



SCHOOL DISTRICT
ASTON, PENNSYLVANIA

AUDIT REPORT

JUNE 30, 2024

CHICHESTER SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

December 19, 2024

Board of School Directors
Chichester School District
Aston, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Chichester School District ("the District"), Aston, Pennsylvania, 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 present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Chichester School District, Aston, Pennsylvania, 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.

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 Auditor's 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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, and the schedule of the District's proportionate share of the net pension liability - PSERS, schedule of District pension contributions - PSERS, schedule of the District's proportionate share of the net OPEB liability - PSERS, schedule of District OPEB contributions - PSERS, and schedule of changes in the District's net OPEB liability - single employer plan on pages 58 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards on page 68 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024, on our consideration of the District's internal control over financial reporting and on our tests

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of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

**CHICHESTER SCHOOL DISTRICT
BOOTHWYN, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2024**

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

FINANCIAL HIGHLIGHTS

The District's total general fund revenue for the 2023-2024 fiscal year was approximately 5.3 percent higher than the adjusted budget. The favorable revenue variance was due primarily to revenue received from real estate transfer taxes in a favorable real estate market, and higher than budgeted State subsidies due to the State budget approval following the District's final budget adoption.

The Ready to Learn block grant was included in the original budget, which provided the District with approximately \$540,000 in additional funds.

The 2023-2024 fiscal year budget had a moderate excess of expenditures over revenue.

The District was able to minimize the increase in expenditures for salaries through attrition, replacing staff at a lower cost based on years of experience and a shortage of staff due to the limited labor pool. Overall health benefits decreased for the 2023-2024 fiscal year through continued participation in the Delaware County Healthcare Trust. The District continues to engage the workplace safety committee to monitor and help to control the costs. Higher than normal years of incidents are factoring out of the District's premium calculation. Special education experienced an increase in tuition to Charter and Cyber Charter schools and other outside placements. This increase was offset by lower utilization of intermediate unit services needed to support students in programs outside of the District. The District continued to participate in energy savings initiatives along with participating in state and national cooperative purchasing agreements.

The District's net pension liability decreased by \$560,000, or 0.56 percent, from the prior year to a total of \$100,139,000. While the net pension liability is significant to the District's financial statements, it is a liability the District has limited control over, as it is determined by an actuarial valuation. Over the last five years, the PSERS employer contribution rate has risen and fallen on average 2.0 percent per year, from 34.31 percent in 2021 - 2022 to 33.09 percent in 2023-2024. These contribution rates are expected to improve the plan's funding level, which will increase the net pension liability in future years. Current projections through the 2029 - 2030 fiscal year anticipate increases to a level of 37.30 percent. The District has assigned fund balance from the general fund to help offset future increases, which has an available balance of \$2,500,000 as of June 30, 2024.

OVERVIEW OF FINANCIAL STATEMENTS

Entity-wide Statements

The two entity-wide statements, which are on pages 15 and 16, report the District's net position and how it has changed. Net position, the difference between the District's assets, deferred outflows of resources,

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MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2024

liabilities, and deferred inflows of resources, is one way to measure the District's financial health. Over time, increases or decreases in the District's net position is an indication of whether its financial health is improving or deteriorating.

To assess the overall financial health of the District, the reader needs to consider, among other things, additional financial and nonfinancial factors, such as changes in the District's property tax base, changes in student enrollment, and the condition of facilities.

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

- **Governmental Activities** – All of the District's basic services are included here, such as instruction, administration, and community services. Property taxes, state and federal subsidies, and grants finance most of these activities.
- **Business-type Activities** – The District operates a food service operation. Staff, students, and visitors are charged fees to help cover the costs of the food service operation.

Fund Financial Statements

The District's fund financial statements, which begin on page 17, provide detailed information about the most significant funds – not the District as a whole. Some funds are required by state law and by bond requirements.

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

Proprietary fund – This fund is used to account for District activities that are similar to business operations in the private sector; or where the reporting focuses on determining net income, financial position, and changes in financial position, and a significant portion of funding is received through user charges. When the District charges customers for services it provides – whether to outside customers or to other units in the District – these services generally are reported in the proprietary funds. The Food Service Fund reflected on pages 22 through 24 is the District's only proprietary fund and is the same as the business-type activities reported in the entity-wide statements, but provides more detail and additional information, such as cash flows.

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BOOTHWYN, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2024**

Fiduciary fund – The District is an agent for funds held on behalf of the students of the District. All of the District's fiduciary activities are reported in the Statements of Net Position - Fiduciary Fund on page 25 and Statements of Changes in Net Position on page 26. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net deficit was \$41,552,328 at June 30, 2024 and \$32,290,290 at June 30, 2023. A comparative analysis of fiscal years 2023 and 2024 follows.

**Table A-1
Net Position
June 30, 2024 and 2023**

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
ASSETS:						
Current and other assets	\$ 72,655,498	\$ 57,701,540	\$ 979,786	\$ 1,051,906	\$ 73,635,284	\$ 58,753,446
Capital assets	<u>105,851,323</u>	<u>96,785,660</u>	<u>190,922</u>	<u>138,621</u>	<u>106,042,245</u>	<u>96,924,281</u>
TOTAL ASSETS	<u>178,506,821</u>	<u>154,487,200</u>	<u>1,170,708</u>	<u>1,190,527</u>	<u>179,677,529</u>	<u>155,677,727</u>
Deferred outflows of resources	<u>18,639,873</u>	<u>20,196,118</u>	<u>298,088</u>	<u>377,295</u>	<u>18,937,961</u>	<u>20,573,413</u>
LIABILITIES:						
Current liabilities	19,625,865	11,636,875	131,106	32,069	19,756,971	11,668,944
Long-term liabilities	<u>211,054,651</u>	<u>185,625,564</u>	<u>1,708,879</u>	<u>2,062,144</u>	<u>212,763,530</u>	<u>187,687,708</u>
TOTAL LIABILITIES	<u>230,680,516</u>	<u>197,262,439</u>	<u>1,839,985</u>	<u>2,094,213</u>	<u>232,520,501</u>	<u>199,356,652</u>
Deferred inflows of resources	<u>7,585,134</u>	<u>9,087,550</u>	<u>62,183</u>	<u>97,228</u>	<u>7,647,317</u>	<u>9,184,778</u>
NET POSITION (DEFICIT):						
Net investment in capital assets	45,379,484	47,624,248	190,922	138,621	45,570,406	47,762,869
Restricted	117,158	309,001	-	-	117,158	309,001
Unrestricted (deficit)	<u>(86,615,598)</u>	<u>(79,599,920)</u>	<u>(624,294)</u>	<u>(762,240)</u>	<u>(87,239,892)</u>	<u>(80,362,160)</u>
TOTAL NET DEFICIT	<u>\$(41,118,956)</u>	<u>\$(31,666,671)</u>	<u>\$ (433,372)</u>	<u>\$ (623,619)</u>	<u>\$(41,552,328)</u>	<u>\$(32,290,290)</u>

Many of the District's assets are invested in capital assets such as land, buildings, and equipment. The unrestricted net deficit of the District increased because of expenses exceeding revenues for the year, as more fully described in the paragraphs that follow. Long-term liabilities increased due to an increase in the actuarially determined net pension liability.

**CHICHESTER SCHOOL DISTRICT
BOOTHWYN, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2024**

The results of this year's operations as a whole are reported in the Statement of Activities on page 16. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories reduce the expense amounts, thus showing the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the local taxes assessed to taxpayers, and grants and entitlements not restricted to specific programs, the majority of which is the basic education subsidy provided by the Commonwealth of Pennsylvania.

Table A-2 takes the information from the Statement of Activities and rearranges it slightly, so the reader can see total revenues for the year.

**Table A-2
Change in Net Position
For the Years Ended June 30, 2024 and 2023**

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program Revenues:						
Charges for services	\$ 130,706	\$ 99,819	\$ 129,461	\$ 162,905	\$ 260,167	\$ 262,724
Operating grants/ contributions	19,671,559	19,314,735	1,908,026	2,052,883	21,579,585	21,367,618
General Revenues:						
Property taxes	54,019,670	51,090,684	-	-	54,019,670	51,090,684
Other taxes	901,847	745,251	-	-	901,847	745,251
Grants/subsidies/contri- butions, unrestricted	14,831,724	13,248,027	-	-	14,831,724	13,248,027
Other	5,873,328	3,225,865	39,751	52,664	5,873,328	3,278,529
TOTAL REVENUES	95,428,835	87,724,381	2,077,238	2,268,452	97,506,073	89,992,833
EXPENSES						
Instruction	69,345,217	55,284,923	-	-	69,345,217	55,284,923
Instructional student support	6,997,917	7,447,680	-	-	6,997,917	7,447,680
Administrative/financial support	9,940,788	8,927,068	-	-	9,940,788	8,927,068
Operation/maintenance of plant	7,597,942	7,034,704	-	-	7,597,942	7,034,704
Pupil transportation	4,073,866	4,220,469	-	-	4,073,866	4,220,469
Student activities	1,132,999	1,279,842	-	-	1,132,999	1,279,842
Community services	166,340	182,733	-	-	166,340	182,733
Interest on long-term debt	5,626,052	1,833,887	-	-	5,626,052	1,833,887
Food services	-	-	1,886,991	2,207,751	1,886,991	2,207,751
TOTAL EXPENSES	104,881,120	86,211,306	1,886,991	2,207,751	106,768,111	88,419,057
CHANGE IN NET POSITION	\$ (9,452,285)	\$ 1,513,075	\$ 190,247	\$ 60,701	\$ (9,262,038)	\$ 1,573,776

**CHICHESTER SCHOOL DISTRICT
BOOTHWYN, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2024**

Total governmental activities expenses were \$104,881,120 and \$86,211,306 for the years ended June 30, 2024 and 2023, respectively.

