

RIDLEY SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2024



RIDLEY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of School Directors
Ridley School District
Folsom, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS 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 School District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension plan information and other post-employment benefit information on pages 4 through 10 and 49 through 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2025, on our consideration of the Ridley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ridley School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ridley School District's internal control over financial reporting and compliance.

Leitzell & Economidis, PC

LEITZELL & ECONOMIDIS, PC
Certified Public Accountants

February 27, 2025
Newtown Square, Pennsylvania

**RIDLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

Unaudited

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the Ridley School District for the year ended June 30, 2024. The School District's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the School District's primary government. Blended component units or potential component units are included in this discussion.

FINANCIAL HIGHLIGHTS

The Board of Directors and Management believe the School District's financial condition is secure and are making progress to increase revenue and address previous budgetary shortfalls. Expenditures exceeded budget estimates particularly in the area of regular and special programs directly as a result of increased enrollment in charter schools, private school tuition, and additional special education services.

- The School District's liabilities on the government-wide basis exceeded its assets (net assets) by \$160,529,381 representing a decrease in net position of \$741,023. Operating expenses increased by \$8,233,077. This was reflected primarily in instruction costs increasing by over \$6,400,000 and support services such as administrative and plant services accounting for a large part of the resultant increase. Revenues did increase approximately 6.5% primarily due to the increase in property taxes. Additional grants exceeding \$663,000 over the prior period were received this period as a result of COVID-19 and related American Recovery Plan Act (ARPA) governmental assistance. In the Governmental Funds, the General Fund revenues exceeded expenditures by \$6,485,524 inclusive of \$141,091 of capital expenditures. The Capital Project fund this period had \$35,946,046 in capital expenditures and showed proceeds of financing revenue in the amount of \$61,290,000. During the year, the School District's governmental funds operating revenue increased to \$129,490,996 by 4.0% over the prior year (without regard for the new debt proceeds). Total governmental expenditures without regard for capital purchases or improvements increased from the previous year by \$16,900,827 or 13.26%. A significant portion of which was relative to instruction costs.
- Government-wide revenue reached \$132,508,197, without regard to food service operations, a 3.50% increase over prior year primarily the result of a significant increases in tax collection as previously noted. Intergovernmental grants and entitlements increased by 1.42%. Contributing to that increase as noted above were additional grants as a result of COVID-19 and ARPA financial assistance. Real estate tax collections increased significantly. Operating expenses within the governmental activities (within the government-wide statements) increased by \$7,514,384 (not including allocated and non-allocated depreciation and amortization of \$5,310,151). Regular education program costs increased by \$2,938,203 or 5%. Special education programs increased approximately 11%. However, while many functions remained relatively stable, there were notable

increases in instructional programs primarily due to the partnership with River Rock.

- Investment earnings, reflecting the overall economic conditions, increased this period by \$243,569 inclusive of Food Service operations.
- At the close of this fiscal year, the total fund balance for the General Fund was \$4,207,430. Of that total fund balance \$384,187 is a non-spendable resource representing prepaid expenses. Fund balance has increased as a result of revenues exceeding expenditure this period by \$6,485,524, primarily due to an operating transfer in from the Capital Project Funds of \$13,400,000.
- The General Fund activities resulted in a profit this period in the amount of \$6,485,524, as noted above, primarily the result of an operating transfer in from capital projects fund of \$13,400,000. Capital projects funds this period increased significantly as a result of the net effect of the bond proceeds received by the blended component unit and capital outlay in the 2023-2024 school year. Operating revenues within the General Fund were higher than anticipated revenues by \$ 2,196,007 primarily the result of increased state funding. Compared to the prior year, state revenues increased by \$2,416,327 (about 7%). Federal revenues decreased significantly primarily due to funding of COVID and ARPA related grants coming to an end in the amount \$1,806,340. Expenditures in the General Fund increased approximately 16.6%. The changes in the original to final budget reflect expenditure trends within budgetary categories.
- The District this period received bond proceeds from the Ridley District Authority (the blended component unit) in the amount of \$61,290,000 with fixed interest rates 5.00%, maturing in 2051.
- The School District's business-type activity (its food service proprietary fund) increased its net position during this period by \$1,151,778. Food Service operating revenue increased this period by \$223,655. There was a significant increase in food service revenue inclusive of daily sales as processes normalized subsequent to the COVID-19 limitations while federal sourced revenue increased as well. Expenditures increased approximately 2.4%, primarily reflected in food purchase costs, salaries and benefits, again significantly impacted by the normalization of activity during the school year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves. This MD&A represents management's analysis of the School District's financial condition and performance. Summary financial statement data and other management tools were utilized for analysis.

Government-wide financial statements

The School District's report includes two government-wide financial statements. These statements provide both long-term and short-term information about the School District's overall status. These statements are intended to provide the reader with a broad overview of the School District's finances, similar to the perspective found in the private sector with its basis in full accrual accounting and elimination or reclassification of interfund activities.

The *Statement of Net Position* includes all of the School District's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District as a whole is improving or deteriorating.

