

# **Upper Darby School District**

Financial Statements and  
Supplementary Information

June 30, 2024

# Upper Darby School District

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# Upper Darby School District

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## **Independent Auditors' Report**

To the Board of School Directors of  
Upper Darby School District

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

#### ***Opinions***

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the District as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 GAAP; 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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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 GAAS 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 the 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 the District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

GAAP requires that the Management's Discussion and Analysis on pages 4 through 20 and the Required Supplementary Information on pages 59 through 63 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 GAAS, 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 the District's basic financial statements. The accompanying schedule of expenditures of federal awards on page 69, 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 GAAS. In our opinion, the supplementary information 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 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Philadelphia, Pennsylvania  
December 3, 2024

# Upper Darby School District

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Management's Discussion and Analysis  
June 30, 2024  
(Unaudited)

This Management's Discussion and Analysis (MD&A) of the financial performance of the Upper Darby School District (the District) provides an overview of the District's financial performance for the 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 Upper Darby School District, Delaware County, Pennsylvania is located in southeastern Pennsylvania, adjacent to the City of Philadelphia, and consists of the Township of Upper Darby (91.66%) and the Boroughs of Clifton (7.67%) and Millbourne (0.67%) and covers approximately 8.6 square miles. The District consists of one high school (grades 9-12), two middle schools (grades 6-8), six elementary schools (grades 1-5), three elementary schools (grades K-5) and one kindergarten center (grade K). During 2023-24, there were 1,389 full time equivalent employees in the District, consisting of 979 teachers/professional staff, 87 administrators, including general administration, principals and supervisors, and 323 support personnel, including administrative assistants, maintenance staff, custodial staff, and transportation staff.

## District Mission

The District's mission is to provide "a comprehensive and challenging educational program which encourages all learners in a safe environment to respect others, value education, and appreciate and contribute to their community as confident, independent thinkers."

## Financial Highlights

On a government-wide basis, including all governmental activities and the business-type activities, the liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of the District resulting in a deficit net position at the close of the 2023-2024 fiscal year of \$95,640,472. The deficit net position is due to the recognition of the District's net pension and other postemployment benefits (OPEB) liabilities under generally accepted accounting principles. The net position of governmental activities increased by \$32,549,399 and net position of the business-type activity increased by \$1,375,702 in 2024.

- The General Fund reported an increase in fund balance of \$1,488,240, bringing the cumulative balance to \$36,840,659 at June 30, 2024.
- At June 30, 2024, the General Fund balance includes \$1,251,949 which is considered nonspendable; \$4,098,824 of funds committed to balance the 2024-2025 General Fund expenditure budget; \$18,428,957 in assigned fund balance including: \$1,832,621 for retirement rate stabilization, \$1,667,063 for compensated absences and other postemployment benefits, \$1,500,000 for special education, \$2,000,000 for educational and technology resources, \$6,500,000 in reserve for emergency capital replacement, \$1,500,000 in reserve for future revenue impacts, and \$3,429,273 for reserve for open encumbrances; and unassigned amounts of \$13,060,929 or 4.96% of the \$263,476,143 2024-2025 General Fund expenditure budget. Guidelines prescribed by the Pennsylvania Department of Education allow a district to maintain a maximum General Fund unassigned fund balance of 8.00% of the following year's expenditure budget.
- Total General Fund revenues and other financing sources were \$263,583,752 and total General Fund expenditures and other financing uses were \$262,095,512, resulting in a net increase in General Fund balance of \$1,488,240.
- General Fund revenues include \$20,241,714 of federal funds used to offset the impact of the COVID-19 pandemic on the District's operations. The District has been allocated \$62.6 million of federal funds under the Elementary and Secondary School Emergency Relief Fund to be used through September 2024 for specified purposes.

# Upper Darby School District

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Management's Discussion and Analysis  
June 30, 2024  
(Unaudited)

## 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 supplementary information in addition to the basic financial statements themselves.

### 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 private sector business. These statements are prepared using the accrual basis of accounting. The focus of the statements are for the long-term.

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, earned but unused vacation leave, and pension and other postemployment benefits).

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

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, administration, community service, interest and depreciation.

#### 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 21 and 22 of this report.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of governmental fund financial statements is short-term. Governmental fund financial statements are prepared using the modified accrual basis of accounting. The District uses several different types of funds but the two most significant types are the governmental and proprietary fund types.

# Upper Darby School District

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Management's Discussion and Analysis  
June 30, 2024  
(Unaudited)

## **Governmental Funds**

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

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

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the District's major funds: General Fund, Capital Projects Fund, and Capital Reserve Fund. In addition the District presents the Student Activity Fund as a nonmajor fund.

The basic governmental fund statements can be found on pages 23 through 26 of this report.

The District adopts an annual budget for its General Fund using the Executive Budget approach. A budgetary comparison statement for the General Fund has been provided on page 27 of this report to demonstrate compliance with this budget.

## **Proprietary Fund**

The District accounts for its food service operation in a proprietary fund, which reports the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 28 through 30 of this report.

## **Fiduciary Funds**

The District is the fiduciary for assets that belong to others, consisting of scholarship funds and general welfare funds. 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 31 and 32 of this report.

## **Notes to the Financial Statements**

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

The notes to the financial statements can be found on pages 33 through 58 of this report.

# Upper Darby School District

Management's Discussion and Analysis  
 June 30, 2024  
 (Unaudited)

## Government-Wide Financial Analysis

As noted above, net position may serve over time as a useful indicator of the District's financial condition. The District's net position has been significantly affected by pension and OPEB liabilities and related items. The District has recognized its proportionate share of the Commonwealth of Pennsylvania Public School Employees' Retirement System (PSERS) net pension liability and related deferred outflows and inflows of resources. Decisions regarding the allocations are determined by the administrators of PSERS, not by the District. In addition, the District has recognized its proportionate share of the PSERS OPEB net liability and related deferred outflows and inflows of resources as well as a net OPEB liability and related deferred outflows and inflows for benefits provided under a District specific plan.

At June 30, 2024, the District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources resulting in a deficit net position of \$95,640,472. This deficit position resulted from the recognition of net pension and OPEB liabilities, deferred inflows from resources, and deferred outflows of resources totaling \$248,563,091, as discussed above. Please refer to the notes to the financial statements for more information on these items.

The following table presents condensed information for the Statement of Net Position (Deficit) of the District at June 30, 2024 and 2023:

	Governmental Activities		Business-Type Activities		Total		Net Change
	2024	2023	2024	2023	2024	2023	
	(In Thousand)						
Assets and deferred outflows of resources:							
Current assets	\$ 99,112	\$ 84,767	\$ 11,571	\$ 10,640	\$ 110,683	\$ 95,407	\$ 15,276
Noncurrent assets	199,604	180,060	615	637	200,219	180,697	19,522
Deferred outflows of resources	46,687	44,053	-	-	46,687	44,053	2,634
Total	<u>\$ 345,403</u>	<u>\$ 308,880</u>	<u>\$ 12,186</u>	<u>\$ 11,277</u>	<u>\$ 357,589</u>	<u>\$ 320,157</u>	<u>\$ 37,432</u>
Liabilities:							
Current liabilities	\$ 47,543	\$ 42,323	\$ 536	\$ 1,002	\$ 48,079	\$ 43,325	\$ 4,754
Noncurrent liabilities	387,137	383,893	-	-	387,137	383,893	3,244
Deferred inflows of resources	18,014	22,505	-	-	18,014	22,505	(4,491)
Total	<u>452,694</u>	<u>448,721</u>	<u>536</u>	<u>1,002</u>	<u>453,230</u>	<u>449,723</u>	<u>3,507</u>
Net Position:							
Net investment in capital assets	62,847	48,573	615	637	63,462	49,210	14,252
Restricted	34,857	32,978	-	-	34,857	32,978	1,879
Unrestricted	(204,995)	(221,392)	11,035	9,638	(193,960)	(211,754)	17,794
Total	<u>(107,291)</u>	<u>(139,841)</u>	<u>11,650</u>	<u>10,275</u>	<u>(95,641)</u>	<u>(129,566)</u>	<u>33,925</u>
Total	<u>\$ 345,403</u>	<u>\$ 308,880</u>	<u>\$ 12,186</u>	<u>\$ 11,277</u>	<u>\$ 357,589</u>	<u>\$ 320,157</u>	<u>\$ 37,432</u>

## Upper Darby School District

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Management's Discussion and Analysis  
June 30, 2024  
(Unaudited)

The District's total assets and deferred outflows of resources as of June 30, 2024 were \$357,589,138 of which \$64,634,877 or 18.08% consisted of cash and investments and \$200,219,859 or 55.99% consisted of the District's capital assets (including cash and investments restricted for acquisition of capital assets). The District's total liabilities and deferred inflows of resources as of June 30, 2024 were \$453,221,028 of which \$103,532,518 or 22.84% was general obligation debt used to acquire and construct capital assets, \$30,300,833 or 6.69% was for OPEB, compensated absences and special termination benefits, and \$268,828,000 or 59.31% was for pension benefits.

The District has a total deficit net position of \$95,640,472 at June 30, 2024. The District had a total deficit net position of \$129,565,573 at June 30, 2023.

A portion of the District's net position is restricted and totaled \$34,857,424 at June 30, 2024. \$34,666,581 is restricted for capital expenditures, with the remainder restricted for student activities.

Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation plus unspent bond proceeds less any related debt used to acquire those assets that are 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. At June 30, 2024, the District's net investment in capital assets was \$63,462,664, an increase of \$14,252,436 over 2023.

# Upper Darby School District

Management's Discussion and Analysis  
 June 30, 2024  
 (Unaudited)

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

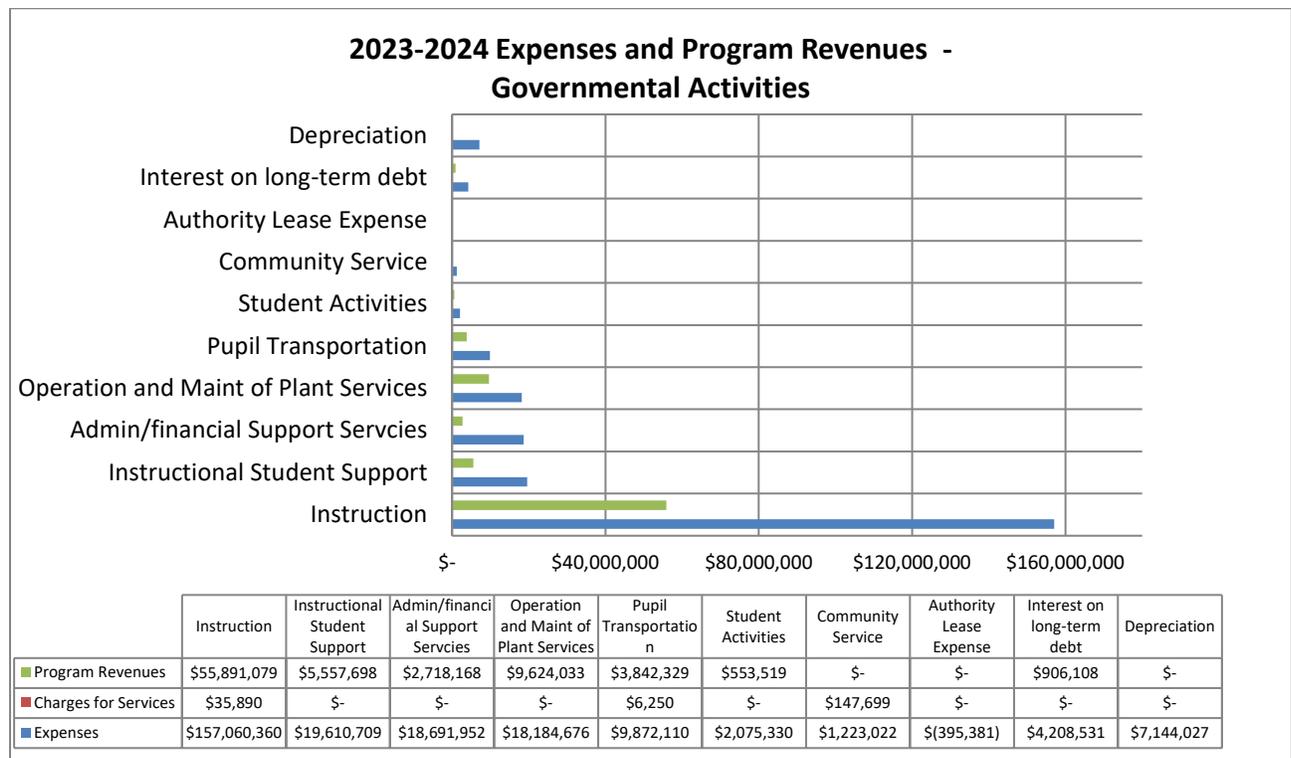
	Governmental Activities		Business-Type Activities		Total		Net Change
	2024	2023	2024	2023	2024	2023	
	(In Thousand)						
Program revenues:							
Charges for services	\$ 190	\$ 430	\$ 57	\$ 47	\$ 247	\$ 477	\$ (230)
Operating grants and contributions	79,093	74,304	9,648	9,930	88,741	84,234	4,507
General revenues:							
Taxes levied for general purposes, net	124,607	121,582	-	-	124,607	121,582	3,025
Grants, subsidies and contributions not restricted	60,708	50,711	-	-	60,708	50,711	9,997
Other	5,627	2,708	(472)	(391)	5,155	2,317	2,838
Total revenues	<u>270,225</u>	<u>249,735</u>	<u>9,233</u>	<u>9,586</u>	<u>279,458</u>	<u>259,321</u>	<u>20,137</u>
Program expenses:							
Instruction	157,060	142,298	-	-	157,060	142,298	14,762
Instructional student support	19,611	17,675	-	-	19,611	17,675	1,936
Administration and financial support services	18,692	16,115	-	-	18,692	16,115	2,577
Operation and maintenance of plant services	18,185	17,965	-	-	18,185	17,965	220
Pupil transportation	9,872	5,740	-	-	9,872	5,740	4,132
Student activities	2,075	2,130	-	-	2,075	2,130	(55)
Community services	1,223	1,205	-	-	1,223	1,205	18
Authority obligation	(395)	3,931	-	-	(395)	3,931	(4,326)
Interest on long-term debt	4,208	2,896	-	-	4,208	2,896	1,312
Unallocated depreciation	7,144	5,378	-	-	7,144	5,378	1,766
Food service	-	-	7,858	6,691	7,858	6,691	1,167
Total expenses	<u>237,675</u>	<u>215,333</u>	<u>7,858</u>	<u>6,691</u>	<u>245,533</u>	<u>222,024</u>	<u>23,509</u>
Change in net position	32,550	34,402	1,375	2,895	33,925	37,297	(3,372)
Net position (deficit), beginning	<u>(139,841)</u>	<u>(174,243)</u>	<u>10,275</u>	<u>7,380</u>	<u>(129,566)</u>	<u>(166,863)</u>	<u>37,297</u>
Net position (deficit), ending	<u>\$ (107,291)</u>	<u>\$ (139,841)</u>	<u>\$ 11,650</u>	<u>\$ 10,275</u>	<u>\$ (95,641)</u>	<u>\$ (129,566)</u>	<u>\$ 33,925</u>

# Upper Darby School District

Management's Discussion and Analysis  
 June 30, 2024  
 (Unaudited)

Overall, the District's financial position remained stable, however, challenges such as increased special education costs, charter school tuition, pension contributions, state-mandated programs, current employee contracts and the need for financing to address infrastructure issues remain. 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 majority of the District's property tax base is in the form of residential housing or 73.00% of its tax base. Although the District is primarily a residential community, the District also has a property tax base derived from commercial facilities of 25.65%.