District-wide salaries increased 1.2 percent in comparison to the 2023 - 2024 fiscal year. Contracts and agreements already in place are the main driver behind 2.0 percent - 3.0 percent of the increases. During the 2023 - 2024 fiscal year, additional staffing for learning support and autistic support were added for Student Services, to respond to the ever-changing landscape of student services. Savings were realized for instructional assistants, as the ability to hire staff was supplemented with outside service providers. Activity related to coaches and advisors receiving extra duty wages increased, as the activities could resume on a more normal basis. Employee benefits decreased by 3.12 percent, primarily based on FICA and PSERS retirement contributions calculated on the wage base. There was a higher utilization in prescription benefits which was offset by a lower anticipated cost for health insurance. The allocation of COVID-19 response funding as well as ESSER funding (Elementary and Secondary School Emergency Relief Fund) to the District represented 3.42 percent of overall expenditures. An increase in regular education expenses was related to wages per employment contracts and the PSERS retirement benefit, and tuition to charter and cyber schools. Special education expenses increased wages per employment contracts, increased staffing and the PSERS retirement benefit. Contracted services for student support services increased based on the needs of the student enrollment during the school year, along with tuition to charter and cyber schools, and services provided by the intermediate unit. Pupil Health Services added staffing previously unfilled along with equipment needed for vision related services. Pupil transportation expenditures increased as transportation levels began to return to normal levels from modified routes and hybrid instruction. The District will recover a percentage of debt service costs through the PlanCon process, a Commonwealth funding initiative. This source helps to maintain an overall level debt service. Any new debt incurred for district renovations will no longer be eligible, as the PlanCon program is suspended for new projects.

Total business-type activities (food services) expenses were \$1,886,991 and \$2,207,751 for the years ended June 30, 2024 and 2023, respectively, and include costs necessary to operate the cafeterias in all schools. The District's practice is to operate food service activities on a break-even basis. The District fully operates under the Community Eligibility Provision, which provides efficiency in identifying students in need and increases federal reimbursement in the program. Any decrease in revenue from last year to this year is a result of partial hybrid and cyber learning due to COVID-19 and the decreased federal subsidies related to the number of eligible students that participated in the Free and Reduced program. The expenses for 2023 - 2024 decreased in the Food Services department due to the reduction in operations. Any expense in excess of revenue at year end would need to be subsidized by the General Fund, in the event the Food Service Fund experienced a cash flow issue.

Table A-3 shows the District's eight functions in governmental activities as well as each program's net cost (total cost less revenues generated by the activities). This table also shows costs offset by other unrestricted grants, subsidies, and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

**CHICHESTER SCHOOL DISTRICT
BOOTHWYN, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2024**

**Table A-3
Governmental Activities
For the Years Ended June 30, 2024 and 2023**

	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
FUNCTIONS/PROGRAMS				
Instruction	\$ 69,345,217	\$ 54,731,038	\$ 55,284,923	\$ 41,876,485
Instructional student support	6,997,917	6,353,180	7,447,680	6,681,057
Administrative and financial support	9,940,788	9,024,916	8,927,068	8,008,166
Operation and maintenance of plant	7,597,942	6,956,405	7,034,704	6,310,591
Pupil transportation	4,073,866	3,055,023	4,220,469	2,962,567
Student activities	1,132,999	971,114	1,279,842	1,095,251
Community services	166,340	120,724	182,733	159,478
Interest on long-term debt	5,626,052	3,866,456	1,833,887	(296,843)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 104,881,120	85,078,855	\$ 86,211,306	66,796,752
Less: Unrestricted grants and subsidies		14,831,725		13,248,027
TOTAL NEEDS FROM LOCAL TAXES		\$ 70,247,130		\$ 53,548,725

Unrestricted grants and subsidies of \$14,831,725 and \$13,248,027 for the years ended June 30, 2024 and 2023, respectively, were available to reduce the cost of services of governmental activities to net costs of \$70,247,130 and \$53,548,725. Unrestricted grants and subsidies consist of the basic education subsidy received from the Commonwealth of Pennsylvania.

Table A-4 reflects the activities of the Food Service program, the only business-type activity of the District.

**Table A-4
Business-type Activities
For the Years Ended June 30, 2024 and 2023**

	Total Cost of Services		Net Revenue (Expense) from Services	
	2024	2023	2024	2023
FUNCTIONS/PROGRAMS				
Food services	\$ 1,886,991	\$ 2,207,751	\$ 150,496	\$ 8,037

The statement of revenues, expenses, and changes in net deficit for this proprietary fund further details the actual results of operations.

**CHICHESTER SCHOOL DISTRICT
BOOTHWYN, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2024**

THE DISTRICT FUNDS

At June 30, 2024 and 2023, the District's governmental funds reported combined fund balances of \$51,423,411 and \$44,424,136, respectively. Table A-5 shows the fund balance and the total change in fund balances as of June 30, 2024 and 2023.

**Table A-5
Fund Balances
June 30, 2024 and 2023**

	Fund Balance 2024	Fund Balance 2023	Increase (Decrease)
General fund	\$ 6,876,181	\$ 11,129,116	\$ (4,252,935)
Capital projects fund	44,430,072	32,986,019	11,444,053
Capital reserve fund	117,158	309,001	(191,843)
Total	\$ 51,423,411	\$ 44,424,136	\$ 6,999,275

At June 30, 2024, the Fund Balance includes assignments of \$2,500,000 for the District's share of PSERS, the Public School Employees' Retirement System, \$1,000,000 for future debt and capital expenditures and \$600,000 for bus lease.

The Capital Projects Fund was utilized during the 2023 - 2024 fiscal year to make modifications to the Chichester High School pool mechanical components, the development of a life skills classroom at the high school, and a new rooftop HVAC unit at Hilltop Elementary School.

A comparison of Governmental Fund revenue and expenditure categories is as follows:

Table A-6

	REVENUES	
	2023 - 2024	2022 - 2023
Local	\$ 60,622,065	\$ 55,579,986
State	30,570,857	28,434,171
Federal	3,928,427	4,128,590
	\$ 95,121,349	\$ 88,142,747

**CHICHESTER SCHOOL DISTRICT
BOOTHWYN, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2024**

	EXPENDITURES	
	2023 - 2024	2022 - 2023
Instruction	\$ 58,847,205	\$ 55,710,275
Support services	26,732,949	26,899,319
Non-instructional services	1,327,139	1,437,889
Capital outlays	21,516,727	14,122,049
Debt service	11,757,748	7,960,061
	\$ 120,181,768	\$ 106,129,593

Local source revenue increased 9.0 percent over the previous fiscal year. Millage was increases modestly along with CARES Act funding which flowed through the Delaware County Intermediate Unit. Interest income earned was negatively impacted by the economic environment, which worsened with the onset of the COVID-19 Global Pandemic. Delinquent tax collection was slightly higher.

State revenue increased from the prior fiscal year. An increase in the State Share of the Social Security Contributions, along with Rental and Sinking Fund Payments / Building Reimbursement Subsidy. The prior year Transportation Subsidy reflected a negative adjustment which appears to show an increase in the current year revenue line item. The allocation for the state property tax reduction under the Homestead Act, which remained constant, is included in the state subsidy amount.

Federal revenues reflected a decrease as COVID-19 recovery funds start to wind down.

General Fund Budget

During the fiscal year, the Board of School Directors ("the Board") authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. The Board approves budget expansions during the fiscal year to adjust for changes and carryover of federal and state grants. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year. A schedule showing the District's original and final budget amounts compared with actual amounts is provided on page 21.

Budgetary reserve includes amounts that will be used to fund contingency staffing and/or programs if deemed necessary and financially feasible as the year progresses. These amounts are transferred into expenditure categories only if the Board determines that the need exists as the school year begins or progresses.

**CHICHESTER SCHOOL DISTRICT
BOOTHWYN, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2024**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, the District had \$106,042,245, net of depreciation/amortization invested in a broad range of governmental capital assets, including land, buildings, and furniture and equipment.

**Table A-7
Capital Assets - Net of Depreciation/Amortization
Governmental Activities**

	2024	2023
Land	\$ 3,131,855	\$ 3,131,855
Construction in progress	\$ 16,362,614	\$ 15,301,417
Site improvements	\$ 1,458,281	\$ 1,768,299
Buildings	\$ 80,857,685	\$ 71,692,835
Furniture and equipment	\$ 2,832,541	\$ 3,456,570
Right to use assets	\$ 1,208,347	\$ 1,434,684

At June 30, 2024 and 2023, business-type activities (Food Service) own \$190,922 and \$138,621, respectively, worth of net capital assets. These assets consist of moveable equipment that will be depreciated in future years.

More detailed information about the District's capital assets is presented in Notes 1 and 4 to the financial statements.

DEBT ADMINISTRATION

The District's general obligation bond rating as of August 26, 2021 is a Standard & Poor's A+. The A+ rating is based upon the additional security for bonds provided by the Commonwealth of Pennsylvania Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to bond holders in the event of default.

As of June 30, 2023, the District had total outstanding bonds at face value of \$70,997,782. During the year, the District made payments against principal of \$4,566,000, and issued new debt in the amount of \$29,980,000 resulting in ending outstanding bonds payable at face value of \$96,411,782 as of June 30, 2024.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the 2024 - 2025 budget, the real estate property tax was increased by 5.75 percent over the 2023 - 2024 millage rate. The Board also approved utilizing \$2.5 million of the available fund balance to

**CHICHESTER SCHOOL DISTRICT
BOOTHWYN, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
JUNE 30, 2024**

minimize the tax increase and balance the budget. The District plans to pursue cost savings measures during the year to meet that goal.

In early 2017, Delaware County was ordered by the Court to conduct and implement a Countywide Reassessment of all properties in the County to be effective January 1, 2021. The goal was to bring a fairer property tax to the taxpayers through the reassessment of all property. Assessments now represent 100 percent of July 1, 2019 market values. This District experienced an overall decrease in the assessed values. Property owners were afforded the opportunity to appeal the assessments.

The U.S. 322 Improvement Project is on hold with the allocation of funds reallocated due to the COVID-19 pandemic. The project will expand the highway from two lanes to four from U.S. 1 to just east of Route 452 in Concord, Bethel, and Upper Chichester townships in Delaware County. Work began in 2019 and will impact the area for the District in the near future. Proposed completion dates are between 2023 and 2025 for the areas most impacting Chichester School District. The Township is working with developers to enhance the corridor by promoting underutilized properties to allow for expansion of businesses, dining and entertainment venues, and office space. Revenue generated will be gradual as the project begins in the area.