The second statement, the *Statement of Activities* presents information on how the School District's net position has changed during the most recent fiscal year. All of the current year revenue and expenses are included regardless of when cash is received or paid. Revenues and expenses are reported in this statement for some items that will result in cash flows in subsequent fiscal periods, such as uncollected taxes. An important purpose of this statement is to show the financial reliance of the School District's distinct functions on revenues provided by various sources.

Both government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenue (governmental activities), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities reflect the District's basic service, including instruction, instructional support, administration and transportation. Property taxes, other local taxes and state subsidies finance the majority of these services. The business-type activity of the Ridley School District consists primarily of a food service operation.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's most significant *funds*—not the School District as a whole. The funds are an accountability unit used to maintain control over resources segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations.

The School District has three types of funds - governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Almost all of the School District's basic services are included in the governmental funds, which are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, the governmental fund statements focus on a detailed short-term view that helps determine whether there are sufficient financial resources that are available at the end of the fiscal year or that can be spent in the near future to finance the programs and commitments of the School District.

Proprietary Fund

The Ridley School District maintains one proprietary fund. This fund reports the same functions presented as business-type activities in the government-wide statements, the food service operation of the School District.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the School District as custodial in nature including such things as student activities and private purpose trusts that are not included in the government-wide statements since these assets are not available to fund the School District's programs.

Because this information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Additional information is provided subsequent to the governmental funds statement to reconcile the differences between the two statements.

The School District maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, and the capital projects fund, considered to be major funds.

Notes to Financial Statements - The notes to the financial statements provide required disclosures and other information essential to a full understanding of the material data provided in the government wide and fund financial statements. The notes present information about the School District's accounting policies, significant accounts and activities, obligations, commitments and subsequent events, if any.

Budgetary Highlights

The School District adopted an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for those funds with legally adopted budgets to demonstrate budgetary compliance.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT

The following comparative condensed financial data serve as indicators of the School District's financial health or financial position. Table 1 below shows a condensed version of the School District's Statements of Net Position on the government-wide basis. The component change in net position is shown below in Table 2 as a condensed *Summary of Changes in Net Position*, also on the government-wide basis. Table 3 provides a comparative of the components of the capital assets from June 30, 2023 to June 30, 2024. Table 4 shows changes in outstanding debt from the 2023 fiscal year through the 2024 fiscal year.

TABLE 1
STATEMENT OF NET POSITION
JUNE 30,

	<u>2024</u>	<u>2023</u>
Current assets	\$ 80,850,259	\$ 55,367,784
Capital assets, net	126,689,265	94,221,680
	<u>207,539,524</u>	<u>149,589,464</u>
Deferred outflows of resources	32,933,634	30,954,831
Total assets and deferred outflows of resources	<u>240,473,158</u>	<u>180,544,295</u>
Current liabilities	16,546,948	20,014,191
Noncurrent liabilities	365,883,438	305,838,714
Total liabilities	<u>382,430,386</u>	<u>325,852,905</u>
Deferred inflow of resources	18,572,153	18,600,324
Total liabilities and deferred inflows of resources	<u>401,002,539</u>	<u>344,453,229</u>
Net position invested in capital assets	13,316,011	21,074,280
Unrestricted net position	<u>(173,845,392)</u>	<u>(184,983,214)</u>
Total net position	<u>\$ (160,529,381)</u>	<u>\$ (163,908,934)</u>

TABLE 2
SUMMARY OF CHANGES IN NET POSITION
For the years ended June 30,

	2024	2023
Revenues		
Property taxes	\$ 83,887,227	\$ 75,198,895
Specific purpose taxes	1,090,970	2,535,398
Operating grants	47,330,086	46,666,812
Investment income	2,177,677	1,934,108
Charges for services	1,455,055	1,020,204
Miscellaneous	387,946	560,954
Total revenues	<u>136,328,961</u>	<u>127,916,371</u>
Operating expenses		
Instruction	89,304,734	82,887,144
Community College payment	723,878	716,710
Support services	33,562,641	33,498,167
Operation of noninstructional activities	1,325,931	913,558
Interest and fees on long-term debt and issuance cost	3,878,720	3,265,941
Amortization premiums/discounts and pension	334,179	141,715
Unallocated depreciation	5,270,915	4,807,355
Food service	2,668,986	2,606,317
Total operating expenses	<u>137,069,984</u>	<u>128,836,907</u>
Excess of total expenses over revenues	<u>(741,023)</u>	<u>(920,536)</u>
Change in net position	<u>\$ (741,023)</u>	<u>\$ (920,536)</u>

TABLE 3

CHANGES IN CAPITAL ASSETS INCLUDING CONSTRUCTION IN PROGRESS
YEAR-TO-YEAR COMPARISON
June 30,

<u>CAPITAL INVESTMENT</u>	<u>2024</u>	<u>2023</u>	<u>% Inc/Decr</u>
Land	\$ 2,219,570	\$ 2,219,570	0.00%
Buildings and building improvements	129,989,480	129,645,292	0.27%
Food service equipment	1,810,945	1,783,489	1.54%
Furniture, books, equipment and vehicles	10,013,700	9,853,845	1.62%
Site improvements	8,282,355	8,264,355	0.22%
Capital leases	15,038,123	13,289,568	13.16%
Construction in progress	42,941,934	7,376,840	482.12%
TOTALS	<u>\$210,296,107</u>	<u>\$172,432,959</u>	