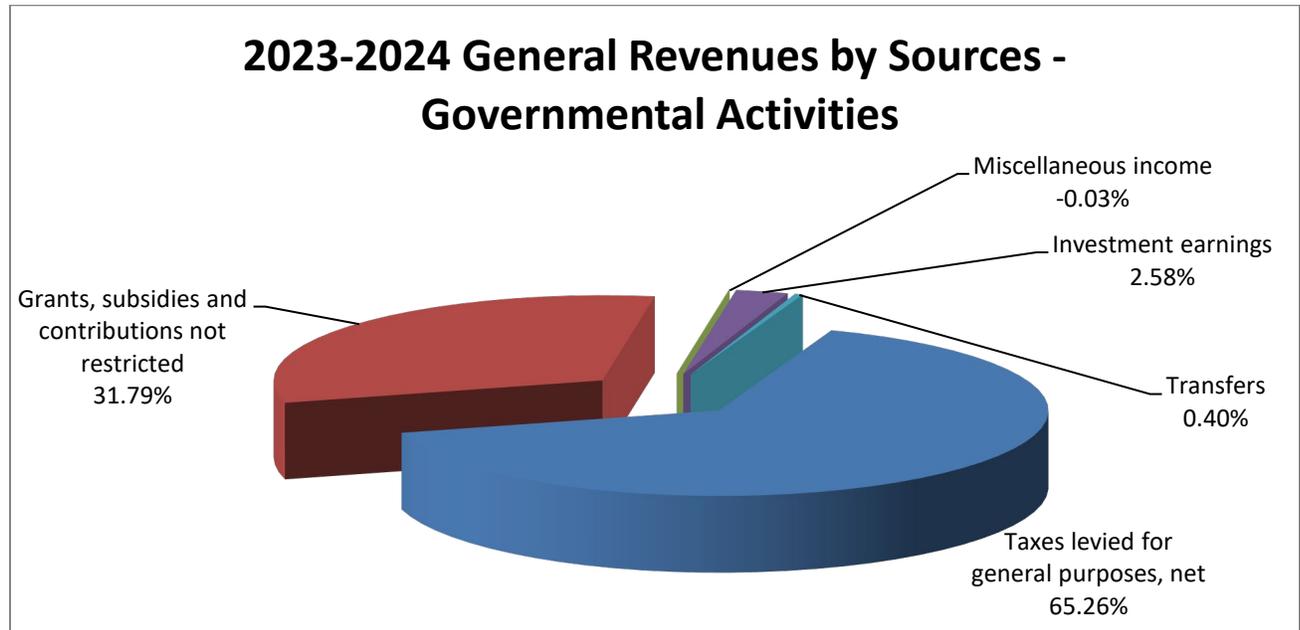
The Statement of Activities focuses on how the District finances its services. The Statement of Activities compares the cost of the District's functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph,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



## Upper Darby School District

Management's Discussion and Analysis  
 June 30, 2024  
 (Unaudited)

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 differences through general revenues. The following chart shows that the District relies on tax revenues to finance its governmental activities.



### Fund Financial Analysis

The governmental fund financial statements provide detailed information on the District's major and nonmajor funds. Some funds are required to be established by 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 \$84,475,837, which is an increase of \$2,558,056 from 2023. The following table summarizes the District's total governmental fund balances as of June 30, 2024 and 2023 and the 2024 change in governmental fund balances.

	<u>2024</u>	<u>2023</u>	<u>Change</u>
General Fund	\$ 36,840,659	\$ 35,352,419	\$ 1,488,240
Capital Project Fund	12,777,754	13,586,863	(809,109)
Capital Reserve Fund	34,666,581	32,782,967	1,883,614
Student Activity Fund	190,843	195,532	(4,689)
Total	<u>\$ 84,475,837</u>	<u>\$ 81,917,781</u>	<u>\$ 2,558,056</u>

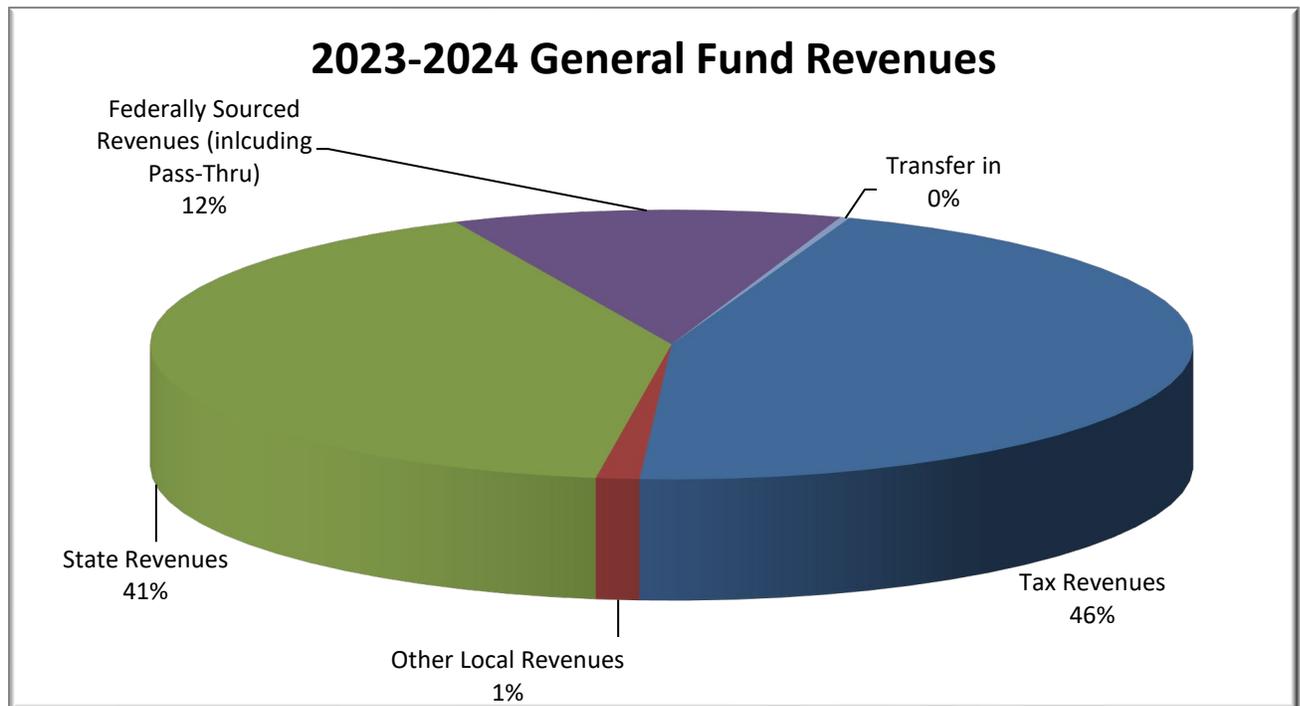
## Upper Darby School District

Management's Discussion and Analysis  
June 30, 2024  
(Unaudited)

### General Fund

The General Fund is the District's primary operating fund. At June 30, 2024, the General Fund had a fund balance of \$36,840,659 representing an increase of \$1,488,240, or 4.21%, over 2023. 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 46% of General Fund revenues are derived from local taxes.



### General Fund Revenues

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Tax revenues	\$ 119,727,687	\$ 117,001,909	\$ 2,725,778
Other local revenues	3,524,962	2,359,622	1,165,340
State revenues	107,723,094	98,085,332	9,637,762
Federally sourced revenues (including local pass-thru)	31,843,343	26,552,346	5,290,997
Transfer in	764,666	543,568	19,040,975
<b>Total</b>	<u>\$ 263,583,752</u>	<u>\$ 244,542,777</u>	<u>\$ 37,860,852</u>

## Upper Darby School District

Management's Discussion and Analysis

June 30, 2024

(Unaudited)

Total tax revenues increased by \$2,725,778 or 2.33% in 2024. The increase was primarily due to increases in real estate tax collections and interim taxes. The following table summarizes and compares the changes in the District's total tax revenues for 2024 and 2023:

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Real estate tax	\$ 103,845,648	\$ 99,847,426	\$ 3,998,222
Interim real estate tax	1,517,480	136,385	1,381,095
PURTA tax	100,753	106,851	(6,098)
Transfer tax	3,137,457	2,567,912	569,545
Delinquent tax	4,644,541	7,861,527	(3,216,986)
State property tax reduction	6,481,808	6,481,808	-
<b>Total</b>	<u>\$ 119,727,687</u>	<u>\$ 117,001,909</u>	<u>\$ 2,725,778</u>

State revenues increased \$9,637,762 or 9.83% in 2024 due to several factors. The increase is primarily the result of an increase in instructional grants. The following table summarizes and compares the changes in the District's total state revenues for 2024 and 2023:

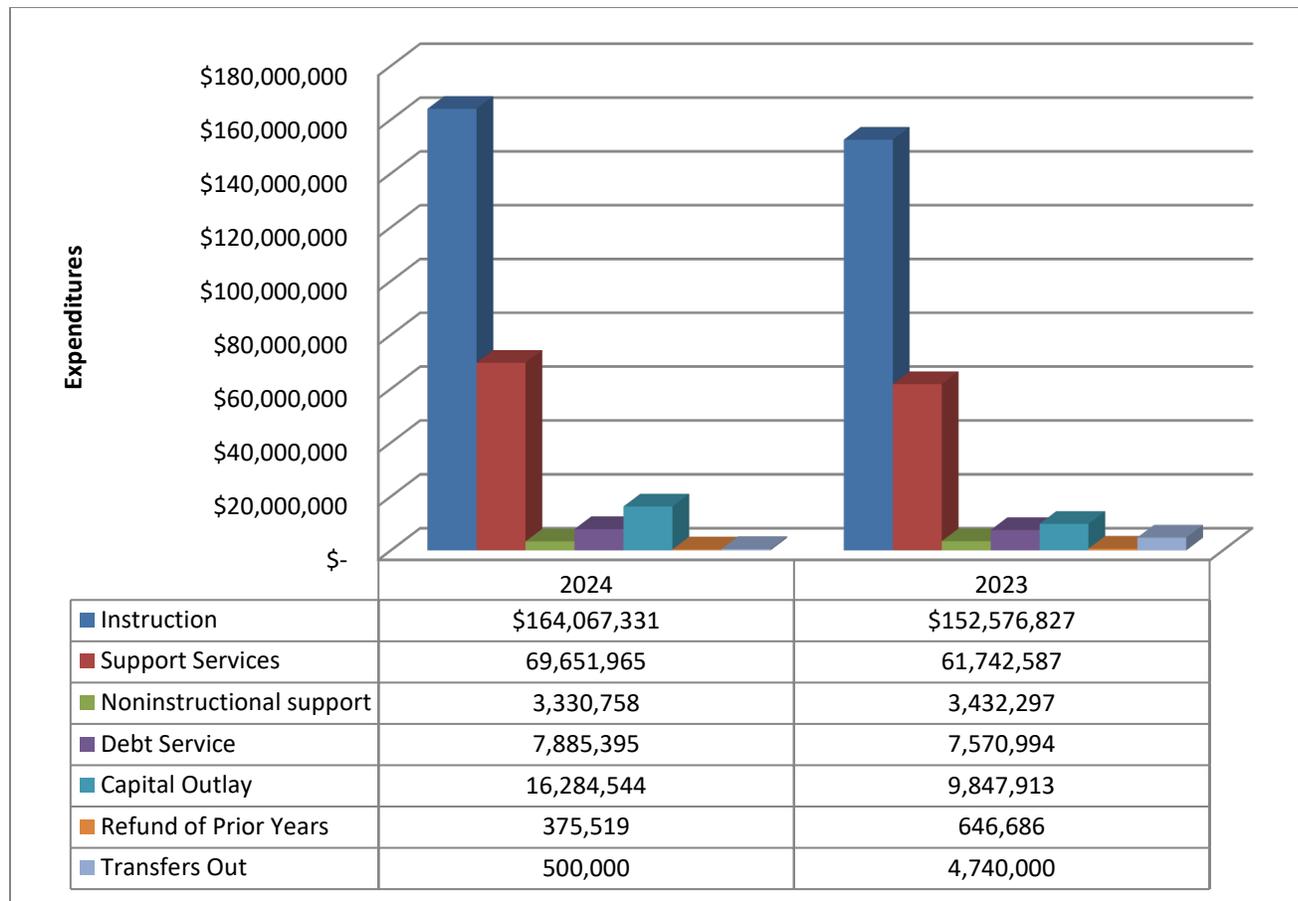
	<u>2024</u>	<u>2023</u>	<u>Change</u>
Instruction/block and miscellaneous grants	\$ 64,025,918	\$ 57,227,758	\$ 6,798,160
Special education	10,936,416	10,214,618	721,798
Transportation	2,445,067	2,506,966	(61,899)
Rental/leasing fund	656,234	832,641	(176,407)
Social Security and retirement	28,629,504	26,396,323	2,233,181
Other	1,029,955	907,026	122,929
<b>Total</b>	<u>\$ 107,723,094</u>	<u>\$ 98,085,332</u>	<u>\$ 9,637,762</u>

Federal revenue increased \$5,290,997 or 19.93% in 2024 as a result of increased use of COVID-19 relief funds. The federal grants are made up of various grants including, but not limited to, the Elementary and Secondary School Emergency Relief (ESSER) II and III, Special Education (IDEA), and Title I. A listing of federal funds can be found on the Schedule of Expenditures of Federal Awards on page 69.