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Francis DeMarco, Business Administrator, Chichester School District, 401 Cherry Tree Road, Aston, Pennsylvania 19014, (610) 485-6881, ext. 5015.

CHICHESTER SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024
(With Summarized Comparative Data for June 30, 2023)

	Governmental Activities	Business-type Activities	Totals	
			2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Cash and cash equivalents	\$ 38,457,383	\$ 771,279	\$ 39,228,662	\$ 16,078,798
Investments	25,141,917	-	25,141,917	33,911,023
Taxes receivable	3,140,724	-	3,140,724	2,749,407
Internal balances	(130,321)	130,321	-	-
Due from other governments	4,310,267	40,390	4,350,657	4,434,793
Other receivables	189,434	-	189,434	800
Prepaid expenses	1,537,904	-	1,537,904	1,531,001
Inventories	-	37,796	37,796	37,796
Prepaid bond insurance costs	8,190	-	8,190	9,828
Land and improvements	3,131,855	-	3,131,855	3,131,855
Construction in progress	16,362,614	-	16,362,614	15,301,417
Site improvements	7,502,668	-	7,502,668	7,502,668
Buildings and building improvements	132,319,873	-	132,319,873	118,511,366
Furniture and equipment	3,440,336	1,027,145	4,467,481	5,257,287
Right-to-use assets	6,050,149	-	6,050,149	9,022,017
Accumulated depreciation/amortization	(62,956,172)	(836,223)	(63,792,395)	(61,802,329)
TOTAL ASSETS	178,506,821	1,170,708	179,677,529	155,677,727
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charges on bond refunding	302,010	-	302,010	578,891
Deferred outflows relating to OPEB	1,250,480	13,183	1,263,663	1,749,370
Deferred outflows relating to pension	17,087,383	284,905	17,372,288	18,245,152
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,639,873	298,088	18,937,961	20,573,413
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 197,146,694	\$ 1,468,796	\$ 198,615,490	\$ 176,251,140
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)				
LIABILITIES:				
Accounts payable	\$ 11,645,012	\$ 131,106	\$ 11,776,118	\$ 4,490,399
Accrued salaries and benefits	6,820,468	-	6,820,468	6,354,294
Unearned revenue	13,489	-	13,489	13,489
Other liabilities	17,231	-	17,231	21,252
Accrued interest	1,129,665	-	1,129,665	789,510
Long-term liabilities				
Portion due or payable within one year:				
Bonds payable in future years, net	4,946,653	-	4,946,653	5,052,308
Leases payable	1,664,510	-	1,664,510	1,399,428
Portion due or payable after one year:				
Bonds payable in future years, net	97,341,675	-	97,341,675	71,215,283
Leases payable	1,251,083	-	1,251,083	2,087,569
Accumulated compensated absences/ERIP	1,404,781	-	1,404,781	1,086,032
Net OPEB liability	5,949,229	66,599	6,015,828	6,148,088
Net pension liability	98,496,720	1,642,280	100,139,000	100,699,000
TOTAL LIABILITIES	230,680,516	1,839,985	232,520,501	199,356,652
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows relating to OPEB	4,774,133	15,314	4,789,447	5,209,778
Deferred inflows relating to pension	2,811,001	46,869	2,857,870	3,975,000
TOTAL DEFERRED INFLOWS OF RESOURCES	7,585,134	62,183	7,647,317	9,184,778
NET POSITION (DEFICIT):				
Net investment in capital assets	45,379,484	190,922	45,570,406	47,762,869
Restricted	117,158	-	117,158	309,001
Unrestricted (deficit)	(86,615,598)	(624,294)	(87,239,892)	(80,362,160)
TOTAL NET DEFICIT	(41,118,956)	(433,372)	(41,552,328)	(32,290,290)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET DEFICIT	\$ 197,146,694	\$ 1,468,796	\$ 198,615,490	\$ 176,251,140

The accompanying notes are an integral part of these financial statements.

**CHICHESTER SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(With Summarized Comparative Data for the Year Ended June 30, 2023)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Deficit			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
							2024	2023
GOVERNMENTAL ACTIVITIES								
Instruction	\$ 69,345,217	\$ 27,591	\$ 14,586,588	\$ -	\$(54,731,038)	\$ -	\$(54,731,038)	\$(41,876,485)
Instructional student support	6,997,917	-	644,737	-	(6,353,180)	-	(6,353,180)	(6,681,057)
Administrative and financial support services	9,940,788	-	915,872	-	(9,024,916)	-	(9,024,916)	(8,008,166)
Operation and maintenance of plant services	7,597,942	-	641,537	-	(6,956,405)	-	(6,956,405)	(6,310,591)
Pupil transportation	4,073,866	-	1,018,843	-	(3,055,023)	-	(3,055,023)	(2,962,567)
Student activities	1,132,999	57,499	104,386	-	(971,114)	-	(971,114)	(1,095,251)
Community services	166,340	45,616	-	-	(120,724)	-	(120,724)	(159,478)
Interest on long-term debt	5,626,052	-	1,759,596	-	(3,866,456)	-	(3,866,456)	296,843
TOTAL GOVERNMENTAL ACTIVITIES	104,881,120	130,706	19,671,559	-	(85,078,855)	-	(85,078,855)	(66,796,752)
BUSINESS-TYPE ACTIVITIES								
Food service	1,886,991	129,461	1,908,026	-	-	150,496	150,496	8,037
TOTAL BUSINESS-TYPE ACTIVITIES	1,886,991	129,461	1,908,026	-	-	150,496	150,496	8,037
TOTAL PRIMARY GOVERNMENT	\$ 106,768,111	\$ 260,167	\$ 21,579,585	\$ -	(85,078,855)	150,496	(84,928,359)	(66,788,715)
GENERAL REVENUES								
Property taxes levied for general purposes					54,019,670	-	54,019,670	51,090,684
Taxes levied for specific purposes					901,847	-	901,847	745,251
Grants and entitlements not restricted to specific programs					14,831,725	-	14,831,725	13,248,027
Investment earnings					4,402,496	39,751	4,442,247	2,175,543
Miscellaneous					1,470,832	-	1,470,832	1,102,986
TOTAL GENERAL REVENUES					75,626,570	39,751	75,666,321	68,362,491
CHANGE IN NET DEFICIT					(9,452,285)	190,247	(9,262,038)	1,573,776
NET DEFICIT, BEGINNING OF YEAR					(31,666,671)	(623,619)	(32,290,290)	(33,864,066)
NET DEFICIT, END OF YEAR					\$(41,118,956)	\$ (433,372)	\$(41,552,328)	\$(32,290,290)

The accompanying notes are an integral part of these financial statements.

**CHICHESTER SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024
(With Summarized Comparative Data for June 30, 2023)**

	Major Funds			Totals	
	General	Capital	Capital	2024	2023
	Fund	Projects Fund	Reserve Fund		
ASSETS					
Cash and cash equivalents	\$ 5,020,961	\$ 33,319,264	\$ 117,158	\$ 38,457,383	\$ 15,203,085
Investments	4,274,741	20,867,176	-	25,141,917	33,911,023
Taxes receivable	3,140,724	-	-	3,140,724	2,749,407
Due from other funds	-	73,658	-	73,658	4,041,988
Due from other governments	4,310,267	-	-	4,310,267	4,393,147
Other receivables	189,434	-	-	189,434	800
Prepaid items	1,537,904	-	-	1,537,904	1,531,001
TOTAL ASSETS	<u>\$ 18,474,031</u>	<u>\$ 54,260,098</u>	<u>\$ 117,158</u>	<u>\$ 72,851,287</u>	<u>\$ 61,830,451</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES:					
Due to other funds	\$ 203,979	\$ -	\$ -	\$ 203,979	\$ 4,138,739
Accounts payable	1,814,986	9,830,026	-	11,645,012	4,458,330
Accrued salaries and benefits	6,820,468	-	-	6,820,468	6,354,294
Unearned revenues	13,489	-	-	13,489	13,489
Other current liabilities	17,231	-	-	17,231	21,252
TOTAL LIABILITIES	<u>8,870,153</u>	<u>9,830,026</u>	<u>-</u>	<u>18,700,179</u>	<u>14,986,104</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	2,727,697	-	-	2,727,697	2,420,211
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,727,697</u>	<u>-</u>	<u>-</u>	<u>2,727,697</u>	<u>2,420,211</u>
FUND BALANCES:					
Nonspendable	1,537,904	-	-	1,537,904	1,531,001
Restricted for capital purchases	-	44,430,072	117,158	44,547,230	33,295,020
Assigned for PSERS	2,500,000	-	-	2,500,000	620,150
Assigned for debt and capital expenditures	1,000,000	-	-	1,000,000	1,805,000
Assigned for bus lease	600,000	-	-	600,000	1,648,230
Unassigned	1,238,277	-	-	1,238,277	5,524,735
TOTAL FUND BALANCES	<u>6,876,181</u>	<u>44,430,072</u>	<u>117,158</u>	<u>51,423,411</u>	<u>44,424,136</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 18,474,031</u>	<u>\$ 54,260,098</u>	<u>\$ 117,158</u>	<u>\$ 72,851,287</u>	<u>\$ 61,830,451</u>

The accompanying notes are an integral part of these financial statements.

**CHICHESTER SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2024**

TOTAL GOVERNMENTAL FUND BALANCES \$ 51,423,411

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, therefore, are not reported in the funds. These assets consist of:

Land and improvements	\$ 3,131,855	
Construction in progress	16,362,614	
Site improvements	7,502,668	
Buildings and building improvements	132,319,873	
Furniture and equipment	3,440,336	
Right-to-use assets	6,050,149	
Accumulated depreciation/amortization	<u>(62,956,172)</u>	105,851,323

Refunded and new debt issuance costs resulted in deferred charges which will be amortized over the life of new debt but do not represent current rights.

