended June 30, 2024. Wallingford-Swarthmore 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, Wallingford-Swarthmore School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Wallingford-Swarthmore 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 Wallingford-Swarthmore 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 Wallingford-Swarthmore School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Wallingford-Swarthmore School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Wallingford-Swarthmore School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Wallingford-Swarthmore 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 Wallingford-Swarthmore 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 Wallingford-Swarthmore School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in blue ink that reads "Withum Smith & Brown, PC".

June 4, 2025

Wallingford-Swarthmore School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Summary of Auditor's Report

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Wallingford-Swarthmore School District were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of the Wallingford-Swarthmore School District are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. One instance of noncompliance material to the financial statements of the Wallingford-Swarthmore School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the Wallingford-Swarthmore School District expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were:

Special Education Cluster:
Special Education – Grants to States (IDEA, Part B) – Assistance Listing #84.027
Special Education – Preschool Grants (IDEA Preschool) – Assistance Listing #84.173

Child Nutrition Cluster:
Breakfast Program – Assistance Listing #10.553
National School Lunch Program – Assistance Listing #10.555
Special Milk Program – Assistance Listing #10.556
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Wallingford-Swarthmore School District did not qualify as a low-risk auditee.

Findings – Financial Statement Audit

Finding 2024-01
Budgeting Procedures
Noncompliance

Condition: During our audit procedures we noted material excess expenditures over budgeted appropriations by sub-function within the General Fund.

Criteria: The District's legal budgetary control is maintained at the sub-function level within the General Fund.

Cause: The District did not make approved budget transfers within the General Fund to account for changes in account coding classification differences between what was budgeted and actual amounts recorded.

Wallingford-Swarthmore School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Effect: As a result, the budget to actual reporting did not align with expectations on which management and those charged with governance were making financial decisions.

Recommendation: Prepare an annual General Fund budget consistent with account coding as prescribed by the Pennsylvania Department of Education and implement approved budget transfers of any changes in assumptions or account coding classifications.

Management's Response: Management has adopted a 2024-2025 General fund budget consistent with account coding as prescribed by the Pennsylvania Department of Education. Account coding of actual expenditures or 2024-2025 is consistent with budgeted amounts and transfers will be made for changes in assumptions or account coding classifications.

Findings and Questioned Costs – Major Federal Award Programs Audit

None.

Summary Schedule of Prior Year Findings

Findings – Financial Statement Audit

Finding 2023-01

Payroll Procedures

Material Weakness in Internal Control

Condition: During our audit procedures we noted that the Business Office failed to adequately review payroll reports and communicate with the Human Resources department regarding new hires, terminations, supplemental payments and salary placement during 2022-2023.

Criteria: A proper system of internal control is essential in order to prevent, detect and correct misstatements, as well as demonstrating accountability and stewardship.

Status: Management implemented policies to improve communication between the business office and human resources department and implement safeguards to ensure responsible business office employees are held accountable for following procedures to ensure timely and accurate payroll processing. This finding is no longer applicable.

Finding 2023-02

Monthly and Annual Financial Reconciliation and Year End Closing Procedures

Material Weakness in Internal Control

Condition: During our audit procedures we noted that timely and complete monthly and annual financial account reconciliations did not take place during 2022-2023. This resulted in a backlog of transactions and journal entries that were not posted to the District's accounting software. As a result, timely and complete financial information was not available for management and the Board of Directors to make well informed business decisions.

Criteria: Statement on auditing Standards No. 115 "Communicating Internal Control Related Matters Identified in an Audit" ("SAS 115") focuses on how the auditor communicates matters related to internal controls to the client. One area SAS 115 emphasizes is internal control over financial reporting.

Status: Management implemented safeguards to ensure responsible business office employees are held accountable for following procedures to ensure timely and complete monthly and annual financial reporting.

**Wallingford-Swarthmore School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Findings and Questioned Costs – Major Federal Award Programs Audit

Findings SA 2023-01 and SA 2023-02

Federal Agencies: U.S. Department of Education

Pass-through Entity: Delaware County Intermediate Unit

Special Education – Grants to States (IDEA, Part B) – Assistance Listing #84.027

Special Education – Preschool Grants (IDEA Preschool) – Assistance Listing #84.173

Compliance Requirements: Allowable Costs

Material Weakness in Internal Control

See Findings 2023-01 and 2023-02.