# Upper Darby School District

Management's Discussion and Analysis  
 June 30, 2024  
 (Unaudited)

## General Fund Expenditures and Other Financing Uses



	<u>2024</u>	<u>2023</u>	<u>Change</u>
Instruction	\$ 164,067,331	\$ 152,576,827	\$ 11,490,504
Support services	69,651,965	61,742,587	7,909,378
Noninstructional services	3,330,758	3,432,297	(101,539)
Debt service	7,885,395	7,570,994	314,401
Capital outlay	16,284,544	9,847,913	6,436,631
Refund of prior years	375,519	646,686	(271,167)
Transfers out	500,000	4,740,000	(4,240,000)
<b>Total</b>	<u>\$ 262,095,512</u>	<u>\$ 240,557,304</u>	<u>\$ 21,538,208</u>

Expenditures increased \$21,538,208 in 2024. The primary causes of the increase were increases in Support Services, and Capital Outlays, as the District continued to utilize the available ESSER funds

# Upper Darby School District

Management's Discussion and Analysis  
June 30, 2024  
(Unaudited)

## Capital Reserve Fund

The Capital Reserve Fund accounts for (1) monies transferred during any fiscal year from appropriations made for any particular purpose which may not be needed, (2) surplus moneys in the General Fund of the treasury at the end of a fiscal year, and (3) interest earnings of the fund itself. Expenditures from this fund are limited to: capital improvements, replacement and additions to public works and improvements, for deferred maintenance, for the purchase of school buses, and for no other purpose.

In 2024, the Capital Reserve Fund reported an increase in fund balance of \$1,883,614. This is the result interest earnings amounting to \$1,383,614 and a transfer of \$500,000 into the Capital Reserve from the General Fund. The fund balance of \$34,666,581 at June 30, 2024 is restricted for capital expenditures.

## Capital Projects Fund

The Capital Projects Fund accounts for bond proceeds, capital outlay, and interest earnings of the fund itself. Expenditures from this fund are limited to capital improvements, replacement and additions to public works and improvements, for deferred maintenance, for the purchase of school buses, and for no other purpose.

During 2023-2024, the District issued the Series of 2023 general obligation bonds with a face value of \$9,995,000 plus a bond discount of \$138,142. Capital outlay totaled \$10,630,853. The Capital Projects Fund reported a decrease in fund balance of \$809,109. The fund balance of \$12,777,754 at June 30, 2024 is restricted for capital expenditures.

Amounts spent on capital projects during the year ended June 30, 2024 were as follows:

Clifton Heights Middle School	\$	2,058,637
Aronimink renovation and expansion		7,407,145
8201 N. Lansdowne Avenue renovation		<u>1,165,071</u>
Total	\$	<u>10,630,853</u>

## General Fund Budget Information

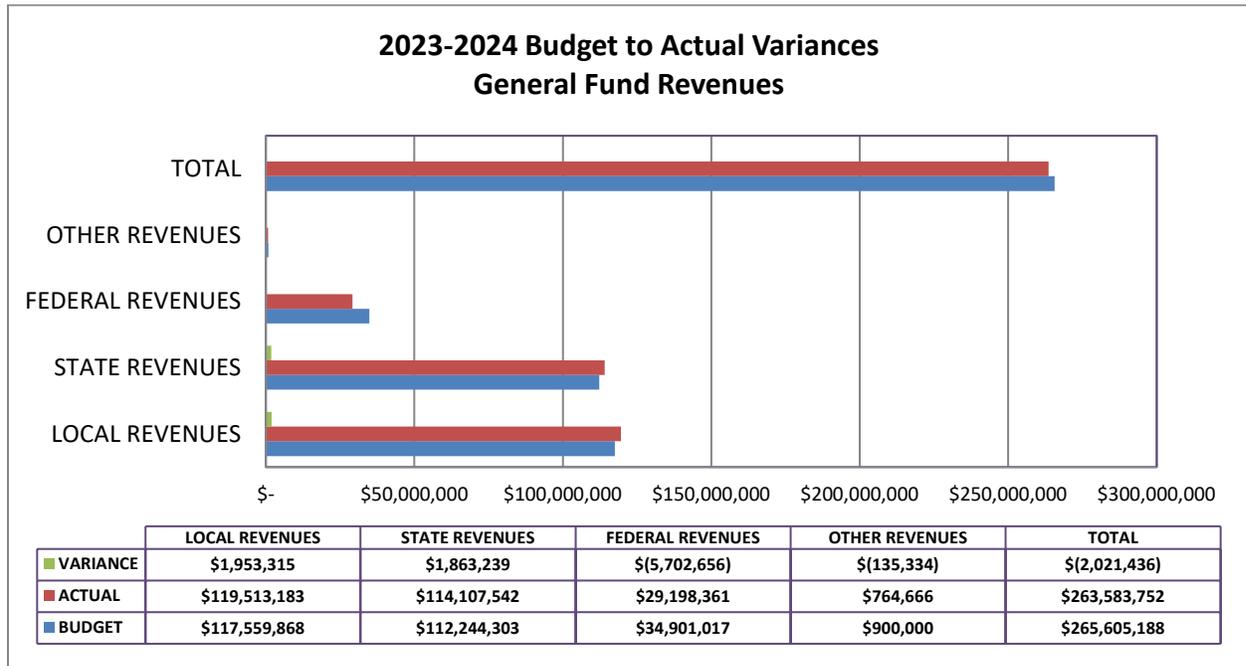
The District maintains its financial records and prepares its financial statements on the modified accrual basis of accounting. The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by management and 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.

The General Fund's final approved budget for 2024 included \$265,605,188 of revenues and other financing sources and \$269,799,628 of expenditures and other financing uses. The District committed \$4,194,440 to be used from its unassigned fund balance to cover the shortfall.

# Upper Darby School District

Management's Discussion and Analysis  
 June 30, 2024  
 (Unaudited)

Actual revenues and other financing sources were \$263,583,753 less than the budgeted amounts and actual expenditures and other financing uses were \$7,704,116 less than the final budgeted amounts. The actual amount of revenues over expenditures was \$1,223,575. As such, funds committed to cover the projected shortfall in the amount of \$4,194,440 were not used. Major budgetary highlights for 2023-2024 were as follows:

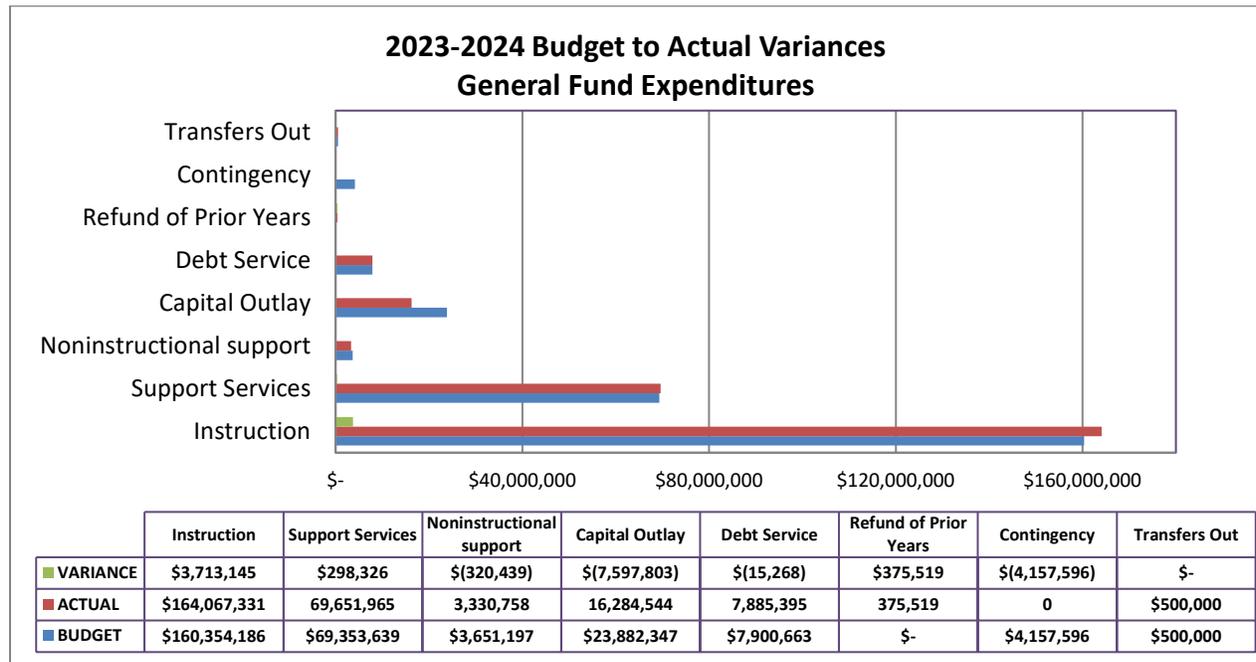


- Local revenues were \$1,953,315, or 1.66%, more than budgeted primarily due to one-time interim tax billings.
- State revenues were \$1,863,239, or 1.63%, more than budgeted due to additional funding being allocated to Upper Darby School district that were not expected at the time the budget was passed.
- Federal revenues were \$5,702,656, or 16.34% less than budgeted. The short-fall relates to the timing of capital projects being paid with federal funds, which occurred in summer of 2024 in fiscal year 2025.

	Budget	Actual	Over (Under) Budget
Instruction	\$ 160,354,186	\$ 164,067,331	\$ (3,713,145)
Support services	69,353,639	69,651,965	(298,326)
Noninstructional support	3,651,197	3,330,758	320,439
Capital outlay	23,882,347	16,284,544	7,597,803
Debt service	7,900,663	7,885,395	15,268
Refund of prior year receipts	-	375,519	(375,519)
Contingency	4,157,596	-	4,157,596
Transfers out	500,000	500,000	-
<b>Total</b>	<b>\$ 269,799,628</b>	<b>\$ 262,095,512</b>	<b>\$ 7,704,116</b>

# Upper Darby School District

Management's Discussion and Analysis  
 June 30, 2024  
 (Unaudited)



	<b>Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Salaries	\$ 106,845,035	\$ 101,002,433	\$ (5,842,602)
Employee health benefits	15,999,160	16,540,519	541,359
Social Security/retirement	42,827,853	40,567,497	(2,260,356)
Other employer benefits	2,055,205	1,618,088	(437,117)
<b>Total wages and benefits</b>	<b>167,727,253</b>	<b>159,728,537</b>	<b>(7,998,716)</b>
Purch svc/prof/tech	19,166,215	28,061,903	8,895,688
Purch property svcs	24,987,713	19,479,056	(5,508,657)
Other purchased svcs	26,849,548	26,861,308	11,760
Supplies	11,814,067	12,402,553	588,486
Property	5,122,772	4,480,758	(642,014)
Other objects	8,976,194	6,112,816	(2,863,378)
Other financing uses	5,155,866	4,968,581	(187,285)
<b>Total other</b>	<b>102,072,375</b>	<b>102,366,975</b>	<b>294,600</b>
<b>Total</b>	<b>\$ 269,799,628</b>	<b>\$ 262,095,512</b>	<b>\$ (7,704,116)</b>

- Total actual expenditures and other financing used were under budget by \$7,704,116 or 2.86%.
- Total other expenditures exceeded the budget by \$294,600 or 0.27%. The variance was offset by salaries and benefits with a total positive variance of \$7,998,716, or 4.77% due to a shortage in teaching and support position salaries and benefits resulting from staff turnover. Further complicating the issue, fulfillment of these positions has become increasingly more difficult due to not just a local, but nation-wide shortage of teachers.

## Upper Darby School District

Management's Discussion and Analysis  
June 30, 2024  
(Unaudited)

### Business-Type Activity/Proprietary Fund

The District's business-type activity/proprietary fund consists of the District's food service program. The District's food service program is managed by an outside third party contractor. During 2023-2024, the net position of the business-type activity/proprietary fund increased by \$1,375,702 driven by increased federal subsidies. At June 30, 2024, the business-type activity/proprietary fund had net position of \$11,650,404.

### Capital Assets

The District's capital assets at June 30, 2024 are summarized below:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Totals</u>
Land and improvements	\$ 26,132,005	\$ -	\$ 26,132,005
Building and improvements	192,668,231	-	192,668,231
Furniture and equipment	39,609,128	2,392,398	42,001,526
Construction in progress	16,363,134	-	16,363,134
Total	274,772,498	2,392,398	277,164,896
Less accumulated depreciation	<u>120,760,845</u>	<u>1,777,006</u>	<u>122,537,851</u>
Net capital assets	<u>\$ 154,011,653</u>	<u>\$ 615,392</u>	<u>\$ 154,627,045</u>

Completed capital projects totaled \$61,310,748 in 2024 and consisted of the following:

Aronimink Elementary School Renovation/Expansion	\$ 30,644,047
Administration Building Renovation	19,598,737
High School HVAC Replacement	4,655,315
High School Track & Field Replacement	2,409,184
Various other smaller projects and equipment items	4,003,465

In addition to the above completed projects, the District has \$16,363,134 in construction in progress as of June 30, 2024. The three largest projects comprising this balance at June 30, 2024 were the construction of Clifton Heights Middle School (\$5,104,854), the high school performing arts center renovation (\$4,776,002), and Drexel Hill Middle School locker-room renovations (\$1,748,919).

### Long-Term Debt

At July 1, 2023, the principal or face amount of the District's general obligation debt was \$88,118,570. The District issued the Series of 2023 general obligation bonds for \$9,995,000. The Series of 2023 bonds were issued to fund the planning and construction of Clifton Heights Middle School, as well as various other capital equipment purchases and capital improvements to school facilities. During the year, the District made principal payments of \$3,331,190. The principal or face amount balance of outstanding debt at June 30, 2024 is \$94,782,380. In the 2024-2025 school year, \$2,801,190 of this debt is scheduled for repayment.

State statutes limit the amount of general obligation debt the District may issue to 225% of its borrowing base capacity which is the annual arithmetic average of total revenues for the three preceding fiscal years. The long-term debt amount for the District is approximately 17.28% of its legal limit of \$548 million.