Prepaid bond insurance costs	8,190	
Deferred charges on bond refunding	<u>302,010</u>	310,200

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Bonds payable in future years, net	(102,288,328)	
Leases payable	(2,915,593)	
Accumulated compensated absences/ERIP	(1,404,781)	
Accrued interest	(1,129,665)	
Net OPEB liability	(5,949,229)	
Net pension liability	<u>(98,496,720)</u>	(212,184,316)

Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are considered unavailable 2,727,697

Deferred inflows and outflows of resources related to the District's net OPEB liability are based on the differences between actuarially determined expected and actual investment returns, changes in the actuarially determined proportion of the District's amount of the total OPEB liability, differences between actual and expected experience, and pension contributions made after the measurement date of the net OPEB liability. These amounts will be amortized over the estimated remaining average service life of the employees.

Deferred outflows relating to OPEB	1,250,480	
Deferred inflows relating to OPEB	<u>(4,774,133)</u>	(3,523,653)

Deferred inflows and outflows of resources related to the District's net pension liability are based on the differences between actuarially determined expected and actual investment returns, changes in the actuarially determined proportion of the District's amount of the total pension liability, differences between actual and expected experience, and pension contributions made after the measurement date of the net pension liability. These amounts will be amortized over the estimated remaining average service life of the employees.

Deferred outflows relating to pension	17,087,383	
Deferred inflows relating to pension	<u>(2,811,001)</u>	<u>14,276,382</u>

NET DEFICIT OF GOVERNMENTAL ACTIVITIES \$ (41,118,956)

The accompanying notes are an integral part of these financial statements.

CHICHESTER SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(With Summarized Comparative Data for the Year Ended June 30, 2023)

	Major Funds			Totals	
	General	Capital	Capital	2024	2023
	Fund	Projects	Reserve		
	Fund	Fund	Fund		
REVENUES					
Local sources	\$ 58,207,590	\$ 2,391,481	\$ 22,994	\$ 60,622,065	\$ 55,579,986
State sources	30,570,857	-	-	30,570,857	28,434,171
Federal sources	3,928,427	-	-	3,928,427	4,128,590
TOTAL REVENUES	<u>92,706,874</u>	<u>2,391,481</u>	<u>22,994</u>	<u>95,121,349</u>	<u>88,142,747</u>
EXPENDITURES					
Current:					
Instruction	58,847,205	-	-	58,847,205	55,710,275
Support services	26,332,240	400,709	-	26,732,949	26,899,319
Operation of noninstructional services	1,327,139	-	-	1,327,139	1,437,889
Capital outlays	-	21,301,890	214,837	21,516,727	14,122,049
Debt service	10,517,748	1,240,000	-	11,757,748	7,960,061
TOTAL EXPENDITURES	<u>97,024,332</u>	<u>22,942,599</u>	<u>214,837</u>	<u>120,181,768</u>	<u>106,129,593</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,317,458)</u>	<u>(20,551,118)</u>	<u>(191,843)</u>	<u>(25,060,419)</u>	<u>(17,986,846)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of debt	-	30,959,702	-	30,959,702	30,159,590
Proceeds from lease arrangements	-	1,035,469	-	1,035,469	-
Refunds of prior year expenditures (revenues)	1,919	-	-	1,919	(21,779)
Insurance recoveries	62,604	-	-	62,604	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>64,523</u>	<u>31,995,171</u>	<u>-</u>	<u>32,059,694</u>	<u>30,137,811</u>
NET CHANGE IN FUND BALANCES	(4,252,935)	11,444,053	(191,843)	6,999,275	12,150,965
FUND BALANCES, BEGINNING OF YEAR	<u>11,129,116</u>	<u>32,986,019</u>	<u>309,001</u>	<u>44,424,136</u>	<u>32,273,171</u>
FUND BALANCES, END OF YEAR	<u>\$ 6,876,181</u>	<u>\$ 44,430,072</u>	<u>\$ 117,158</u>	<u>\$ 51,423,411</u>	<u>\$ 44,424,136</u>

The accompanying notes are an integral part of these financial statements.

**CHICHESTER SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 6,999,275

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlays (\$15,985,338) exceeded depreciation/amortization expense (\$6,919,671). 9,065,667

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Unavailable tax revenues increased by this amount this year. 307,486

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. (25,449,333)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount is the net of the differences in compensated absences and ERIP. (318,749)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the effect of this difference in the treatment of interest payable. (340,155)

OPEB expenses in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the District's proportionate share of the expenses of the cost-sharing OPEB plan and expenses of the single employer plan, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. 64,824

Pension expenses in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the District's proportionate share of the expenses of the cost-sharing pension plan, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. 218,700

CHANGE IN NET DEFICIT OF GOVERNMENTAL ACTIVITIES \$ (9,452,285)

The accompanying notes are an integral part of these financial statements.

**CHICHESTER SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local revenues	\$ 54,159,345	\$ 54,159,345	\$ 58,207,590	\$ 4,048,245
State sources	30,556,201	30,556,201	30,570,857	14,656
Federal sources	3,285,457	3,285,457	3,928,427	642,970
TOTAL REVENUES	<u>88,001,003</u>	<u>88,001,003</u>	<u>92,706,874</u>	<u>4,705,871</u>
EXPENDITURES				
Instruction:				
Regular programs	34,885,176	34,885,176	35,419,930	(534,754)
Special programs	18,505,023	18,505,023	21,087,282	(2,582,259)
Vocational programs	928,000	928,000	930,838	(2,838)
Other instructional programs	1,588,243	1,588,243	1,409,155	179,088
Total Instruction	<u>55,906,442</u>	<u>55,906,442</u>	<u>58,847,205</u>	<u>(2,940,763)</u>
Support services:				
Pupil personnel services	4,891,572	4,891,572	4,839,836	51,736
Instructional staff services	1,846,287	1,846,287	1,265,329	580,958
Administrative services	4,280,042	4,280,042	4,545,453	(265,411)
Pupil health	640,410	640,410	779,470	(139,060)
Business services	1,008,963	1,008,963	939,393	69,570
Operation and maintenance of plant services	6,979,543	6,979,543	6,411,821	567,722
Student transportation services	4,627,526	4,627,526	4,008,063	619,463
Central	3,447,988	3,447,988	3,506,889	(58,901)
Other support services	36,210	36,210	35,986	224
Total Support Services	<u>27,758,541</u>	<u>27,758,541</u>	<u>26,332,240</u>	<u>1,426,301</u>
Operation of noninstructional services:				
Food services	-	-	45,226	(45,226)
Student activities	1,712,735	1,712,735	1,114,506	598,229
Community services	206,557	206,557	167,407	39,150
Total Operation of Noninstructional Services	<u>1,919,292</u>	<u>1,919,292</u>	<u>1,327,139</u>	<u>592,153</u>
Debt service	9,784,627	9,784,627	10,517,748	(733,121)
TOTAL EXPENDITURES	<u>95,368,902</u>	<u>95,368,902</u>	<u>97,024,332</u>	<u>(1,655,430)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,367,899)</u>	<u>(7,367,899)</u>	<u>(4,317,458)</u>	<u>3,050,441</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	-	62,604	(62,604)
Refund of prior year expenditures	-	-	1,919	1,919
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>64,523</u>	<u>(60,685)</u>
NET CHANGE IN FUND BALANCE	(7,367,899)	(7,367,899)	(4,252,935)	2,989,756
FUND BALANCE, BEGINNING OF YEAR	<u>11,129,116</u>	<u>11,129,116</u>	<u>11,129,116</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,761,217</u>	<u>\$ 3,761,217</u>	<u>\$ 6,876,181</u>	<u>\$ 2,989,756</u>

The accompanying notes are an integral part of these financial statements.

CHICHESTER SCHOOL DISTRICT
STATEMENTS OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2024 AND 2023

	Food Service Fund	
	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 771,279	\$ 875,713
Due from other governments	40,390	41,646
Due from other funds	130,321	96,751
Inventories	37,796	37,796
Total Current Assets	979,786	1,051,906
CAPITAL ASSETS:		
Property and equipment	1,027,145	964,991
Accumulated depreciation	(836,223)	(826,370)
Capital Assets, Net	190,922	138,621
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows relating to OPEB	13,183	16,041
Deferred outflows relating to pension	284,905	361,254
Total Deferred Outflows of Resources	298,088	377,295
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,468,796	\$ 1,567,822
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	\$ 131,106	\$ 32,069
Total Current Liabilities	131,106	32,069
LONG-TERM LIABILITIES:		
Net OPEB liability	66,599	68,304
Net pension liability	1,642,280	1,993,840
Total Long-term Liabilities	1,708,879	2,062,144
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows relating to OPEB	15,314	18,523
Deferred inflows relating to pension	46,869	78,705
Total Deferred Inflows of Resources	62,183	97,228
NET POSITION (DEFICIT):		
Investment in capital assets	190,922	138,621
Unrestricted (deficit)	(624,294)	(762,240)
Total Net Deficit	(433,372)	(623,619)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET DEFICIT	\$ 1,468,796	\$ 1,567,822

The accompanying notes are an integral part of these financial statements.

CHICHESTER SCHOOL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	Food Service Fund	
	2024	2023
OPERATING REVENUES		
Food service revenues	\$ 129,461	\$ 162,905
Total Operating Revenues	129,461	162,905
OPERATING EXPENSES		
Salaries	610,132	584,682
Employee benefits	367,878	410,570
Purchased property services	138,135	120,713
Supplies	760,473	1,076,294
Other objects	520	676
Depreciation	9,853	14,816
Total Operating Expenses	1,886,991	2,207,751
OPERATING INCOME (LOSS)	(1,757,530)	(2,044,846)
NONOPERATING REVENUES		
Earnings on investments	39,751	52,664
State sources	143,751	164,185
Federal sources	1,764,275	1,888,698
Total Nonoperating Revenues	1,947,777	2,105,547
CHANGE IN NET DEFICIT	190,247	60,701
NET DEFICIT, BEGINNING OF YEAR	(623,619)	(684,320)
NET DEFICIT, END OF YEAR	\$ (433,372)	\$ (623,619)

The accompanying notes are an integral part of these financial statements.

**CHICHESTER SCHOOL DISTRICT
STATEMENTS OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	Food Service Fund	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 129,460	\$ 158,674
Payments to suppliers	(1,049,085)	(1,281,147)
Payments to employees	(978,011)	(1,070,820)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,897,636)	(2,193,293)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grants and subsidies received for nonoperating activities:		
State sources	108,028	159,801
Federal sources	1,707,577	1,753,469
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	1,815,605	1,913,270
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(62,154)	(36,807)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(62,154)	(36,807)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Earnings on investments	39,751	52,664
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	39,751	52,664
NET CHANGE IN CASH AND CASH EQUIVALENTS	(104,434)	(264,166)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	875,713	1,139,879
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 771,279	\$ 875,713
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	\$ (1,757,530)	\$ (2,044,846)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	9,853	14,816
Commodities used	92,421	146,785
(Increase) Decrease in:		
Due from other funds	(33,570)	(96,625)
Due from other governments	1,256	-
Deferred outflows of resources	79,207	(10,639)
Increase (Decrease) in:		
Accounts payable	99,037	30,145
Due to other funds	-	(168,000)
Net OPEB liability	(1,705)	(17,068)
Net pension liability	(351,560)	207,840
Deferred inflows of resources	(35,045)	(255,701)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (1,897,636)	\$ (2,193,293)
<u>SUPPLEMENTAL DISCLOSURE</u>		
Noncash noncapital financing activity:		
USDA donated commodities	\$ 92,421	\$ 146,785

The accompanying notes are an integral part of these financial statements.

**CHICHESTER SCHOOL DISTRICT
STATEMENTS OF NET POSITION - FIDUCIARY FUND
JUNE 30, 2024 AND 2023**

	Custodial Fund	
	2024	2023
ASSETS:		
Cash	\$ 169,224	\$ 145,825
TOTAL ASSETS	\$ 169,224	\$ 145,825
 LIABILITIES AND NET POSITION		
LIABILITIES:		
Accounts payable	\$ 12,973	\$ 12,371
NET POSITION		
Restricted for student activities	156,251	133,454
TOTAL LIABILITIES AND NET POSITION	\$ 169,224	\$ 145,825

The accompanying notes are an integral part of these financial statements.

**CHICHESTER SCHOOL DISTRICT
STATEMENTS OF CHANGES IN NET POSITION - FIDUCIARY FUND
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	Custodial Fund	
	2024	2023
ADDITIONS		
Student activity receipts	\$ 220,097	\$ 165,942
TOTAL ADDITIONS	220,097	165,942
DEDUCTIONS		
Student activity distributions	197,300	166,925
TOTAL DEDUCTIONS	197,300	166,925
CHANGE IN NET POSITION	22,797	(983)
NET POSITION, BEGINNING OF YEAR	133,454	134,437
NET POSITION, END OF YEAR	\$ 156,251	\$ 133,454

The accompanying notes are an integral part of these financial statements.

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Chichester School District ("the District") operates four elementary schools, one middle school, and one senior high school to provide education and related services to the residents of Upper Chichester Township, Lower Chichester Township, and the Boroughs of Marcus Hook and Trainer. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the third class. The District operates under a locally elected nine-member board form of government.

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

Reporting Entity

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

These statements include the financial activities of the primary government.

Joint Ventures

The District participates in a joint venture with the other school districts of Delaware County, Pennsylvania in the operation of a Vocational-Technical School Authority ("DCVTSA"). The DCVTSA is governed by seven members. Each member must be a citizen of a school district where the DCVTSA leases a project. The DCVTSA oversees acquiring, holding, constructing, improving, and maintaining the public area vocational-technical school buildings.

The financial statements of the DCVTSA are available at 200 Yale Avenue, Morton, Pennsylvania 19070.

Basis of Presentation

Entity-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The entity-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds below. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the entity-wide statements and the statements of governmental funds.

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

Internal activity is limited to interfund transfers which are eliminated to avoid "doubling up" revenues and expenses.

The entity-wide financial statements report net position in one of three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of borrowing attributable to acquiring, constructing, or improving those assets. Net position is reported as restricted when constraints placed on their use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Those restrictions affect net position arising from special revenue and capital projects funds. Unrestricted net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

Fund Financial Statements

During the school year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary fund financial statements are represented by fund type.

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Governmental Funds

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

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

The ***Capital Projects Fund*** and the ***Capital Reserve Fund*** are used to account for the acquisition, construction, and renovation of major capital facilities and their related capital assets.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue and similar revenue streams to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned.

Other revenues, including certain other charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they generally are not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are financed primarily by user charges. The economic resources

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District does not attempt to allocate all "building-wide costs" to the enterprise funds. Thus, general fund expenditures which partially benefit the enterprise funds (utilities, janitorial services, insurance, etc.) are not recognized proportionately with the enterprise funds. Similarly, the enterprise funds do not recognize a cost for the building space it occupies.

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

Fiduciary Funds

Fiduciary funds account for the assets held by the District as a trustee or custodian for individuals, private organizations, and/or governmental units and are, therefore, not available to support the District's own programs. The District accounts for these assets in a custodial fund. The custodial fund accounts for funds held on behalf of the students of the District. The custodial fund utilizes the accrual basis of accounting and economic resources measurement focus.

Cash and Cash Equivalents

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

Investments

The District's investments are valued at amortized cost, which approximates fair value.

Real Estate Taxes

Real estate taxes for the District are collected from the Borough of Marcus Hook, the Borough of Trainer, and Lower and Upper Chichester Townships. The tax on real estate for public school purposes for fiscal year 2023 - 2024 was 27.0403 mills (\$27.0403 per \$1,000 of assessed

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

valuation) as levied by the Board. Assessed valuations of property are determined by Delaware County, and the elected tax collectors are responsible for collection.

The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	-	Levy Date
July 1 - August 31	-	2% Discount Payment
September 1 - October 31	-	Face Payment Period
November 1 - February 15	-	10% Penalty Period
February 28	-	Lien Date

The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

Inventories

All inventories are valued at the lower of cost (first-in, first-out method) or market. The costs for inventories of governmental activities are recorded as expenditures at the time individual inventory items are purchased.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the entity-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant, and equipment (net of salvage value) of the District are depreciated/ amortized using the straight-line method over the following estimated useful lives:

Building and improvements	25 - 40 years
Site improvements	10 - 20 years
Furniture and equipment	5 - 10 years
Right to use assets	life of lease

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Compensated Absences

Vested or accumulated vacation and sick leave that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are recorded as long-term debt in the entity-wide financial statements. No expenditure is reported for these amounts in the governmental funds. Vested or accumulated vacation and sick leave of proprietary funds are recorded as an expense and liability to those funds as the benefits accrue to employees.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the entity-wide financial statements and the proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed at the entity-wide level to the extent that they do not represent payments for bond insurance. Bond insurance costs are deferred and amortized over the life of the bonds.

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

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements represent an addition to or consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until then. The District has various items that are reported in these categories. The first deferred outflow is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second and third deferred outflows relate to pension and OPEB contributions made subsequent to the measurement date of the net pension and OPEB liabilities (generally measured one year prior to the date of the financial statements), and the unamortized portion of contributions made in excess of the District's share of its proportionate contributions to its pension and OPEB plans.

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred outflows also encompass the actuarially determined amount of the additional expense resulting from the change in the District's share of the net pension liability and net OPEB liability from year to year. These amounts are amortized over the actuarially determined estimated remaining service life of all employees in the plan.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition with resources that have been received but not yet earned. At the end of the current fiscal year, deferred inflows of resources reported in the general fund resulted from delinquent property taxes receivable.

On the statement of net position, a deferred inflow is recorded when the pension and OPEB plans' investments realize a greater rate of return than the estimated rate of return used as part of the actuarial valuation of the plan; the excess amount is amortized over five years. A deferred inflow is also recorded for differences between the actuarially expected experiences of the pension and OPEB plans and the change in proportionate share of the net pension and OPEB liabilities. These differences are amortized over the actuarially determined estimated remaining service life of all employees in the plans. See Note 7 for further analysis of deferred outflows and inflows of resources related to the net pension liability and Notes 15 and 16 for further analysis of deferred outflows and inflows of resources related to the net OPEB liability.

Fund Equity

Fund balances of the governmental funds are classified, if applicable, as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by formal action of the Board of School Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of School Directors.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Business Administrator may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed, unless the Board or the Business Administrator have provided otherwise in their commitment or assignment actions.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Use of Estimates in the Preparation of Financial Statements

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

NOTE 2 DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does not have a policy for custodial credit risk but adheres to the requirements of Act 72 of the Commonwealth of Pennsylvania. At June 30, 2024, the carrying amount of the District's deposits was \$39,397,886, and the bank balance was \$38,808,471. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$22,015,068 was exposed to custodial credit risk because, in accordance with Act 72 of the Commonwealth of Pennsylvania, it was uninsured and the collateral held by the depository's agent was not in the District's name. The remaining \$16,543,403 of the cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund ("PSDLAF"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share, are rated by a nationally recognized statistical rating organization, and are subject to an independent annual audit. See credit risk below for PSDLAF rating information.

CHICHESTER SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 2 DEPOSITS AND INVESTMENTS (cont'd)

Investments

The District's investments consist of \$25,141,917 invested in 2a7-like pools with PSDLAF. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The District has no regulatory oversight for the pools, which are governed by the Board of Trustees. PSDLAF is administered by PMA Financial Network, Inc., and the pool is audited annually by PricewaterhouseCoopers LLP, an independent certified public accounting firm.

Interest Rate Risk

The District's investment policy follows the Pennsylvania School Code as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investment policy follows the Pennsylvania School Code in limiting its investment choices to those with certain credit ratings. As of June 30, 2024, PSDLAF was rated as AAAm by a nationally recognized statistical rating organization. All certificates of deposit are fully covered by FDIC insurance.

Concentration Risk

The District places no limit on the amount it may invest in any one issuer.