# Upper Darby School District

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Management's Discussion and Analysis  
June 30, 2024  
(Unaudited)

## Economic Condition and Outlook

At the time that 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's local revenue sources continue to be adversely impacted. The District continues to anticipate an increased burden on local taxpayers due to continued reductions in assessed taxable values. This trend reinforces expectation that greater local tax efforts will be required to be the mechanism to fund instructional programming.
- The District does not expect significant residential nor commercial business growth in the near future given the existing developed commercial and residential nature of the local economy and a lack of developable land remaining within the District.
- The Commonwealth implemented a new funding formula for the Basic and Special Education subsidies that has not been fully funded. Recent reports show the District remains one of the most underfunded school districts in the Commonwealth. While the 2024-2025 budget resulted in an additional adequacy supplement through the Ready to Learn Block Grant in the amount of \$7,314,186, the adequacy gap net of the additional funding is estimated to be \$66,941,726.
- The District adopted a 2024-2025 budget totaling \$263,476,143. The 2024-2025 budget included:
  - 3.01% tax increase, which results in an estimated \$3,303,660 in tax revenues.
  - \$4,098,824 of General Fund balance was committed to cover the anticipated revenue shortfall.
- The District has been allocated approximately \$62.6 million of federal funds from the various stimulus packages enacted by the federal government in 2020 and 2021 for the specific purpose of providing emergency relief to address the impact that COVID-19 has had, and continues to have on elementary and secondary schools. These funds must be used to prevent, prepare for, or respond to the COVID-19 pandemic, including its impact on the social, emotional, mental health, and academic needs of students. The District recognized approximately \$20.2 million of these funds in 2024 and approximately \$62.2 million in total since the inception of these programs. The remaining funds must be expended at varying times before September 30, 2024.
- The District continues to address aging facilities and overcrowded schools. Based on prior facility studies and condition assessments, the District has completed a long-range facilities master plan that will be utilized as a tool when considering future improvements to our existing buildings. Most recently, the District completed the Aronimink Elementary renovation and addition as well as the renovation of the new District Administration building. Additionally, construction of the new Clifton Heights Middle School has begun and is planned to open during the 2026-2027 School Year. The District will continue to explore options to address facility related concerns districtwide, including, but not limited to a new elementary school.

For more information regarding the District's future facility plans, please visit the District's website at [upperdarbysd.org](http://upperdarbysd.org).

## **Upper Darby School District**

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Management's Discussion and Analysis

June 30, 2024

(Unaudited)

### **Requests for Information**

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Upper Darby School District, 8201 Lansdowne Avenue, Upper Darby, Pennsylvania 19082.

**Upper Darby School District**

Statement of Net Position (Deficit)

June 30, 2024

	Governmental Activities	Business-Type Activity	Total
<b>Assets and Deferred Outflows of Resources</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 7,800,461	\$ 11,517,241	\$ 19,317,702
Restricted cash	366,599	-	366,599
Investments	44,388,584	561,992	44,950,576
Taxes receivable, net	18,241,937	-	18,241,937
Due from other governments	24,765,200	260,101	25,025,301
Other receivables	989,069	430,000	1,419,069
Internal balances	1,308,234	(1,308,234)	-
Prepaid expenses	949,450	-	949,450
Inventories	302,499	109,634	412,133
Total current assets	<u>99,112,033</u>	<u>11,570,734</u>	<u>110,682,767</u>
<b>Noncurrent Assets</b>			
Capital assets	154,011,653	615,392	154,627,045
Assets held for capital projects	45,592,814	-	45,592,814
Total noncurrent assets	<u>199,604,467</u>	<u>615,392</u>	<u>200,219,859</u>
Total assets	<u>298,716,500</u>	<u>12,186,126</u>	<u>310,902,626</u>
<b>Deferred Outflows of Resources</b>			
Pension	43,757,624	-	43,757,624
Other postemployment benefits	2,928,888	-	2,928,888
Total deferred outflows of resources	<u>46,686,512</u>	<u>-</u>	<u>46,686,512</u>
Total assets and deferred outflows of resources	<u>\$ 345,403,012</u>	<u>\$ 12,186,126</u>	<u>\$ 357,589,138</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position (Deficit)</b>			
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 15,822,396	\$ 521,045	\$ 16,343,441
Current maturities of:			
Bonds and note payable	2,801,190	-	2,801,190
Financed purchase agreements payable	266,289	-	266,289
Authority obligation	237,358	-	237,358
Accrued salaries and benefits	26,715,471	-	26,715,471
Accrued interest payable	933,755	-	933,755
Other current liabilities	501,010	-	501,010
Current portion of compensated absences	203,224	-	203,224
Current portion of special termination benefits	62,000	-	62,000
Unearned revenues	-	14,677	14,677
Total current liabilities	<u>47,542,693</u>	<u>535,722</u>	<u>48,078,415</u>
Bonds and note payable	100,731,328	-	100,731,328
Financed purchase agreements payable	143,328	-	143,328
Authority obligation	5,412,930	-	5,412,930
Compensated absences	2,896,122	-	2,896,122
Special termination benefits	717,884	-	717,884
Other postemployment benefits	17,346,311	-	17,346,311
Net pension liability	259,889,000	-	259,889,000
Total liabilities	<u>434,679,596</u>	<u>535,722</u>	<u>435,215,318</u>
<b>Deferred Inflows of Resources</b>			
Pension	8,939,000	-	8,939,000
Other postemployment benefits	9,075,292	-	9,075,292
Total deferred inflows of resources	<u>18,014,292</u>	<u>-</u>	<u>18,014,292</u>
<b>Net Position (Deficit)</b>			
Net investment in capital assets	62,847,272	615,392	63,462,664
Restricted	34,857,424	-	34,857,424
Unrestricted	(204,995,572)	11,035,012	(193,960,560)
Total net position (deficit)	<u>(107,290,876)</u>	<u>11,650,404</u>	<u>(95,640,472)</u>
Total liabilities, deferred inflows of resources and net position (deficit)	<u>\$ 345,403,012</u>	<u>\$ 12,186,126</u>	<u>\$ 357,589,138</u>

See notes to financial statements

**Upper Darby School District**

 Statement of Activities  
 Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Change in Net Position (Deficit)		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activity	Total
<b>Governmental Activities</b>						
Instruction	\$ 157,060,360	\$ 35,890	\$ 55,891,079	\$ (101,133,391)		\$ (101,133,391)
Instructional student support	19,610,709	-	5,557,698	(14,053,011)		(14,053,011)
Administrative and financial support services	18,691,952	-	2,718,168	(15,973,784)		(15,973,784)
Operation and maintenance of plant services	18,184,676	-	9,624,033	(8,560,643)		(8,560,643)
Pupil transportation	9,872,110	6,250	3,842,329	(6,023,531)		(6,023,531)
Student activities	2,075,330	-	553,519	(1,521,811)		(1,521,811)
Community service	1,223,022	147,699	-	(1,075,323)		(1,075,323)
Authority obligation	(395,381)	-	-	395,381		395,381
Interest on long-term debt	4,208,531	-	906,108	(3,302,423)		(3,302,423)
Depreciation	7,144,027	-	-	(7,144,027)		(7,144,027)
Total governmental activities	237,675,336	189,839	79,092,934	(158,392,563)		(158,392,563)
<b>Business-Type Activity, Food Service</b>	7,858,093	57,004	9,648,804	-	\$ 1,847,715	1,847,715
Total	<u>\$ 245,533,429</u>	<u>\$ 246,843</u>	<u>\$ 88,741,738</u>	(158,392,563)	1,847,715	(156,544,848)
<b>General Revenues (Expense)</b>						
Real estate and transfer taxes levied for general purposes, net				124,607,229	-	124,607,229
Grants, subsidies and contributions not restricted				60,707,556	-	60,707,556
Miscellaneous expense				(60,453)	-	(60,453)
Investment earnings				4,922,964	292,653	5,215,617
Transfers				764,666	(764,666)	-
Total general revenues				190,941,962	(472,013)	190,469,949
Change in net position				32,549,399	1,375,702	33,925,101
<b>Net Position (Deficit), Beginning</b>				(139,840,275)	10,274,702	(129,565,573)
<b>Net Position (Deficit), Ending</b>				<u>\$ (107,290,876)</u>	<u>\$ 11,650,404</u>	<u>\$ (95,640,472)</u>

See notes to financial statements

## Upper Darby School District

Balance Sheet - Governmental Funds  
June 30, 2024

	Major Funds			Nonmajor Fund	Totals
	General	Capital Projects	Capital Reserve		
<b>Assets</b>					
Cash and cash equivalents	\$ 7,800,461	\$ -	\$ -	\$ -	\$ 7,800,461
Restricted cash	175,756	-	-	190,843	366,599
Investments	44,388,584	-	-	-	44,388,584
Assets held for capital projects	-	15,666,233	29,926,581	-	45,592,814
Taxes receivable, net	18,241,937	-	-	-	18,241,937
Due from other governments	24,765,200	-	-	-	24,765,200
Other receivables	989,069	-	-	-	989,069
Due from other funds	2,691,229	-	4,740,000	-	7,431,229
Prepaid expenses	949,450	-	-	-	949,450
Inventories	302,499	-	-	-	302,499
<b>Total</b>	<b>\$ 100,304,185</b>	<b>\$ 15,666,233</b>	<b>\$ 34,666,581</b>	<b>\$ 190,843</b>	<b>\$ 150,827,842</b>
<b>Liabilities</b>					
Accounts payable	\$ 14,316,912	\$ 1,505,484	\$ -	\$ -	\$ 15,822,396
Accrued salaries and benefits	26,715,471	-	-	-	26,715,471
Due to other funds	4,740,000	1,382,995	-	-	6,122,995
Other current liabilities	501,010	-	-	-	501,010
<b>Total liabilities</b>	<b>46,273,393</b>	<b>2,888,479</b>	<b>-</b>	<b>-</b>	<b>49,161,872</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues, real estate taxes	17,190,133	-	-	-	17,190,133
<b>Fund Balances</b>					
Nonspendable	1,251,949	-	-	-	1,251,949
Restricted	-	12,777,754	34,666,581	190,843	47,635,178
Committed	4,098,824	-	-	-	4,098,824
Assigned	18,428,957	-	-	-	18,428,957
Unassigned	13,060,929	-	-	-	13,060,929
<b>Total fund balances</b>	<b>36,840,659</b>	<b>12,777,754</b>	<b>34,666,581</b>	<b>190,843</b>	<b>84,475,837</b>
<b>Total</b>	<b>\$ 100,304,185</b>	<b>\$ 15,666,233</b>	<b>\$ 34,666,581</b>	<b>\$ 190,843</b>	<b>\$ 150,827,842</b>

See notes to financial statements

## Upper Darby School District

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
June 30, 2024

<b>Total Fund Balances, Governmental Funds</b>	<b>\$ 84,475,837</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	154,011,653
Real estate taxes receivable will not be collected soon enough to pay for the current period's expenditures and therefore are deferred in the funds	17,190,133
Accrued interest payable is included in the statement of net position	(933,755)
Deferred outflows of resources related to the net pension liability is included in the statement of net position	43,757,624
Deferred outflows of resources related to the other postretirement benefits liability is included in the statement of net position	2,928,888
Deferred inflows of resources related to the net pension liability is included in the statement of net position	(8,939,000)
Deferred inflows of resources related to the other postretirement benefits liability is included in the statement of net position	(9,075,292)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds:	
Bonds and note payable	(103,532,518)
Financed purchase agreements payable	(409,617)
Authority obligation	(5,650,288)
Compensated absences	(3,099,346)
Special termination benefits	(779,884)
Other postretirement benefits	(17,346,311)
Net pension liability	<u>(259,889,000)</u>
<b>Total Net Deficit, Governmental Activities</b>	<b><u>\$ (107,290,876)</u></b>

## Upper Darby School District

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
Year Ended June 30, 2024

	Major Funds			Nonmajor Fund	Total Governmental Funds
	General	Capital Projects	Capital Reserve		
<b>Revenues</b>					
Local sources	\$ 119,513,183	\$ 641,447	\$ 1,383,614	\$ 111,909	\$ 121,650,153
State sources	114,107,542	-	-	-	114,107,542
Federal sources	29,198,361	-	-	-	29,198,361
Total revenues	262,819,086	641,447	1,383,614	111,909	264,956,056
<b>Expenditures</b>					
Instruction	164,067,331	-	-	-	164,067,331
Support services	69,651,965	269,367	-	-	69,921,332
Noninstructional services	3,330,758	-	-	116,598	3,447,356
Capital outlay	16,284,544	10,630,853	-	-	26,915,397
Refund of prior year receipts	375,519	-	-	-	375,519
Debt service	7,885,395	407,194	-	-	8,292,589
Total expenditures	261,595,512	11,307,414	-	116,598	273,019,524
Revenues over (under) expenditures before other financing sources (uses)	1,223,574	(10,665,967)	1,383,614	(4,689)	(8,063,468)
<b>Other Financing Sources (Uses)</b>					
Proceeds from bond issuance	-	9,995,000	-	-	9,995,000
Bond discount	-	(138,142)	-	-	(138,142)
Transfers in	764,666	-	500,000	-	1,264,666
Transfers out	(500,000)	-	-	-	(500,000)
Other financing sources (uses), net	264,666	9,856,858	500,000	-	10,621,524
Change in fund balance	1,488,240	(809,109)	1,883,614	(4,689)	2,558,056
<b>Fund Balance, Beginning</b>	35,352,419	13,586,863	32,782,967	195,532	81,917,781
<b>Fund Balance, Ending</b>	\$ 36,840,659	\$ 12,777,754	\$ 34,666,581	\$ 190,843	\$ 84,475,837

See notes to financial statements

## Upper Darby School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended June 30, 2024

**Total Net Change in Fund Balances - Governmental Funds** \$ 2,558,056

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

Capital outlays are reported in the governmental funds as expenditures.

However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives as depreciation expense. The amount of capital outlay exceeding depreciation expense in the period is:

Capital outlay	\$ 27,295,856	
Less depreciation expense	<u>(7,144,027)</u>	20,151,829

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount is the net change in real estate tax revenue accrued between the prior and current year 4,879,543

Bond premiums/discounts and refunding charges are reported in the funds when the debt is issued. However, premiums/discounts and refunding charges are deferred and amortized in the statement of activities.