NOTE 3 DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the District or collections made by another governmental unit on behalf of the District. At June 30, 2024, the following amounts are due from other governmental units:

<u>Due From</u>	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Federal	\$ 1,359,067	\$ -	\$ 1,359,067
State	<u>2,951,200</u>	<u>40,390</u>	<u>2,991,590</u>
TOTAL	<u><u>\$ 4,310,267</u></u>	<u><u>\$ 40,390</u></u>	<u><u>\$ 4,350,657</u></u>

NOTE 4 CAPITAL ASSETS

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

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
<i>GOVERNMENTAL ACTIVITIES</i>				
Capital assets not being depreciated:				
Land	\$ 3,131,855	\$ -	\$ -	\$ 3,131,855
Construction in progress	15,301,417	14,231,199	13,170,002	16,362,614
Total Capital Assets Not Being Depreciated/Amortized	18,433,272	14,231,199	13,170,002	19,494,469
Capital assets being depreciated/amortized:				
Building and improvements	118,511,366	13,808,507	-	132,319,873
Site improvements	7,502,668	-	-	7,502,668
Furniture and equipment	4,292,296	80,165	932,125	3,440,336
Right to use assets	9,022,017	1,035,469	4,007,337	6,050,149
Total Capital Assets Being Depreciated/Amortized	139,328,347	14,924,141	4,939,462	149,313,026
Less accumulated depreciation/amortization for:				
Building and improvements	46,818,532	4,643,656	-	51,462,188
Site improvements	5,734,369	310,018	-	6,044,387
Furniture and equipment	835,725	704,194	932,121	607,798
Right to use assets	7,587,333	1,261,803	4,007,337	4,841,799
Total Accumulated Depreciation/Amortization	60,975,959	6,919,671	4,939,458	62,956,172
Total Capital Assets Being Depreciated/Amortized, Net	78,352,388	8,004,470	4	86,356,854
Governmental Activities Assets, Net	\$ 96,785,660	\$22,235,669	\$13,170,006	\$105,851,323
<i>BUSINESS-TYPE ACTIVITIES</i>				
Capital assets being depreciated:				
Furniture and equipment	\$ 964,991	\$ 62,154	\$ -	\$ 1,027,145
Less accumulated depreciation	826,370	9,853	-	836,223
Business-type Activities, Net	\$ 138,621	\$ 52,301	\$ -	\$ 190,922

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

<i>Governmental activities:</i>	
Instruction	\$ 4,606,425
Instructional student support	604,799
Administrative and financial support services	721,722
Operation and maintenance of plant services	545,270
Pupil transportation	339,064
Student activities	102,411
Total Depreciation/Amortization Expense - Governmental Activities	\$ 6,919,671

CHICHESTER SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 4 CAPITAL ASSETS (cont'd)

Business-type Activities	
Food Service	<u>\$ 9,853</u>

NOTE 5 INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

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

Due from	Amount	Due to	Amount
General Fund	<u>\$ 203,979</u>	Capital Projects Fund	\$ 73,658
		Food Service Fund	<u>130,321</u>
Total	<u>\$ 203,979</u>	Total	<u>\$ 203,979</u>

Interfund balances between funds represent temporary loans recorded at year end subsequent to a final allocation of expenses. The balances generally are paid shortly after year end.

During the year ended June 30, 2024, there were no transfers between funds.

NOTE 6 ACCUMULATED LEAVES

Vacation – District employees who are required to work on a 12-month schedule are credited with vacation at rates which vary with length of service or job classification. Vacation (for most employee categories) may be taken or accumulated within certain limits but must be used annually or forfeited. Vacation is credited July 1 of the fiscal year for time earned in the previous fiscal year.

Early Retirement Incentive (“ERIP”) – The District periodically offers early retirement incentive programs to administrative personnel. A single payment is made to the retiree during the month of July immediately following the year of retirement or, if the retiree so requests, the payment may be held and made in the subsequent January. The early retirement incentive programs are subject to annual adoption by the Board.

Sick Leave and Personal Leave – Most District employees are credited with 10 days of sick leave and two days of personal leave annually to a maximum of 150 days. Upon retirement or termination, and after 10 years of service to the District, such employees are paid at the rate of \$50 for each day of accumulated sick leave at separation.

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 PENSION PLAN

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval. PSERS issues a publicly available comprehensive annual financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at www.psers.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62, with at least 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 became 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 and age and service that is equal to or greater than 92, with a minimum of 35 years of service.

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

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

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members, or who has at least five years of credited service for Class

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 PENSION PLAN (cont'd)

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.

Member Contributions

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

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

Members who joined the system after June 30, 2001 and before July 1, 2011 contribute at 7.50 percent (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 the system after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.50 percent (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 percent (base rate) of the member's qualifying compensation. Membership Classes T-E and T-F are affected by a "shared risk" provision in Act 120 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50 percent and 9.50 percent, and Membership Class T-F contribution rate to fluctuate between 10.30 percent and 12.30 percent.

Employer Contributions

The District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the 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. For the year ended June 30, 2024, the rate of the employer contribution was 34.00 percent of covered payroll, allocated 33.09 percent to pensions, 0.27 percent to the Act 5 defined contribution plan, and 0.64 percent for healthcare premium assistance. The District's pension contribution to PSERS for the year ended June 30, 2024 was \$11,454,288.

Pension Liability and Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2024, the District reported a liability of \$100,139,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net pension liability was calculated utilizing the employer's one-year

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 PENSION PLAN (cont'd)

reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.2251 percent, which was a decrease of 0.0014 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense credit of \$804,266. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 2,833,000	\$ -
Difference between actual and expected experience	23,000	1,371,000
Changes in proportions	1,568,000	1,162,000
Changes in assumptions	1,494,000	-
Difference between employer contributions and proportionate share of total contributions	-	324,870
Contributions subsequent to the date of measurement	11,454,288	-
	\$ 17,372,288	\$ 2,857,870

An amount of \$11,454,288 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions, and will be recognized in pension expense as follows:

Year Ended June 30,		
2025	\$	860,296
2026		(1,407,876)
2027		2,785,125
2028		822,585
	\$	3,060,130

Actuarial Assumptions

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

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 PENSION PLAN (cont'd)

- Actuarial cost method – entry age normal, level percentage of pay.
- Investment return – 7.00 percent, including inflation of 2.50 percent.
- Salary increases – effective average of 4.50 percent, which reflects an allowance for inflation of 2.50 percent, real wage growth, and merit or seniority increases of 2.00 percent.
- Mortality rates were 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 percent PubT-2010 and 50 percent 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 long-term expected rate of return on pension plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

A schedule of plan investments by asset class, target allocations, and long-term expected real rate of return is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global public equity	30.0%	5.2%
Private equity	12.0%	7.9%
Fixed income	33.0%	3.2%
Commodities	7.5%	2.7%
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>100.0%</u>	

CHICHESTER SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 7 PENSION PLAN (cont'd)

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

Discount Rate

The discount used to measure the total pension liability was 7.00 percent. 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 which are 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 net pension liability, calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$129,808,000	\$100,139,000	\$ 75,107,000

Pension Plan Fiduciary Net Position

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

NOTE 8 LONG-TERM LIABILITIES

The following summarizes the changes in the long-term liabilities of governmental activities for the year ended June 30, 2024:

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 LONG-TERM LIABILITIES (cont'd)

	Balance June 30, 2023	Additions	Deductions/ Payments	Balance June 30, 2024	Due Within One Year
General obligation bonds	\$ 70,997,782	\$ 29,980,000	\$ 4,566,000	\$ 96,411,782	\$ 4,573,688
Premiums on bonds	5,269,809	979,702	372,965	5,876,546	372,965
Leases payable	3,486,997	1,035,469	1,606,873	2,915,593	1,664,510
Accumulated compensated absences/ERIP	1,086,032	318,749	-	1,404,781	-
Net OPEB liability	6,079,784	-	130,555	5,949,229	-
Net pension liability	98,705,160	-	208,440	98,496,720	-
	<u>\$185,625,564</u>	<u>\$ 32,313,920</u>	<u>\$ 6,884,833</u>	<u>\$211,054,651</u>	<u>\$ 6,611,163</u>

The following summarizes the changes in the long-term liabilities of business-type activities for the year ended June 30, 2024:

	Balance June 30, 2023	Additions	Deductions/ Payments	Balance June 30, 2024	Due Within One Year
Net OPEB liability	\$ 68,304	\$ -	\$ 1,705	\$ 66,599	\$ -
Net pension liability	1,993,840	-	351,560	1,642,280	-
	<u>\$ 2,062,144</u>	<u>\$ -</u>	<u>\$ 353,265</u>	<u>\$ 1,708,879</u>	<u>\$ -</u>

Payments of long-term liabilities are expected to be funded by the general fund and capital projects fund for governmental activities, and for business type activities, long-term liabilities will be paid by the food service fund.

General Obligation Bonds

On December 7, 1999, the District issued General Obligation Zero Coupon Bonds in the amount of \$9,993,126 with a variable interest rate, maximum of 6.2%, to advance refund the General Obligation Bonds, Series of 1996. The bonds mature March 1, 2029. \$ 2,981,782

On December 12, 2017, the District issued General Obligation Bonds in the amount of \$9,880,000 with a variable interest rate, maximum of 4.0%, to partially advance refund the General Obligation Bonds Series of 2013B. The General Obligation Bonds mature October 15, 2028. 8,255,000

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 LONG-TERM LIABILITIES (cont'd)

(cont'd)

On February 25, 2021, the District Issued General Obligation Note 2021 Series A in the amount of \$8,033,000 with a variable interest rate, maximum of 15.0% to currently refund the General Obligations Bonds Series of 2012. The General Obligation Note mature through March 25, 2026.	3,585,000
On September 15, 2021, the District Issued General Obligation Note 2021 Series B in the amount of \$8,005,000 with a variable interest rate, maximum of 15.0% to currently refund the General Obligations Bonds Series of 2013A. The General Obligation Note mature through February 25, 2028.	4,700,000
On March 30, 2022, the District Issued General Obligation Bonds, Series of 2022 in the amount of \$19,325,000 with a variable interest rate, maximum of 4.0% to fund various capital projects. The General Obligation Bonds mature through September 15, 2032.	46,910,000
On November 2, 2023, the District Issued General Obligation Bonds, Series of 2023 in the amount of \$29,980,000 with a variable interest rate, maximum of 5.25% to fund various capital projects. The General Obligation Bonds mature through September 15, 2039.	<u>29,980,000</u>
	<u><u>\$ 96,411,782</u></u>

Bonds payable is comprised of the following:

Bonds payable, at face	\$ 96,411,782
Unamortized premium	<u>5,876,546</u>
Bonds payable, net	<u>\$102,288,328</u>
Amounts due in one year	\$ 4,946,653
Amounts due after one year	<u>97,341,675</u>
Bonds payable, net	<u>\$102,288,328</u>

Presented below is a summary of the debt service requirements to maturity by years:

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 LONG-TERM LIABILITIES (cont'd)

<u>Year Ending June 30,</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Maturities</u>
2025	\$ 4,573,687	\$ 6,417,026	\$ 10,990,713
2026	4,552,813	6,414,804	10,967,617
2027	4,524,500	6,377,137	10,901,637
2028	4,576,406	6,322,446	10,898,852
2029	4,024,375	6,243,575	10,267,950
2030 - 2034	28,865,000	14,991,100	43,856,100
2035 - 2039	36,745,000	7,116,487	43,861,487
2040	8,550,000	224,438	8,774,438
	<u>\$ 96,411,781</u>	<u>\$ 54,107,013</u>	<u>\$150,518,794</u>

NOTE 9 SOCIAL SECURITY SYSTEM

The District, in accordance with Commonwealth of Pennsylvania and Federal Social Security regulations, is required to participate in the Federal Social Security System ("FICA"). The cost of providing benefits under FICA is shared by the employees, the District, and the state. Employees must contribute one-half of the contribution with the employer providing a matching amount. In prior years, the District paid one-half of the matching amount, and the state paid one-half of the matching amount. Effective January 1, 1989, consistent with federal social security regulations, the District is required to pay the entire matching amount. In order to provide the funds from state sources to pay the state's share of the contribution, an additional revenue from state sources was created. This source, entitled "State Social Security Payments," resulted in additional revenue from state sources of \$501,722 for the fiscal year ended June 30, 2024. This revenue, along with District funds collected from local sources, was used to pay the District's contribution for the fiscal year. The District is current on all payments to FICA.

NOTE 10 FUND BALANCES

As of June 30, 2024, fund balances are composed of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Capital Reserve Fund</u>	<u>Total Governmental Funds</u>
Nonspendable (prepaid items)	\$ 1,537,904	\$ -	\$ -	\$ 1,537,904
Restricted:				
Capital purchases	-	44,430,072	117,158	44,547,230

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 FUND BALANCES (cont'd)

(cont'd)	General Fund	Capital Projects Fund	Capital Reserve Fund	Total Governmental Funds
Assigned:				
PSERS	1,000,000	-	-	1,000,000
Debt and capital expenditures	2,500,000	-	-	2,500,000
Bus lease	600,000	-	-	600,000
Unassigned	1,238,277	-	-	1,238,277
Total Fund Balances	\$ 6,876,181	\$44,032,072	\$ 117,158	\$ 51,423,411

NOTE 11 DEFICIT NET POSITION

For governmental activities, business-type activities, and the food service fund, the unrestricted net deficit amounts of \$86,615,598, \$624,294, and \$624,294, respectively, includes the effect of deferring the recognition of pension and OPEB contributions made subsequent to the measurement dates of the net pension and OPEB liability, the unamortized portion of contributions made in excess of the District's share of its proportionate contributions to its pension and OPEB plans, and the deferred outflows resulting from the change in the District's share of the net pension and OPEB liabilities. This is offset by the District's actuarially determined pension and OPEB liabilities, and the deferred inflows resulting from the differences between projected and actual investment earnings and differences between the actuarially expected and actual results of the plans.

NOTE 12 RISK MANAGEMENT

The District established a limited risk management program for workers' compensation in 1989.

Premiums are assessed by the Commonwealth of Pennsylvania and paid by the applicable fund of the District.

NOTE 13 CONTINGENCIES AND COMMITMENTS

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

Numerous tax assessment appeals have been filed with the Court of Common Pleas of Delaware County, Pennsylvania. These assessment appeals include requests for reduction in the real estate assessment, assertions as to tax-exempt status, and requests to examine ratio

CHICHESTER SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 13 CONTINGENCIES AND COMMITMENTS (cont'd)

to market value for the purpose of determining assessment. These appeals generally apply not only to the year in which the appeal was originally filed but also to years subsequent to the filing date.

NOTE 14 LEASE AGREEMENTS

The District has entered into lease agreements as a lessee for financing the acquisition of medical and technology equipment used throughout the District. These lease agreements have been capitalized (see Note 4).

Presented below is a summary of minimum lease payments to maturity by years for all leases:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,664,510	\$ 104,456	\$ 1,768,966
2026	1,213,883	37,036	1,250,919
2027	<u>37,200</u>	<u>2,095</u>	<u>39,295</u>
Total	<u>\$ 2,915,593</u>	<u>\$ 143,587</u>	<u>\$ 3,059,180</u>

NOTE 15 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

The system provides premium assistance, which is a governmental cost sharing, multiple-employer other postemployment benefits plan ("OPEB") for all eligible retirees who qualify and elect to participate. Employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

Premium Assistance Eligibility Criteria

Retirees of the system 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

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN
(cont'd)

- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

OPEB Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available comprehensive annual financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at www.psers.state.pa.us.

Benefits Provided

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

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.64 percent 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 \$221,903 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$4,062,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the system's total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.2245 percent, which was a decrease of 0.0018 from its proportion measured as of June 30, 2022.

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN
(cont'd)

For the year ended June 30, 2024, the District recognized OPEB expense of \$5,416,506. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 9,000	\$ -
Net difference between expected and actual experience	27,000	40,000
Change in the proportionate share of the net OPEB liability	157,000	110,000
Change in assumptions	351,000	639,000
Difference between employer contributions and proportionate share of total contributions	-	15,033
Contributions subsequent to the date of measurement	221,903	-
	\$ 765,903	\$ 804,033

An amount of \$221,903 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to OPEB and will be recognized in OPEB expense as follows:

Year Ending June 30,	
2025	\$ (71,232)
2026	(74,317)
2027	(67,287)
2028	(31,502)
2029	(17,386)
Thereafter	1,691
	\$ (260,033)

Actuarial Assumptions

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

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN
(cont'd)

- Actuarial cost method – Entry Age Normal - level percent of pay
- Investment return – 4.13 percent - S&P 20-year Municipal Bond Rate
- Salary growth – Effective average of 4.50 percent, comprised of inflation of 2.50 percent and 2.00 percent 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 percent PubT-2010 and 50 percent PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate pre-age 65 at 50 percent.
 - Eligible retirees will elect to participate post-age 65 at 70 percent.

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: 63 percent of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	100.0%	1.2%
	100.0%	

CHICHESTER SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 15 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN
 (cont'd)

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13 percent, an increase from 4.09 percent as of June 30, 2022. Under the plan's funding policy, contributions are structured for short-term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 4.13 percent, which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System's Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual premium assistance. As of June 30, 2023, retirees' premium assistance benefits are not subject to future healthcare cost increases. The annual premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2023, 92,677 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023, 522 members were receiving less than the maximum amount allowed of \$1,200 per year.

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

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Trend Rate</u>	<u>1%</u> <u>Increase</u>
Proportionate share of the net OPEB liability	\$ 4,592,000	\$ 4,062,000	\$ 3,618,000

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

The following presents the net OPEB liability, calculated using the discount rate of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current rate:

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
Proportionate share of the net OPEB liability	\$ 4,062,000	\$ 4,062,000	\$ 4,062,000

OPEB Plan Fiduciary Net Position

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

NOTE 16 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The District administers a single employer defined benefit healthcare plan ("the Retiree Health Plan") for employees who meet the eligibility requirements upon retirement. The District's retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA. In accordance with the GASB Codification, retiree benefits are viewed as a form of deferred compensation. As such, the benefits are treated as being earned over the working lifetime of the employee so that the cost is fully charged to operations by the earliest date of eligibility under the plan. A plan report is available in the District office.

Funding Policy

The contribution requirements of plan members are established and may be amended by the Board of School Directors. The District has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of School Directors. For fiscal year 2024, the District made payments of \$75,716 to plan members eligible for receiving benefits.

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of June 30, 2023. The total OPEB liability as of June 30, 2023 was determined by rolling forward the system's total OPEB liability as of the July 1,

CHICHESTER SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 16 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

2022 actuarial valuation to the June 30, 2023 measurement date using the actuarial assumptions noted below.

Discount Rate

The discount used to measure the total OPEB liability was 4.13 percent based on S&P Municipal Bond 20-year High Grade Rate Index at June 30, 2023.

Salary Increases

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5 percent cost of living adjustment, 1 percent real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75 to 0 percent.

Withdrawal

Rates of withdrawal vary by age, gender, and years of service. The plan utilizes Actuary's Turnover Table T-3 for establishing withdrawal rates. Rates for new employees start at 22.9 percent for both men and women and decrease with age and service. Sample rates are as follows:

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

Mortality Rates

Pre-retirement mortality rates are established based on the RP-2014 Employee (Male and Female) tables as published by the Society of Actuaries. Postretirement mortality rates are established based on the RP-2014 Healthy Annuitant (Male and Female) tables as published by the Society of Actuaries. Mortality improvement utilizes Scale MP-2016 (Male and Female) as published by the Society of Actuaries.

Disability

No disability was assumed.

CHICHESTER SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 16 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Retirement

Assumed retirement rates are based on PSERS plan experience and vary by age, service, and gender. All employees are assumed to retire when eligible for unreduced benefits under the PSERS system. For employees hired before July 1, 2011, this is the earlier of 1) age 60 with 30 years of service, 2) at least 35 years of service, or 3) age 62 with at least one year of service. For employees hired after July 1, 2011, this is the earlier of 1) age 65 with at least three years of service or 2) age plus at least 35 years of service equals 92.

Percent of Eligible Retirees Electing Coverage in Plan

Fifty percent of all employees elect coverage in the plan at retirement.

Percent Married at Retirement

Eighty percent of employees are assumed to be married and 15 percent of spouses elect coverage in the plan at retirement. Non-spouse dependents are deemed to be immaterial.

Spouse Age

Wives are assumed to be two years younger than their husbands.