Activity during the period is as follows:

New premiums/discounts	134,142	
Amortization of bond premiums/discounts	440,658	
Amortization of deferred refunding charges	<u>(20,227)</u>	554,573

Proceeds from bond and note issuances are considered a current financial resource and are reported in the funds but not in the statement of activities (9,995,000)

Authority obligation adjustment for change in proportionate share (308,553)

Repayment of long-term obligations use current financial resources and are reported in the funds but not the statement of activities. Principal repayments were as follows:

Bonds and notes	3,331,190	
Financed purchase agreements payable	703,934	
Leases	316,160	
Authority obligation	<u>117,237</u>	4,468,521

Change in accrued interest payable (100,970)

In the statement of activities, certain expenses are measured by the amounts incurred during the year. In the funds, these items are measured by the amounts paid. The net differences between these amounts are as follows:

Retirement	10,002,789	
Compensated absences	53,589	
Special termination benefits	(224,962)	
Other postretirement benefits	<u>509,984</u>	<u>10,341,400</u>

**Change in Net Position of Governmental Activities** \$ 32,549,399

## Upper Darby School District

Statement of Revenues, Expenditures and Change in Fund Balance -  
Budget and Actual - General Fund  
Year Ended June 30, 2024

	<b>Original and Final Budget</b>	<b>Actual Amounts</b>	<b>Variance With Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Local sources	\$ 117,559,868	\$ 119,513,183	\$ 1,953,315
State sources	112,244,303	114,107,542	1,863,239
Federal sources	34,901,017	29,198,361	(5,702,656)
	<u>264,705,188</u>	<u>262,819,086</u>	<u>(1,886,102)</u>
<b>Expenditures</b>			
Instruction	160,354,186	164,067,331	(3,713,145)
Support services	69,353,639	69,651,965	(298,326)
Noninstructional services	3,651,197	3,330,758	320,439
Capital outlay	23,882,347	16,284,544	7,597,803
Refund of prior year receipts	-	375,519	(375,519)
Debt service	7,900,663	7,885,395	15,268
	<u>265,142,032</u>	<u>261,595,512</u>	<u>3,546,520</u>
Revenues over (under) expenditures before other financing sources (uses)	<u>(436,844)</u>	<u>1,223,574</u>	<u>1,660,418</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	900,000	764,666	(135,334)
Transfers out	(500,000)	(500,000)	-
Budgetary reserve	(4,157,596)	-	4,157,596
	<u>(3,757,596)</u>	<u>264,666</u>	<u>4,022,262</u>
Total other financing sources (uses), net	<u>(3,757,596)</u>	<u>264,666</u>	<u>4,022,262</u>
Change in fund balance	(4,194,440)	1,488,240	5,682,680
<b>Fund Balance, Beginning</b>	<u>35,352,419</u>	<u>35,352,419</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 31,157,979</u>	<u>\$ 36,840,659</u>	<u>\$ 5,682,680</u>

See notes to financial statements

# Upper Darby School District

Balance Sheet - Proprietary Fund

June 30, 2024

## Assets

### Current Assets

Cash and cash equivalents	\$ 11,517,241
Investments	561,992
Due from other governments	260,101
Other receivables	430,000
Inventories	109,634

Total current assets 12,878,968

### Capital Assets

615,392

Total assets \$ 13,494,360

## Liabilities and Net Position

### Liabilities

#### Current liabilities:

Accounts payable	\$ 521,045
Other current liabilities	14,677
Due to other funds	1,308,234

Total liabilities 1,843,956

### Net Position

Net investment in capital assets	615,392
Unrestricted net position	11,035,012

Total net position 11,650,404

Total liabilities and net position \$ 13,494,360

## Upper Darby School District

Statement of Revenues, Expenses and Change in Net Position - Proprietary Fund  
Year Ended June 30, 2024

<b>Operating Revenues</b>	
Food service revenue	\$ 57,004
<b>Operating Expenses</b>	
Purchased services	7,125,356
Donated commodities	574,600
Other	2,611
Depreciation	155,526
Total operating expenses	<u>7,858,093</u>
Operating loss	<u>(7,801,089)</u>
<b>Nonoperating Revenues (Expenses)</b>	
Federal subsidies	9,351,641
State subsidies	297,163
Earnings on investments	292,653
Transfers out	<u>(764,666)</u>
Nonoperating revenues, net	<u>9,176,791</u>
Increase in net position	1,375,702
<b>Net Position, Beginning</b>	<u>10,274,702</u>
<b>Net Position, Ending</b>	<u><u>\$ 11,650,404</u></u>

See notes to financial statements

## Upper Darby School District

Statement of Cash Flows - Proprietary Fund

Year Ended June 30, 2024

### Cash Flows From Operating Activities

Receipts from customers	\$ 56,737
Payments to suppliers	<u>(7,601,191)</u>
Net cash used in operating activities	<u>(7,544,454)</u>

### Cash Flows From Noncapital Financing Activities

State subsidies	304,432
Federal subsidies	<u>8,844,624</u>
Net cash provided by noncapital financing activities	<u>9,149,056</u>

### Cash Flows From Investing Activities

Purchase of investments	(28,349)
Interest on investments	292,653
Purchase of capital assets	<u>(134,158)</u>
Net cash provided by investing activities	<u>130,146</u>

Net increase in cash 1,734,748

**Cash, Beginning** 9,782,493

**Cash, Ending** \$ 11,517,241

### Supplemental Disclosure of Noncash Transactions

USDA donated commodities \$ 581,917

### Reconciliation of Operating Loss to Net Cash

#### Used in Operating Activities

Operating loss	\$ (7,801,089)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	155,526
USDA donated commodities	574,600
Changes in:	
Inventories	(7,317)
Accounts payable	(465,907)
Other current liabilities	<u>(267)</u>
Net cash used in operating activities	<u><u>\$ (7,544,454)</u></u>

See notes to financial statements

# Upper Darby School District

## Statement of Fiduciary Net Position

June 30, 2024

	<b>Custodial Funds</b>
<b>Assets</b>	
Cash	\$ 793,273
<b>Net Position</b>	
Restricted for general welfare	\$ 341,206
Restricted for scholarships	452,067
Total net position	\$ 793,273

See notes to financial statements

## Upper Darby School District

Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2024

	<b>Custodial Funds</b>
<b>Additions</b>	
Contribution income	\$ 423,482
Interest income	24,111
Total additions	<u>447,593</u>
<b>Deductions</b>	
Employee groups and District programs	175,631
Scholarships awarded	275,695
Total deductions	<u>451,326</u>
Change in net position	(3,733)
<b>Net Position, Beginning</b>	<u>797,006</u>
<b>Net Position, Ending</b>	<u><u>\$ 793,273</u></u>

See notes to financial statements

# Upper Darby School District

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Notes to Financial Statements

June 30, 2024

## 1. Nature of Operations and Summary of Significant Accounting Policies

The major accounting principles and practices followed by the Upper Darby School District (the District) are summarized below:

### Nature of Operations

The District provides elementary and secondary education to the residents of Upper Darby Township and the Boroughs of Clifton Heights and Millbourne, Pennsylvania. The District assesses taxpayers based upon taxing powers at its disposal. The ability of each of the District's taxpayers to honor their assessed obligations to the District is dependent upon economic and other factors affecting the taxpayers.

### Reporting Entity

The reporting entity has been defined in accordance with the criteria established in Governmental Accounting Standards Board (GASB) Statement No. 14, as amended. The specific criteria used in determining whether other organizations should be included in the District's financial reporting entity are financial accountability, fiscal dependency and legal separation.

Based on these criteria, the District has determined that there are no related organizations that should be included in the District's financial statements, nor is the District considered to be a component unit of any other government.

### Basis of Presentation, Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements report financial information for the District as a whole, excluding fiduciary activities, on a full accrual, economic resource basis. Individual funds are not displayed, but the statements distinguish governmental activities, supported by taxes and District general revenues, from business-type activities, financed in whole or in part with fees charged to customers. The District's General, Capital Projects, Capital Reserve, and Student Activity Funds are classified as governmental activities. The District's Food Service Fund is classified as a business-type activity.

The statement of activities reports the expenses of a given function or program offset by program revenues directly connected with that function or program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services to users of the District's services, (2) operating grants and contributions that finance annual operating activities and (3) capital grants and contributions that fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

### Basis of Presentation, Fund Financial Statements

The accounts of the District are organized on the basis of funds, each of which constitutes a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures/ expenses. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent. The District uses the following fund types:

# Upper Darby School District

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Notes to Financial Statements  
June 30, 2024

## Governmental Fund Types

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

### General Fund (Major)

The General Fund accounts for the general operations of the District and all financial transactions not accounted for in another fund.

### Capital Projects Fund

Capital Projects fund accounts for financial resources that are restricted, committed, or assigned to expenditure for capital outlays. The District uses the following Capital Project sub-funds which it has elected to report as major funds:

#### Capital Reserve Fund (Major)

The Capital Reserve Fund was established under the Pennsylvania Municipal Code to account for (1) moneys transferred during any fiscal year from appropriations made for any particular purpose which may not be needed, (2) surplus moneys in the General Fund of the District at the end of a fiscal year, and (3) interest earnings of the fund itself. Bond proceeds and other local, state and federal revenue may not be deposited in this fund. No transfers out of this fund are allowable for any purpose. Expenditures from this fund are limited to: capital improvements, replacement and additions to public works and improvements, for deferred maintenance, for the purchase or replacement of school buses, and for no other purpose.

#### Other Capital Projects Fund (Major)

The Other Capital Projects Fund accounts for the financial resources to be used for acquisition, renovation, or construction of major capital facilities which are financed through the issuance of bonds or notes.

### Student Activity Fund (Nonmajor)

The Student Activity Fund accounts for the collections and disbursements of assets of various student activities and clubs.

## Proprietary Fund Type

Proprietary funds account for the operations of the District that are financed and operated in a manner similar to those often found in the private sector. The fund included in this category is the Food Service Fund, an Enterprise fund-type, which accounts for the food service operations of the District. The Food Service Fund distinguishes between operating revenues and expenses and nonoperating items. Operating revenues consist of charges for food served. Operating expenses consist mainly of food and food preparation costs, supplies and other direct costs. All other revenues and expenses are reported as nonoperating.

# Upper Darby School District

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Notes to Financial Statements  
June 30, 2024

## **Fiduciary Fund Type**

Fiduciary funds account for the assets held by the District as a trustee or agent for individuals, private organizations and/or other governmental units. The fund included in this category is:

### **Custodial Funds**

The Custodial Funds include a Scholarship Fund which account for the activity of various scholarship accounts that provide scholarship grants to students of the District and the General Welfare Fund which accounts for the collections and disbursements of assets of various programs administered for the general welfare of students. The District does not control how the assets in these funds are spent.

## **Measurement Focus**

### **Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the District's total net position (deficit).

### **Fund Financial Statements**

Governmental funds are accounted for using the flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Proprietary funds are accounted for using the economic resources measurement focus.

## **Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

### **Accrual Basis**

Government-wide financial statements and the proprietary and fiduciary fund type financial statements are prepared using the accrual basis of accounting. For exchange transactions, revenues are recognized when earned and expenses are recognized when incurred. Nonexchange transactions, in which the District receives value without directly giving equal value in return, requires tax revenues to be recognized in the year levied while grant revenue is recognized when grantor eligibility requirements are met.

# Upper Darby School District

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Notes to Financial Statements  
June 30, 2024

## Modified Accrual Basis

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. The District considers property and other taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures, other than principal and interest on bonds and notes payable, compensated absences, pension and other postemployment obligations, and claims and judgments, are recorded when the related fund liability is incurred. Principal and interest on bonds and notes payable, compensated absences, pension and other postemployment obligations, and claims and judgments are recorded as fund liabilities when due and unpaid.

The District reports unearned revenue in both the government-wide and fund financial statements. Unearned revenue arises when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues may also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

## Allocation of Indirect Expenses

The District allocates certain building-related and operative and administrative costs to the Food Service Fund, and the Food Service Fund reimburses the General Fund for these expenses. It does not allocate any other indirect costs, including depreciation.

## Budgetary Data

An operating budget is prepared each year for the General Fund on the modified accrual basis of accounting. The District utilizes the Executive Budget approach to budgetary control. This approach requires the superintendent, together with the business office, to prepare and submit a plan of financial operation to the School Board.

## Cash and Cash Equivalents

The District considers all investments purchased with an original maturity of three months or less to be cash equivalents.

## Investments

Investments are held in money market funds and liquid asset funds and are reported at cost, which approximates fair value.

## Assets Held for Capital Projects

Assets held for capital purposes consist of cash and liquid asset funds restricted for the acquisition of capital assets.

# Upper Darby School District

Notes to Financial Statements  
June 30, 2024

## Inventories

General Fund inventories are valued at the lower of cost (first-in, first-out method) or market. A fund balance reserve equal to the value of the inventories is established to indicate that the inventories do not constitute expendable financial resources available for appropriation.

Food Service Fund inventories consist entirely of donated commodities, which are valued at fair market value as determined by the U.S. Department of Agriculture at the date of donation.

## Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the Food Service Fund are reported both in the business-type activity column of the government-wide statement of net position and in the fund financial statements due to the measurement focus of the proprietary fund.

All capital assets are stated at cost or estimated cost, net of accumulated depreciation. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$1,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets except land are depreciated. Construction-in-progress costs are accumulated until the project is complete and placed in service. At that time, the costs are transferred to the appropriate asset class and depreciation begins.

Depreciation is computed using the straight-line method (1/2 month convention) over the following estimated useful lives:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>
Land improvements	20 years	N/A
Buildings and improvements	45 years	N/A
Furniture and equipment	5-20 years	10 years

The District does not have any infrastructure capital assets.

Assets under lease agreements with terms in excess of one year are capitalized and amortized over the lease term in the government-wide financial statements. Amortization of assets under lease is included with depreciation. In the fund financial statements, new leases are reported as capital outlay and proceeds from extended term financing.

## Compensated Absences

The District's collective bargaining agreements with its professional, administrative, and support personnel specify the sick and vacation leave policies. The agreements provide for payment of accumulated sick leave, at retirement, based on years of service and days accumulated. The rate varies by position in accordance with collective bargaining agreements, compensation plans and individual employment agreements. Vacation leave is available only to administrative and 12-month support employees. Vacation leave is earned in the year in which the service has been performed and generally must be used in the year earned.

# Upper Darby School District

Notes to Financial Statements

June 30, 2024

## Pensions/Other Postemployment Benefits (OPEB)

The District provides eligible employees with retirement and OPEB benefits through the Public School Employees' Retirement System (PSERS), a governmental cost-sharing multiple-employer defined benefit pension plan. PSERS was established as of July 18, 1917, under the provisions of Public Law 1043, No. 343. In addition, the District provides eligible employees with OPEB benefits through a single employer defined benefit plan sponsored by the District (District Plan).

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

## Governmental Fund Balance Classifications

Fund balances are classified based on the level of constraints placed on the usage of fund resources.

- *Nonspendable* fund balances are amounts that cannot be spent because they are either not in spendable form or, are legally or contractually required to be maintained intact. Nonspendable fund balance consists entirely of prepaid expenses and inventories which are not considered to be in spendable form.
- *Restricted* fund balances are amounts that are restricted to specific purposes by constraints placed on their use that are externally imposed by creditors, grantors, contributions, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- *Committed* fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolution of the District's School Board of Directors. These amounts cannot be used for any other purpose unless the School Board of Directors removes or changes the specific use by taking the same action it employed to previously commit the amounts. In June 2024, the Board of School Directors committed \$4,098,824 of General Fund balance to balance the 2024-2025 budget.
- *Assigned* fund balances are amounts constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. The District's School Board of Directors has designated the Chief Financial Officer to assign fund balance amounts as deemed financially necessary and appropriate. At June 30, 2024, the Chief Financial Officer has assigned General Fund balance for a reserve for open encumbrances - \$3,429,273, compensated absences/OPEB - \$1,667,063, special education - \$1,500,000, PSERS retirement rate stabilization - \$1,832,621, technology and educational resources- \$2,000,000, emergency capital replacement - \$6,500,000, and future revenue impacts - \$1,500,000.
- *Unassigned* fund balance is a residual classification and represents amounts that have not been assigned to other funds, and has not been restricted, committed or assigned to a specific purpose within the General Fund.

## Eliminations and Internal Balances

Transactions and balances between governmental activities have been eliminated in the government-wide financial statements. Residual amounts due between governmental and business-type activities are labeled "internal balances" on the statement of net position.

# Upper Darby School District

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Notes to Financial Statements

June 30, 2024

## Use of Restricted Net Position/Fund Balances

When an expenditure is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to use restricted amounts first, and then unrestricted amounts as needed.

## Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports certain changes in its net pension/OPEB liabilities in the government-wide statement of net position in this category. The District also reports deferred losses on debt refundings in the government-wide statement of net position in this category.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Under the modified accrual basis of accounting, the District has an item that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from real estate taxes not yet collected which are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also reports certain changes in its net pension/OPEB liabilities in the government-wide statement of net position in this category.

## Use of Estimates

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

## Joint Ventures

The District participates with other school districts in Delaware County in the following joint ventures:

### Delaware County Community College and Community College Authority

The District, along with other Delaware County school districts, sponsor the Delaware Community College (the College) and the Delaware Community College Authority (Authority). The sponsoring districts pay a portion of the College's operating and debt service costs, which fluctuate based on each district's certified real estate market values. In return, residents of each district pay reduced fees for College programs. The sponsoring districts have entered into agreements to provide payments sufficient to retire the College's outstanding debt related to the College's facilities. At June 30, 2024, the Authority has no outstanding debt. The District's share of the College's operating costs and debt service was \$1,033,955 in 2024.

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

### Delaware County Vocational-Technical School and Vocational-Technical School Authority

The District and the other Delaware County school districts participate in the Delaware County Vocational Technical School (the Vo-Tech School) which provides vocational-technical training and education to students of the participating districts. The Vo-Tech School is controlled by a joint board comprised of representatives from each of the participating districts. The participating districts pay a share of the Vo-Tech School's operating costs based on the percentage of enrollment. The District's share of the Vo-Tech School operating costs was \$2,147,345 in 2024.

# Upper Darby School District

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Notes to Financial Statements

June 30, 2024

The same districts also participate in the Delaware County Vocational-Technical School Authority (the Authority). The Authority is responsible for acquiring holding, constructing, improving and maintaining the Vo-Tech School's buildings. The Authority is controlled by a joint board comprised of representatives from each of the districts. The District is responsible for an allocated portion of the outstanding debt of the Authority. At June 30, 2024, there is no allocated outstanding debt.

The Vo-Tech School's and Vo-Tech Authority's financial statements are available from 200 Yale Avenue, Morton, Pennsylvania 19070.

## Adoption of New Accounting Principles

The District adopted GASB Statement No. 99, *Omnibus 2022* for the year ended June 30, 2024. GASB Statement No. 99 aims to improve the consistency and comparability of accounting and financial reporting. The adoption of this Statement had no effect on the financial statements as of June 30, 2024.

The District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections* for the year ended June 30, 2024. GASB Statement No. 100 is intended to streamline the reporting of accounting changes and error corrections and the related disclosures in governmental financial reporting. The adoption of this Statement had no effect on the financial statements as of June 30, 2024.

## 2. Deposits and Investments

The Pennsylvania Public School Code of 1949, as amended, permits the District to invest only in certain types of investments. The District's deposits and investments adhere to these statutes.

### Deposits With Financial Institutions and PSDLAF

#### Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance. The District does not have a formal policy for custodial credit risk. At June 30, 2024, the bank balance of the District's deposits with financial institutions, including cash equivalents, was \$85,257,886 compared to the carrying amount of \$80,977,540. The difference is caused by items in-transit and outstanding checks. \$84,908,537 of the District's deposits were exposed to custodial credit risk at June 30, 2024 and were uninsured but collateralized by securities pledged by the financial institutions for such funds but not in the District's name in accordance with the collateralization provisions of Commonwealth of Pennsylvania Act 72 of 1971, as amended.

The Pennsylvania School District Liquid Asset Fund (PSDLAF) contains assets invested in accordance with Title 24 of the Pennsylvania Statutes Article 4, Section 440.1 (2001). Each school district owns shares of PSDLAF, which invests the pooled assets. Since PSDLAF has the characteristics of a mutual fund, it is not subject to the disclosure requirements noted above. Due to the short-term nature and liquidity of the investments held within these pools, the fair value of the underlying investments approximates amortized cost. Shares with PSDLAF can be withdrawn at any time in any amount, with no liquidity fees or redemption gates.

At June 30, 2024, the carrying amount of amounts with the PSDLAF was \$30,040,378. This includes \$16,401,508 reported as investments in the General Fund, \$1,585,478 and \$11,491,400 reported as assets held for capital projects in the Capital Reserve and Capital Projects Funds, respectively, and \$561,992 reported as investments in the Food Service Fund.

# Upper Darby School District

Notes to Financial Statements  
June 30, 2024

### 3. Real Estate Taxes

The tax on real estate, as levied by the Board of School Directors, was 25.1224 mills (\$25.1224 per \$1,000 of assessed valuation) for fiscal year 2024. Delaware County determines the assessed value of property and the tax collector is responsible for collection. The District's Chief Financial Officer is the tax collector. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	Levy date
July 1 - August 31	2% discount period
September 1 - October 31	Face payment period
November 1 - January 31	10% penalty period
February 1	Lien date

In accordance with Act 1 of 2006, the District offers its taxpayers an installment option for paying real estate taxes. Under this option, taxpayers are allowed to pay the face amount (no discount allowed) of the tax bill in three installments: August 31, September 30 and October 31. If the taxpayer elects the installment option and then fails to make an installment by the required due date noted above, a 10% penalty is assessed on any delinquent installment.

The District does not maintain or participate in any tax abatement programs.

Delinquent real estate taxes receivable at June 30, 2024 totaled \$17,901,189 and are included in taxes receivable. The amount of real estate taxes receivable is reported net of an allowance for doubtful collections of \$711,056. Taxes receivable also includes \$226,261 of real estate transfer taxes receivable, and \$825,543 of delinquent real estate taxes collected by Delaware County but not yet remitted to the District.

### 4. Due From Other Governments

Due from other governments consists of the following at June 30, 2024:

Governmental activities:	
Pennsylvania Department of Education:	
State source revenues	\$ 8,408,112
Federal source revenues	15,909,204
Other school districts:	
Local source revenues	<u>447,884</u>
Total governmental activities	<u>\$ 24,765,200</u>
Business-type activity:	
Pennsylvania Department of Education:	
State source revenues	\$ 8,492
Federal source revenues	<u>251,609</u>
Total business-type activity	<u>\$ 260,101</u>

## Upper Darby School District

Notes to Financial Statements

June 30, 2024

### 5. Capital Assets

The changes in the District's capital assets in 2024 are summarized as follows:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance June 30, 2024</u>
Governmental activities:					
Cost:					
Land	\$ 680,000	\$ -	\$ -	\$ -	\$ 680,000
Land improvements	22,814,219	228,602	-	2,409,184	25,452,005
Buildings and improvements	135,334,040	556,717	-	55,173,179	191,063,936
Buildings and improvements - leased	1,604,295	-	-	-	1,604,295
Furniture and equipment	36,666,063	2,943,065	-	-	39,609,128
Construction in progress	50,378,025	23,567,472	-	(57,582,363)	16,363,134
Total cost	<u>247,476,642</u>	<u>27,295,856</u>	<u>-</u>	<u>-</u>	<u>274,772,498</u>
Less accumulated depreciation:					
Land improvements	(5,889,867)	(1,370,870)	-	-	(7,260,737)
Buildings and improvements	(79,164,744)	(4,221,824)	-	-	(83,386,568)
Buildings and improvements - leased	(1,289,323)	(314,971)	-	-	(1,604,294)
Furniture and equipment	(27,272,884)	(1,236,362)	-	-	(28,509,246)
Total accumulated depreciation	<u>(113,616,818)</u>	<u>(7,144,027)</u>	<u>-</u>	<u>-</u>	<u>(120,760,845)</u>
Net	<u>\$ 133,859,824</u>	<u>\$ 20,151,829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,011,653</u>
Business-type activity:					
Furniture and equipment	\$ 2,258,240	\$ 134,158	\$ -	\$ -	\$ 2,392,398
Less accumulated depreciation	(1,621,480)	(155,526)	-	-	(1,777,006)
Net	<u>\$ 636,760</u>	<u>\$ (21,368)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 615,392</u>

The District is engaged in various capital projects. As of June 30, 2024, the District had awarded approximately \$115.6 million of contracts related to these projects. As of June 30, 2024, the District has approximately \$100.1 million in remaining commitments on these contracts.

# Upper Darby School District

Notes to Financial Statements

June 30, 2024

## 6. Bonds and Notes Payable/Subsequent Event

The following summarizes the changes in the District's general obligation bonds and notes payable:

	Interest Rate	Current Portion	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
Series of 2010 note, matures March 2026	5.00%	\$ 339,333	\$ 1,017,999	\$ -	\$ (339,333)	\$ 678,666
Series A of 2011 note matures September 2025	5.09%	26,857	80,571	-	(26,857)	53,714
Series of 2015 bonds, mature May 2024	3.00% - 5.00%	-	1,010,000	-	(1,010,000)	-
Series of 2018 bonds, mature April 2027	2.00% - 3.00%	2,410,000	4,980,000	-	(5,000)	4,975,000
Series of 2019 bonds, mature April 2030	2.00% - 3.00%	5,000	6,065,000	-	(5,000)	6,060,000
Series of 2020 bonds, mature April 2045	.45% - 4.00%	5,000	26,495,000	-	(5,000)	26,490,000
Series of 2021 note, matures May 2024	.72%	-	1,930,000	-	(1,930,000)	-
Series of 2021A bonds, mature April 2051	1.00% - 4.00%	5,000	36,545,000	-	(5,000)	36,540,000
Series of 2022 bonds, mature April 2052	4.00% - 4.125%	5,000	9,995,000	-	(5,000)	9,990,000
Series of 2023 bonds, mature April 2053	4.25% - 5.00%	5,000	-	9,995,000	-	9,995,000
Total		<u>\$ 2,801,190</u>	88,118,570	9,995,000	(3,331,190)	94,782,380
Premiums			<u>9,324,938</u>	<u>(134,142)</u>	<u>(440,658)</u>	<u>8,750,138</u>
Total			<u>\$ 97,443,508</u>	<u>\$ 9,860,858</u>	<u>\$ (3,771,848)</u>	<u>\$ 103,532,518</u>

Total interest paid on these bonds and notes in 2024 was \$3,660,930. No interest is reported as a direct expense in the statement of activities.

Interest on the Series of 2010 and Series A of 2011 general obligation notes is subsidized by the federal government. The subsidy rate for 2024 was 90.96% on the Series of 2010 and 96.11% on the Series A of 2011. In 2024, the District received \$249,874 in interest subsidies which is included in federal source revenues.

In November 2023, the District issued \$9,995,000 of general obligation bonds (Series of 2023) to finance capital improvements. The bonds are due in varying installments ranging from \$5,000 to \$5,260,000, bear interest at rates ranging from 4.25% to 5.00%, and mature through April 2053.

The Series of 2020, Series of 2021A, Series of 2022 and Series of 2023 bonds are considered direct placement borrowings.

# Upper Darby School District

Notes to Financial Statements

June 30, 2024

The following summarizes the District's scheduled debt service on its bonds and notes payable:

	<b>Direct Placement Bonds</b>		<b>Other Bonds and Notes</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
Years ending June 30:					
2025	\$ 20,000	\$ 3,363,257	\$ 2,781,190	\$ 557,828	\$ 6,722,275
2026	20,000	3,362,707	2,861,190	355,310	6,599,207
2027	500,000	3,362,132	1,465,000	182,484	5,509,616
2028	515,000	3,348,307	1,505,000	139,800	5,508,107
2029	525,000	3,332,707	1,555,000	104,650	5,517,357
2030-2034	9,905,000	15,991,459	1,600,000	48,000	27,544,459
2035-2039	13,960,000	13,579,821	-	-	27,539,821
2040-2044	17,010,000	10,536,284	-	-	27,546,284
2045-2049	20,730,000	6,813,440	-	-	27,543,440
2050-2053	19,830,000	2,212,639	-	-	22,042,639
<b>Total</b>	<b>\$ 83,015,000</b>	<b>\$ 65,902,753</b>	<b>\$ 11,767,380</b>	<b>\$ 1,388,072</b>	<b>\$ 162,073,205</b>

In September 2024, the District issued \$32,755,000 of general obligation bonds to finance capital improvements. The bonds are due in varying installments ranging from \$5,000 to \$13,415,000, bear interest at 5.00% and mature through April 2054.

## 7. Financed Purchase Agreements Payable

The District has purchased equipment under extended term financing agreements. These agreements require semi-annual or annual payments ranging from \$31,992 to \$125,842, bear interest at rates ranging from 1.13% to 1.433%, and mature through March 2026. The following summarizes the changes in financed purchase agreements payable:

	<b>Balance July 1, 2023</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2024</b>
Equipment	\$ 1,113,551	\$ -	\$ (703,934)	\$ 409,617

Interest expense on financed purchase agreements payable was \$13,195 in 2024.