Per Capita Claims Cost

The per capita claims cost for medical and prescription drugs is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender. The resulting costs are as follows:

<u>Age</u>	<u>Medical and Prescription Drug Combined</u>	
	<u>Males</u>	<u>Females</u>
45 - 49	\$ 7,599	\$ 10,975
50 - 54	\$ 10,064	\$ 12,404
55 - 59	\$ 12,258	\$ 12,979
60 - 64	\$ 15,996	\$ 14,910

Retiree Contributions

Retiree contributions are assumed to increase at the same rate as the healthcare cost trend rate.

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Healthcare Cost Trend

The healthcare cost trend was 7.0 percent in 2023 with a 0.5 percent decrease per year until 5.5 percent in 2026. Rates gradually decrease from 5.4 percent in 2027 to 4.1 percent in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Value of Assets

The actuarial value of assets was equal to the market value of assets.

Actuarial Cost Method – Entry Age Normal

Under the entry age normal cost method, the normal cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The accrued liability as of the valuation date is the excess of the present value of future benefits over the present value of future normal cost. The unfunded accrued liability is the excess of the accrued liability over the actuarial value of assets. Actuarial gains and losses serve to reduce or increase the unfunded accrued liability.

Participant Data

Participant data is based on census information as of July 1, 2023. As of this date, the Plan had 485 active employees and 12 retired employees participating. Due to the timing of school district turnover, the data is believe to be representative of the population for the 2023-2024 school year.

Sensitivity Analysis

The following presents the net OPEB liability, calculated using the valuation discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
Total OPEB liability	\$ 2,120,686	\$ 1,953,828	\$ 1,796,653
Fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 2,120,686</u>	<u>\$ 1,953,828</u>	<u>\$ 1,796,653</u>

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

rate that is one percentage point lower each year or one percentage point higher each year than the current rate.

	1% Decrease	Current Rate	1% Increase
Total OPEB liability	\$ 1,724,477	\$ 1,953,828	\$ 2,223,985
Fiduciary net position	-	-	-
Net OPEB liability	\$ 1,724,477	\$ 1,953,828	\$ 2,223,985

Changes in Total OPEB Liability

Total OPEB liability - beginning	\$ 1,982,088
Service cost	119,204
Interest	83,539
Difference between expected and actual experience	(176,182)
Changes of assumptions	25,792
Benefit payments	(80,613)
Net change	(28,260)
Total OPEB liability - ending	\$ 1,953,828

The amount of OPEB expense for the single employer plan recognized by the District was \$47,456 for the year ended June 30, 2024. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 342,721	\$ 615,321
Differences between expected and actual experience	41,183	3,240,093
Contributions subsequent to the measurement period	75,716	-
	\$ 459,620	\$ 3,855,414

An amount of \$75,716 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of

CHICHESTER SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

the net OPEB liability in the year ended June 30, 2025. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to OPEB and will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2025	\$ (205,694)
2026	(354,080)
2027	(354,080)
2028	(354,080)
2029	(354,080)
Thereafter	<u>(1,849,496)</u>
	<u><u>\$ (3,471,510)</u></u>

NOTE 17 NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY

The District's aggregate net OPEB liability and deferred inflows and outflows of resources are as follows:

	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District Plan (See Note 16)	\$ 1,953,828	\$ 459,620	\$ 3,855,414
PSERS Plan (See Note 15)	<u>4,062,000</u>	<u>804,043</u>	<u>934,033</u>
Total	<u>\$ 6,015,828</u>	<u>\$ 1,263,663</u>	<u>\$ 4,789,447</u>

NOTE 18 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through December 19, 2024, the date the financial statements were available to be issued.

CHICHESTER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

**CHICHESTER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
Pennsylvania Public School Employees' Retirement System (PSERS)**

PROPORTIONATE SHARE OF NET PENSION LIABILITY	MEASUREMENT DATE									
	JUNE 30, 2023	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2015	JUNE 30, 2014
District's proportion of the net pension liability dollar value	\$ 100,139,000 0.2251%	\$ 100,699,000 0.2265%	\$ 90,202,000 0.2197%	\$ 111,034,000 0.2255%	\$ 102,547,000 0.2192%	\$ 104,411,000 0.2175%	\$ 109,790,000 0.2223%	\$ 108,876,000 0.2197%	\$ 97,676,000 0.2255%	\$ 90,006,000 0.2274%
District's proportion of the net pension liability - dollar value	\$ 34,244,792	\$ 32,888,220	\$ 30,437,371	\$ 31,040,441	\$ 30,143,761	\$ 29,457,974	\$ 29,385,243	\$ 28,694,804	\$ 28,995,824	\$ 29,015,174
District's covered employee payroll	292.42%	306.19%	296.35%	357.71%	340.19%	354.44%	373.62%	379.43%	336.86%	310.20%
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%
Plan fiduciary net position as a percentage of the total pension liability										

CHICHESTER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS -
Pennsylvania Public School Employees' Retirement System (PSERS)

	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2015
Contractually required contribution	\$ 11,454,288	\$ 11,749,388	\$ 11,178,706	\$ 10,199,563	\$ 10,355,091	\$ 9,826,866	\$ 9,349,961	\$ 8,580,491	\$ 7,173,701	\$ 5,944,144
Contributions in relation to the contractually required contribution	11,454,288	11,749,388	11,178,706	10,199,563	10,355,091	9,826,866	9,349,961	8,580,491	7,173,701	5,944,144
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 34,615,558	\$ 34,244,792	\$ 32,886,220	\$ 30,437,371	\$ 31,040,441	\$ 30,143,761	\$ 29,457,974	\$ 29,385,243	\$ 28,694,804	\$ 28,995,824
Contributions as a percentage of covered employee payroll	33.09%	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%	20.50%

CHICHESTER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -
Pennsylvania Public School Employees' Retirement System (PSERS)

	MEASUREMENT DATE						
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's proportion of the net OPEB liability	0.2245%	0.2263%	0.2197%	0.2251%	0.2192%	0.2175%	0.2223%
District's proportion of the net OPEB liability - dollar value	\$ 4,062,000	\$ 4,166,000	\$ 5,207,000	\$ 4,864,000	\$ 4,662,000	\$ 4,535,000	\$ 4,529,000
District's covered employee payroll	\$ 34,396,478	\$ 32,888,220	\$ 30,437,371	\$ 31,040,441	\$ 30,143,761	\$ 29,457,974	\$ 29,385,243
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	15.33%	12.67%	17.11%	15.67%	15.47%	15.39%	15.41%
Plan fiduciary net position as a percentage of the total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**CHICHESTER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS -
Pennsylvania Public School Employees' Retirement System (PSERS)**

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually required contribution	\$ 221,903	\$ 255,379	\$ 263,493	\$ 249,374	\$ 260,740	\$ 250,193	\$ 244,501
Contributions in relation to the contractually required contribution	221,903	255,379	263,493	249,374	260,740	250,193	244,501
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 34,615,558	\$ 34,244,792	\$ 32,888,220	\$ 30,437,371	\$ 31,040,441	\$ 30,143,761	\$ 29,457,974
Contributions as a percentage of covered employee payroll	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**CHICHESTER SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY -
SINGLE EMPLOYER PLAN**

	MEASUREMENT DATE						
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
TOTAL OPEB LIABILITY							
Service cost	\$ 119,204	\$ 191,633	\$ 98,296	\$ 105,878	\$ 117,347	\$ 133,686	\$ 206,633
Interest on total OPEB liability	83,539	61,359	218,459	225,057	184,711	189,926	205,158
Change of benefit terms	-	-	-	-	29,904	-	-
Effect of change in assumptions	25,792	(727,197)	263,111	-	51,065	-	1,702,573
Differences between expected and actual experience	(176,182)	-	(3,988,586)	-	408,903	-	(142,403)
Benefit payments	(80,613)	(94,414)	(466,507)	(564,552)	(461,485)	(517,047)	(743,450)
NET CHANGE IN TOTAL OPEB LIABILITY	(28,260)	(568,619)	(3,875,227)	(233,617)	330,435	(193,435)	1,228,511
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	1,982,088	2,550,707	6,425,934	6,659,551	6,329,116	6,522,551	5,294,040
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 1,953,828</u>	<u>\$ 1,982,088</u>	<u>\$ 2,550,707</u>	<u>\$ 6,425,934</u>	<u>\$ 6,659,551</u>	<u>\$ 6,329,116</u>	<u>\$ 6,522,551</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 31,928,904	\$ 28,492,926	\$ 28,492,926	\$ 29,839,090	\$ 29,111,307	\$ 26,939,135	\$ 26,282,083
District's net OPEB liability as a percentage of covered payroll	6.12%	6.96%	8.95%	21.54%	22.88%	23.49%	24.82%
Expected average remaining service years of all participants	7	7	7	7	7	7	7

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**CHICHESTER SCHOOL DISTRICT
SINGLE AUDIT SUPPLEMENT**



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

December 19, 2024

Board of School Directors
Chichester School District
Aston, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Chichester 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 December 19, 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 procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Board of School Directors
Chichester School District

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP



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

December 19, 2024

Board of School Directors
Chichester School District
Aston, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Chichester 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 auditor's 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 ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 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

Board of School Directors
Chichester School District

we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the 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.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 Town'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.

Board of School Directors
Chichester School District

Report on Internal Control Over Compliance

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

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

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

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

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

CHICHESTER SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A BASIS OF ACCOUNTING

All expenditures included in the schedule of expenditures of federal awards are presented on the basis that expenditures are reported to the respective federal grantor agencies. Accordingly, certain expenditures are recorded when paid and certain other expenditures are recorded when the federal obligation is determined.

NOTE B NONMONETARY FEDERAL AWARDS - DONATED FOOD

The Commonwealth distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under ALN 10.555 include federal surplus food consumed by the District during the 2023 - 2024 fiscal year.

NOTE D INDIRECT COST

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. For the year ended June 30, 2024, there were no indirect costs included in the schedule of expenditures of federal awards.

CHICHESTER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

CHICHESTER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

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 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 programs [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

_____ Yes X No

Identification of major programs:

Assistance Listing Numbers

Name of Federal Program or Cluster

84.027, 84.173

Special Education Cluster

10.555, 10.553

Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

CHICHESTER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.