The following summarizes the District's scheduled debt service on the financed purchase agreements payable:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Years ending June 30:			
2025	\$ 266,289	\$ 4,376	\$ 270,665
2026	143,328	1,496	144,824
<b>Total</b>	<b>\$ 409,617</b>	<b>\$ 5,872</b>	<b>\$ 415,489</b>

## Upper Darby School District

Notes to Financial Statements  
June 30, 2024

### 8. Authority Obligation

The following summarizes the changes in the District's authority obligation associated with the District's portion of the College's debt service costs:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2024</u>
Delaware County Community College	\$ 5,458,972	\$ 308,553	\$ (117,237)	\$ 5,650,288

Interest expense on authority obligations was \$149,439 in 2024.

The following summarizes the District's scheduled debt service on the authority obligation:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending June 30:			
2025	\$ 237,358	\$ 246,455	\$ 483,813
2026	249,340	234,317	483,657
2027	261,566	221,559	483,125
2028	274,959	208,175	483,134
2029	277,295	205,841	483,136
2030-2034	1,474,153	818,176	2,292,329
2035-2039	1,027,006	522,653	1,549,659
2040-2044	1,205,208	277,956	1,483,164
2045-2049	643,403	68,154	711,557
Total	<u>\$ 5,650,288</u>	<u>\$ 2,803,286</u>	<u>\$ 8,453,574</u>

### 9. Lease Obligations

The District leases operating space under the terms of lease agreements. Lease assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Right-of-use assets are included in capital assets. Lease liabilities are based on the present value of future minimum lease payments to be made over the expected lease term using the District's incremental borrowing rate in determining the present value of future payments. The following summarizes the changes in lease obligations in 2024:

Balance, July 1, 2023	\$ 316,160
Cancellations	-
Payments	<u>(316,160)</u>
Balance, June 30, 2024	<u>\$ -</u>

Interest expense on leases was \$3,194 in 2024.

## 10. Retirement Plan

### 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 school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

### Benefits Provided

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

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of three 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% or 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied times 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 10 years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final 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 (10 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.

## Upper Darby School District

Notes to Financial Statements  
June 30, 2024

### Member Contributions

Active members who joined PSERS prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined PSERS after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined PSERS after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011 who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 5.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 8.30% and 12.30%.

Members who joined PSERS after June 30, 2019 and elect Membership Class T-G or T-H contribute at a rate of 5.50% or 4.50% (base rates), respectively, and have a shared risk provision that could cause the Membership Class T-G contribution rate to fluctuate between 2.50% and 8.50% and Membership Class T-H to fluctuate between 1.50% and 7.50%. In addition, these members contribute 2.75% (Class T-G) and 3.00% (Class T-H) to a defined contribution plan.

### Employer Contributions

The District's contractually required contribution rate for the 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 PSERS from the District were \$32,467,000 for the year ended June 30, 2024.

\*This includes the defined contribution rate of 0.27% which is an estimated rate.

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

At June 30, 2024, the District reported a liability of \$259,889,000 for its proportionate share of the PSERS net pension liability. The PSERS net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2022 to June 30, 2023.

The District's proportion of the PSERS 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 of the PSERS net pension liability was 0.5842%, which was a decrease of 0.0080% from its proportion measured as of June 30, 2023.

## Upper Darby School District

Notes to Financial Statements

June 30, 2024

For the year ended June 30, 2024, the District recognized pension expense of \$21,449,000. 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>
Net difference between projected and actual earnings on pension plan investments	\$ 7,354,000	\$ -
Changes in proportion and differences between District contributions and proportionate share of contributions	-	5,381,000
Changes in assumptions	3,878,000	-
Difference between expected and actual experience	59,000	3,558,000
District contributions subsequent to the measurement date	<u>32,466,624</u>	<u>-</u>
Total	<u>\$ 43,757,624</u>	<u>\$ 8,939,000</u>

The \$32,466,624 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 will be recognized in pension expense as follows:

Years ending June 30	
2025	\$ (833,000)
2026	(6,192,000)
2027	6,923,000
2028	<u>2,454,000</u>
Total	<u>\$ 2,352,000</u>

### Changes in Actuarial Assumptions

The total pension liability as of June 30, 2024 (the 2023 measurement date) was determined by rolling forward the PSERS' total pension liability as of the June 30, 2022 actuarial valuation to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level percent of pay;
- Investment return – 7.00%, includes inflation at 2.50%;
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases;
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 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.

## Upper Darby School District

Notes to Financial Statements

June 30, 2024

- Demographic and economic assumptions approved by the PSERS 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% to 2.00%, respectively.
  - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 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 weighing 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 PSERS 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.

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

# Upper Darby School District

Notes to Financial Statements

June 30, 2024

## Discount Rate

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

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

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$ 336,888,000	\$ 259,889,000	\$ 194,925,000

## Pension Plan Fiduciary Net Position

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

## 11. Compensated Absences and Special Termination Benefits

### Compensated Absences

The changes in compensated absences in 2024 are summarized as follows:

Balance, July 1, 2023	\$ 3,152,935
Increases	90,861
Decreases	<u>(144,450)</u>
Balance, June 30, 2024	<u>\$ 3,099,346</u>

### Special Termination Benefits

The District's current agreement with its administrators includes a retirement incentive provision (must be employed as an administrator prior to July 1, 2012 and must retire with a minimum 10 years of service as an administrator to the District) equal to 75% of the administrator's final salary. Payments made under this provision are nonelective employer contributions to the employees' 403(b) accounts in accordance with IRS regulations. The District has recorded a liability for this benefit based on the present value of the expected retirement incentive amount and the probability that the administrator will receive such incentive. The benefit is funded on a pay-as-you-go basis.

# Upper Darby School District

Notes to Financial Statements

June 30, 2024

Changes in the special termination benefits liability in 2024 were as follows:

Balance, July 1, 2023	\$	554,922
Increases		341,518
Payments and other decreases		<u>(116,556)</u>
Balance, June 30, 2024	\$	<u>779,884</u>

## 12. Other Postemployment Benefits (OPEB)

### District OPEB Plan

#### Plan Description and Benefits

The District provides postemployment healthcare benefits for certain administrative employees who qualify to retire under PSERS and for all other administrative employees who meet minimum District and PSERS service requirements under a plan that is considered a single employer plan. For certain specified administrative employees, benefits include payment of 100% of the premiums for medical, prescription drug, dental and vision for the employees and their spouses for the earlier of 12 years or until employee is age 65. Afterwards, coverage may be continued by paying 102% of the cost of such coverage. For the other administrative employees who meet the minimum District and PSERS service requirements, the District pays 100% of the employee's premiums for medical, prescription drug, dental and vision until age 65. The employee must pay 102% of any additional premium for spouse and dependent coverage. If the administrative employee does not meet the specified service requirement, the employee and spouse may continue coverage by paying 100% of the premium as determined for the purposes of COBRA. In addition, under Act 110 of 1998 and Act 43 of 1989, retired teachers and support staff may participate by paying 102% of the cost of such coverage until age 65.

The contribution requirements of plan members and the District are established and may be amended by the Board of School Directors. The plan is funded on a pay-as-you-go basis, i.e., premiums are paid annually to fund the health care benefits provided to current retirees. As such, the plan is unfunded, there is no underlying trust, and no financial report is prepared.

#### Employees Covered by District Plan

At July 1, 2022, the following employees were covered by the District Plan:

Active employees	1,229
Inactive employees entitled to but not yet receiving benefit payments	-
Inactive employees currently receiving benefit payments	<u>325</u>
Total	<u>1,554</u>

#### District Plan Total OPEB Liability

The District Plan's total OPEB liability of \$6,748,311 as of June 30, 2024 was measured as of July 1, 2022, as rolled forward from an actuarial valuation as of July 1, 2023.

# Upper Darby School District

Notes to Financial Statements

June 30, 2024

## District Plan Actuarial Assumptions

The District Plan total OPEB liability was determined using the following actuarial assumptions:

- Discount rate - 4.13% based on the S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2023.
- Salary increases - 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators, a merit increase which varies by age from 2.75% to 0.0%
- Mortality rates - PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers and for all other employees. Incorporated into the tables are rates projected generationally Scale MP-2021 to reflect mortality improvement.
- Healthcare cost trend rates - 7.0% in 2023, 6.5% in 2024, 6.0% in 2025, and 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model

## Changes in the District Plan Total OPEB Liability

Balance at July 1, 2023	\$	6,399,902
Service cost		324,009
Interest		266,039
Change of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions		74,460
Benefit payments		(316,099)
		<hr/>
Balance at June 30, 2024	\$	<u>6,748,311</u>

The changes in assumptions amount results from a change in the discount rate from 4.06% to 4.13%.

## Sensitivity to Changes in the Discount Rate

The following presents the District Plan's total OPEB liability, as well as what the District Plan's total OPEB liability would be if it were calculated using a discount rate that is 1% lower and higher than the current discount rate:

	<u>1% Decrease (3.13%)</u>	<u>Discount Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
Total District Plan OPEB Liability	\$ 7,362,726	\$ 6,748,311	\$ 6,189,286

## Upper Darby School District

Notes to Financial Statements

June 30, 2024

### Sensitivity to Changes in the Healthcare Cost Trend Rates

The following presents the District Plan's total OPEB liability, as well as what the District Plan's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total District Plan OPEB Liability	\$ 5,973,069	\$ 6,748,311	\$ 7,671,548

### District Plan OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2024, the District recognized OPEB expense of \$(189,734) for the District Plan. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the District Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District contributions subsequent to the measurement date	\$ 343,129	\$ -
Net differences between expected and actual experience	-	2,842,146
Changes in assumptions	903,898	3,691,146
Total	<u>\$ 1,247,027</u>	<u>\$ 6,533,292</u>

The \$343,129 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the District Plan's total 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:

Years ending June 30:	
2025	\$ (779,782)
2026	(779,782)
2027	(779,782)
2028	(779,782)
2029	(779,782)
Thereafter	<u>(1,730,484)</u>
Total	<u>\$ (5,629,394)</u>

## PSERS Health Insurance Premium Assistance Program

### General Information About the PSERS Health Insurance Premium Assistance Program

PSERS provides 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 Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program (HOP). As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

### Premium Assistance Eligibility Criteria

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

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age Employer Contributions

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

- Attain Medicare eligibility with 24½ 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.

### District Contributions

The District's contractually required contribution rate for the 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 approximately \$623,000 for the year ended June 30, 2024.

### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the District reported a liability of \$10,598,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward 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 District'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 0.5858%, which was a decrease of 0.0064% from its proportion measured at June 30, 2023.

## Upper Darby School District

Notes to Financial Statements  
June 30, 2024

For the year ended June 30, 2024, the District recognized OPEB expense of \$238,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ 916,000	\$ 2,006,000
Difference between expected and actual experience	69,000	105,000
Net differences between projected and actual investment earnings	24,000	-
Changes in proportion	50,000	431,000
District contributions subsequent to the measurement date	622,861	-
Total	<u>\$ 1,681,861</u>	<u>\$ 2,542,000</u>

The \$622,861 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 PSERS Plan's total OPEB liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Years ending June 30	
2025	\$ (324,000)
2026	(320,000)
2027	(367,000)
2028	(426,000)
2029	(46,000)
Total	<u>\$ (1,483,000)</u>

### Actuarial Assumptions

The PSERS Total OPEB Liability as of June 30, 2024 (the 2023 measurement date), was determined by rolling forward PSERS's Total OPEB Liability as of June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level percent of pay;
- Investment return - 4.13% - S&P 20 Year Municipal Bond Rate;
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases;
- Premium Assistance reimbursement is capped at \$1,200 per year;
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year;
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale;

# Upper Darby School District

Notes to Financial Statements

June 30, 2024

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

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

The following assumptions were used to determine the contribution rate:

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

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

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

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

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 PSERS Total OPEB Liability was 4.13%. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a pay-as-you-go plan. A discount rate of 4.09% which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

## Upper Darby School District

Notes to Financial Statements

June 30, 2024

### Sensitivity of PSERS Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2024, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. 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 PSERS net OPEB liability for June 30, 2024, calculated using current healthcare cost trends as well as what PSERS net OPEB liability would be if health cost trends were 1% lower or 1% higher than the current rate:

	1% Decrease	Healthcare Trends Cost	1% Increase
PSERS net OPEB Liability	\$ 10,597,000	\$ 10,598,000	\$ 10,599,000

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

The following presents the net OPEB liability, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (3.13%)	Discount Rate (4.09%)	1% Increase (5.13%)
District's proportionate share of the PSERS net OPEB liability	\$ 11,983,000	\$ 10,598,000	\$ 9,440,000

### OPEB Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Annual Comprehensive Financial Report which can be found on PSERS' website at [www.psers.pa.gov](http://www.psers.pa.gov).

## 13. Internal Balances/Interfund Balances and Transfers

Interfund balances are summarized as follows:

	Due From	Due To
General Fund:		
Food Service Fund	\$ 1,308,234	\$ -
Capital Project Fund	1,382,995	-
Capital Reserve Fund	-	4,740,000
Food Service Fund:		
General Fund	-	1,308,234
Capital Projects Fund:		
General Fund	-	1,382,995
Capital Reserve Fund:		
General Fund	4,740,000	-
Total	\$ 7,431,229	\$ 7,431,229

# Upper Darby School District

Notes to Financial Statements

June 30, 2024

The Food Service Fund reports a balance due to the General Fund for maintenance, utility, insurance, operating and administrative salaries and benefits of \$764,666 for 2024 and \$543,568 for 2023. The Capital Project Fund reports a balance due to the General Fund for debt service of \$407,194 for 2024 and \$975,801 for 2023.

The General Fund reports a balance due to the Capital Reserve Fund to support future capital expenditures of \$500,000 for 2024 and \$2,240,000 for 2023.

Interfund transfers for 2024 are summarized as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Food Service Fund	\$ 764,666	\$ -
Capital Reserve Fund	-	500,000
Food Service Fund:		
General Fund	-	764,666
Capital Reserve Fund:		
General Fund	500,000	-
	<u>500,000</u>	<u>-</u>
Total	<u>\$ 1,264,666</u>	<u>\$ 1,264,666</u>

## 14. Contingencies and COVID-19

The District is involved, from time to time, in various lawsuits. In the opinion of the District, these matters either are adequately covered by insurance or will not have a material effect on the District's financial statements.

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure that may be disallowed pursuant to the terms of these grant programs. The District is not aware of any material items of noncompliance that would result in the disallowance of program expenditures.

To assist local school districts, the federal government, through a series of stimulus acts enacted in 2020 and 2021, awarded grants to state education agencies for the purpose of providing emergency relief to address the impact that COVID-19 has had, and continues to have on elementary and secondary schools. Funds must be used to prevent, prepare for, or respond to the COVID-19 pandemic, including its impact on the social, emotional, mental health, and academic needs of students. Through June 30, 2024, the District has been allocated approximately \$62.6 million under these programs and has spent approximately \$62.2 million, including \$20.2 million in 2024. The remaining funds must be expended by various times through September 2024.

## Upper Darby School District

### Schedule of the District's Proportionate Share of the PSERS Net Pension Liability

Years Ended June 30

(Unaudited)

(Dollars in Thousands)

	<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>
District's proportion of the PSERS net pension liability	<u>0.5842%</u>	<u>0.5922%</u>	<u>0.5939%</u>	<u>0.6133%</u>	<u>0.6087%</u>	<u>0.6086%</u>	<u>0.6252%</u>	<u>0.6088%</u>	<u>0.5946%</u>
District's proportionate share of the PSERS net pension liability	<u>\$ 259,889</u>	<u>\$ 263,285</u>	<u>\$ 243,836</u>	<u>\$ 301,983</u>	<u>\$ 284,766</u>	<u>\$ 292,158</u>	<u>\$ 308,776</u>	<u>\$ 301,702</u>	<u>\$ 257,552</u>
District's covered-employee payroll	<u>\$ 89,743</u>	<u>\$ 87,225</u>	<u>\$ 84,241</u>	<u>\$ 86,212</u>	<u>\$ 83,951</u>	<u>\$ 81,951</u>	<u>\$ 83,236</u>	<u>\$ 78,840</u>	<u>\$ 76,505</u>
District's proportionate share of the PSERS net pension liability as a percentage of its covered-employee payroll	<u>289.59%</u>	<u>301.85%</u>	<u>289.45%</u>	<u>350.28%</u>	<u>339.21%</u>	<u>356.50%</u>	<u>370.96%</u>	<u>382.68%</u>	<u>336.65%</u>
PSERS plan fiduciary net position as a percentage of the total PSERS pension liability	<u>61.85%</u>	<u>61.34%</u>	<u>63.67%</u>	<u>54.32%</u>	<u>55.66%</u>	<u>54.00%</u>	<u>51.84%</u>	<u>50.14%</u>	<u>54.36%</u>

Information for years prior to 2016 is not available.

## Upper Darby School District

### Schedule of District PSERS Pension Contributions

Years Ended June 30

(Unaudited)

(Dollars in Thousands)

	<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>
PSERS contractually required contribution	\$ 32,467	\$ 31,682	\$ 29,779	\$ 28,575	\$ 28,944	\$ 27,368	\$ 26,069	\$ 23,638	\$ 19,836
Contributions in relation to the contractually required contribution	<u>32,467</u>	<u>31,682</u>	<u>29,779</u>	<u>28,575</u>	<u>28,944</u>	<u>27,368</u>	<u>26,069</u>	<u>23,638</u>	<u>19,836</u>
Contribution deficiency (excess)	<u>\$ -</u>								
District's covered-employee payroll	<u>\$ 97,072</u>	<u>\$ 91,228</u>	<u>\$ 89,432</u>	<u>\$ 84,716</u>	<u>\$ 86,610</u>	<u>\$ 83,898</u>	<u>\$ 81,357</u>	<u>\$ 83,236</u>	<u>\$ 78,840</u>
Contributions as a percentage of covered-employee payroll	<u>33.45%</u>	<u>34.73%</u>	<u>33.30%</u>	<u>33.73%</u>	<u>33.42%</u>	<u>32.62%</u>	<u>32.04%</u>	<u>28.40%</u>	<u>25.16%</u>

Information for years prior to 2016 is not available.

## Upper Darby School District

### Schedule of the District's Proportionate Share of the PSERS Net OPEB Liability

Years Ended June 30

(Unaudited)

(Dollars in Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the PSERS net OPEB liability	<u>0.5858%</u>	<u>0.5932%</u>	<u>0.5942%</u>	<u>0.6142%</u>	<u>0.6133%</u>	<u>0.6086%</u>	<u>0.6252%</u>	<u>0.6088%</u>
District's proportionate share of the PSERS net OPEB liability	<u>\$ 10,598</u>	<u>\$ 10,919</u>	<u>\$ 14,084</u>	<u>\$ 13,271</u>	<u>\$ 12,946</u>	<u>\$ 12,689</u>	<u>\$ 12,738</u>	<u>\$ 13,113</u>
District's covered-employee payroll	<u>\$ 89,743</u>	<u>\$ 87,225</u>	<u>\$ 84,241</u>	<u>\$ 86,212</u>	<u>\$ 83,951</u>	<u>\$ 81,951</u>	<u>\$ 83,236</u>	<u>\$ 78,840</u>
District's proportionate share of the PSERS net OPEB liability as a percentage of its covered-employee payroll	<u>11.81%</u>	<u>12.52%</u>	<u>16.72%</u>	<u>15.39%</u>	<u>15.42%</u>	<u>15.48%</u>	<u>15.30%</u>	<u>16.63%</u>
PSERS plan fiduciary net position as a percentage of the total PSERS OPEB liability	<u>7.22%</u>	<u>6.86%</u>	<u>5.30%</u>	<u>5.69%</u>	<u>5.56%</u>	<u>5.56%</u>	<u>5.73%</u>	<u>5.47%</u>

Information for years prior to 2017 is not available.

## Upper Darby School District

### Schedule of District PSERS OPEB Contributions

Years Ended June 30

(Unaudited)

(Dollars in Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PSERS contractually required contribution	\$ 623	\$ 689	\$ 701	\$ 699	\$ 729	\$ 697	\$ 691	\$ 672
Contributions in relation to the contractually required contribution	<u>(623)</u>	<u>(689)</u>	<u>(701)</u>	<u>(699)</u>	<u>(729)</u>	<u>(697)</u>	<u>(691)</u>	<u>(672)</u>
Contribution deficiency (excess)	<u>\$ -</u>							
District's covered-employee payroll	<u>\$ 97,072</u>	<u>\$ 91,228</u>	<u>\$ 89,432</u>	<u>\$ 84,716</u>	<u>\$ 86,610</u>	<u>\$ 83,898</u>	<u>\$ 81,357</u>	<u>\$ 83,236</u>
Contributions as a percentage of covered-employee payroll	<u>0.64%</u>	<u>0.76%</u>	<u>0.78%</u>	<u>0.83%</u>	<u>0.84%</u>	<u>0.83%</u>	<u>0.85%</u>	<u>0.81%</u>

Information for years prior to 2017 is not available.

## Upper Darby School District

Schedule of Changes in Total OPEB Liability for District Plan  
 Years Ended June 30  
 (Unaudited)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 324,009	\$ 748,500	\$ 743,755	\$ 561,295	\$ 560,428	\$ 854,242	\$ 810,359
Interest cost	266,039	231,655	184,778	301,556	265,255	391,740	284,515
Change of benefit terms	-	940,647	-	-	-	-	-
Differences between expected and actual experience	74,460	(1,462,507)	-	(686,790)	-	(2,658,693)	-
Changes in assumptions	-	(3,274,093)	(304,293)	1,042,952	(260,709)	(1,427,472)	414,032
Benefit payments	<u>(316,099)</u>	<u>(427,931)</u>	<u>(373,441)</u>	<u>(523,181)</u>	<u>(455,443)</u>	<u>(510,088)</u>	<u>(408,300)</u>
Net change	348,409	(3,243,729)	250,799	695,832	109,531	(3,350,271)	1,100,606
<b>Total OPEB Liability, Beginning</b>	<u>6,399,902</u>	<u>9,643,631</u>	<u>9,392,832</u>	<u>8,697,000</u>	<u>8,587,469</u>	<u>11,937,740</u>	<u>10,837,134</u>
<b>Total OPEB Liability, Ending</b>	<u><u>\$ 6,748,311</u></u>	<u><u>\$ 6,399,902</u></u>	<u><u>\$ 9,643,631</u></u>	<u><u>\$ 9,392,832</u></u>	<u><u>\$ 8,697,000</u></u>	<u><u>\$ 8,587,469</u></u>	<u><u>\$ 11,937,740</u></u>

The Plan is unfunded; therefore, total and net OPEB liability are same.

Information for years prior to 2018 is not available.

**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***

Independent Auditors' Report

To the Board of School Directors of  
Upper Darby 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 activity, each major fund and the aggregate remaining fund information of the Upper Darby School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated on December 3, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

*Baker Tilly US, LLP*

Philadelphia, Pennsylvania  
December 3, 2024

**Report on Compliance  
for Each Major Federal Program and  
Report on Internal Control Over Compliance  
Required by the Uniform Guidance**

Independent Auditors' Report

To the Board of School Directors of  
Upper Darby School District

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

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

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

We are required to be independent of the 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 the 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 the District's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 the 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 the 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

*Baker Tilly US, LLP*

Philadelphia, Pennsylvania  
December 3, 2024

**Upper Darby School District**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor Number	Program or Award Amount	Total Received for the Year	Accrued (Deferred) Revenue at July 1, 2023	Revenues Recognized	Federal Expenditure	Accrued or (Deferred) Revenue at June 30, 2024
<b>U.S. Department of Education</b>								
Passed-through Pennsylvania Department of Education:								
Title I Grants to Local Educational Agencies	84.010	013-230448	\$ 5,876,363	\$ 1,363,858	\$ 584,450	\$ 779,408	\$ 779,408	\$ -
Title I Grants to Local Educational Agencies	84.010	013-240448	6,354,379	-	-	5,415,916	5,415,916	5,415,916
Total				1,363,858	584,450	6,195,324	6,195,324	5,415,916
English Language Acquisition State Grants	84.365	010-230448	293,552	38,001	(8,541)	46,542	46,542	-
English Language Acquisition State Grants	84.365	010-240448	348,367	-	-	299,045	299,045	299,045
Total				38,001	(8,541)	345,587	345,587	299,045
Supporting Effective Instruction State Grants	84.367	020-230448	525,675	245,303	(23,427)	268,730	268,730	-
Supporting Effective Instruction State Grants	84.367	020-240448	624,195	-	-	542,249	542,249	542,249
Total				245,303	(23,427)	810,979	810,979	542,249
Student Support and Academic Enrichment Program	84.424	144-230448	469,314	116,515	(15,254)	131,769	131,769	-
Student Support and Academic Enrichment Program	84.424	144-240448	460,036	-	-	418,552	418,552	418,552
Total				116,515	(15,254)	550,321	550,321	418,552
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund	84.425W	181-212451	160,928	49,516	9,168	135,254	135,254	94,906
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund	84.425D	200-210448	17,193,071	1,199,517	674,509	525,008	525,008	-
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund	84.425U	223-210448	34,776,608	15,807,549	4,921,848	19,053,076	19,053,076	8,167,375
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund	84.425U	224-210448	193,963	35,266	9,218	98,261	98,261	72,213
COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund	84.425U	225-210448	2,702,924	294,865	(86,106)	430,115	430,115	49,144
Total				17,386,713	5,528,637	20,241,714	20,241,714	8,383,638
Special Education Cluster (IDEA):								
Passed-through Delaware County Intermediate Unit:								
Special Education Grants to States	84.027	H027A220093 (2024)	2,635,632	2,490,220	-	2,635,632	2,635,632	145,412
Special Education Preschool Grants	84.173	H173A210090 (2023)	7,227	7,227	7,227	-	-	-
Special Education Preschool Grants	84.173	H173A210090 (2024)	9,350	-	-	9,350	9,350	9,350
Total Special Education Cluster (IDEA)				2,497,447	7,227	2,644,982	2,644,982	154,762
Total U.S. Department of Education				21,647,837	6,073,092	30,788,907	30,788,907	15,214,162
<b>U.S. Department of Agriculture</b>								
Child Nutrition Cluster								
Passed-through Pennsylvania Department of Education:								
School Breakfast Program	10.553	365	3,376,355	3,396,181	118,546	3,376,355	3,376,355	98,720
National School Lunch Program	10.555	362	5,684,071	5,439,448	200,646	5,391,691	5,391,691	152,889
Passed-through Pennsylvania Department of Agriculture:								
Food Donation	10.555	N/A	585,957	574,600	-	574,600	574,600	-
Total Child Nutrition Cluster				9,410,229	319,192	9,342,646	9,342,646	251,609
Passed-through Pennsylvania Department of Education:								
Pandemic EBT Administrative Costs	10.649	358	8,995	8,995	-	8,995	8,995	-
Total U.S. Department of Agriculture				9,419,224	319,192	9,351,641	9,351,641	251,609
<b>U.S. Department of Health and Human Services</b>								
Passed-through Pennsylvania Department of Public Welfare:								
Medical Assistance Program/Medicaid Cluster	93.778	044-007448	79,694	79,694	-	79,694	79,694	-
Total				\$ 31,146,755	\$ 6,392,284	\$ 40,220,242	\$ 40,220,242	\$ 15,465,771

See notes to schedule of expenditures of federal awards

# Upper Darby School District

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Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

## 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Upper Darby School District (the District) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

## 2. Summary of Significant Accounting Policies

Expenditures, other than Child Nutrition Cluster expenditures, are reported on the Schedule on the modified accrual basis of accounting. Child Nutrition Cluster expenditures are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. If applicable, negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

## 3. Indirect Cost Rate

The District elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

# Upper Darby School District

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024

## Section I - Summary of Auditors' Results

### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes       X  no  
Significant deficiency(ies) identified? \_\_\_\_\_ yes       X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes       X  no

### Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? \_\_\_\_\_ yes       X  no  
Significant deficiency(ies) identified? \_\_\_\_\_ yes       X  none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance? \_\_\_\_\_ yes       X  no

Auditee qualified as low-risk auditee?  X  yes      \_\_\_\_\_ no

Dollar threshold used to distinguish between Type A and Type B programs:  \$1,206,607

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555 84.425	Child Nutrition Cluster COVID-19 Education Stabilization Fund/Elementary and Secondary School Emergency Relief Fund

## Section II - Financial Statement Findings

None.

## Section III - Federal Award Findings and Questioned Costs

None.

## **Upper Darby School District**

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Schedule of Prior Year Audit Findings  
Year Ended June 30, 2024

### **Section IV - Schedule of Prior Year Audit Findings**

No audit findings reported in prior year.