TABLE 4

CHANGES IN OUTSTANDING DEBT
June 30,

<u>DEBT</u>	<u>2024</u>	<u>2023</u>	<u>INC/DEC</u>
Bonds payable	\$ 139,390,000	\$ 78,535,000	\$ 60,855,000
Notes payable	23,481,000	27,189,000	(3,708,000)
Capital lease obligation	3,039,222	2,630,208	409,014
Total debt	<u>\$ 165,910,222</u>	<u>\$108,354,208</u>	<u>\$ 57,556,014</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the current fiscal year, the School District ended the year with a fund balance within the General Fund of \$4,207,430. Members of the Board of School Directors are being educated on the traditionally fiscal conservative approach to our financial operations for budget management and budget development operations of the Ridley School District. The training is being provided to create a better understanding of developing a long-range vision for desired projects and available funding.

The district had a feasibility study updated. The completion of the elementary projects and improvements at the middle and high school is now reflected in the updated feasibility study. Future potential projects are being tracked for long range planning tied to funding sources.

Future budgets are impacted by Act 1 Index rules, insufficient federal funding for required special education expenses, the state formula for charter school financing, and continued increases in the employer contribution rate for Public School Employees Retirement System (PSERS). Management continues to review and develop a prioritized list of potential cost and staffing reductions and programmatic changes to reduce special education identification. Additional revenue streams are also being pursued including, new grant sources and taxable entities, such as new business developments. These options can then be considered by the Ridley Board of School Directors in conjunction with the Finance Committee. These actions will be intended to reduce expenses and will allow the budget to be balanced within the legal Act 1 limits, since it is our belief that opting for a public budget referendum to increase the tax rate beyond the Act 1 limit would be futile given the economic climate.

TO CONTACT SCHOOL DISTRICT MANAGEMENT AND REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for its funds. If you have questions regarding this report or would like additional information, contact the Ridley School District, Business Office, 901 Morton Avenue, Suite 100, Folsom, PA 19033.

RIDLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION

JUNE 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 60,107,218	\$ 4,347,631	\$ 64,454,849
Taxes receivable, net	5,339,533	-	5,339,533
Due from other governments	5,864,752	59,631	5,924,383
Other receivables	4,256,205	236,457	4,492,662
Inventories	76,293	136,744	213,037
Prepaid expenses	384,187	-	384,187
Right to use leased assets, net of amortization	41,608	-	41,608
Nondepreciable capital assets	45,161,504	-	45,161,504
Depreciable capital assets, net	81,291,868	235,893	81,527,761
Total assets	<u>202,523,168</u>	<u>5,016,356</u>	<u>207,539,524</u>
DEFERRED OUTFLOWS OF RESOURCES			
Public School Employees' Retirement System	29,630,758	404,272	30,035,030
Other Post Employment Benefits	2,859,288	39,011	2,898,299
Discount on general obligation bonds	305	-	305
	<u>32,490,351</u>	<u>443,283</u>	<u>32,933,634</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>235,013,519</u>	<u>5,459,639</u>	<u>240,473,158</u>
LIABILITIES			
Accounts payable	8,099,791	181,075	8,280,866
Accrued interest	422,032	-	422,032
Accrued salaries and benefits	7,198,187	6,066	7,204,253
Accrued vacation payable	281,756	-	281,756
Unearned revenue	220,515	137,526	358,041
Long-term liabilities:			
Operating lease liability	41,608	-	41,608
Public School Employees Retirement System	175,813,699	2,398,739	178,212,438
Portion due or payable within one year			
Bonds payable	4,093,350	-	4,093,350
Notes payable	3,747,000	-	3,747,000
Capital leases payable	1,346,139	-	1,346,139
Portion due or payable after one year			
Bonds payable	135,296,650	-	135,296,650
Notes payable	19,734,000	-	19,734,000
Capital leases payable	1,693,083	-	1,693,083
Compensated absences and other post employment benefits	21,451,398	267,772	21,719,170
Total liabilities	<u>379,439,208</u>	<u>2,991,178</u>	<u>382,430,386</u>
DEFERRED INFLOWS OF RESOURCES			
Public School Employees' Retirement System	2,839,262	38,738	2,878,000
Other Post Employment Benefits	5,818,413	79,384	5,897,797
Bond premium	9,796,356	-	9,796,356
	<u>18,454,031</u>	<u>118,122</u>	<u>18,572,153</u>
Total liabilities and deferred inflows of resources	<u>397,893,239</u>	<u>3,109,300</u>	<u>401,002,539</u>
NET POSITION			
Invested in capital assets, net of related debt	13,068,338	247,673	13,316,011
Restricted	-	-	-
Unrestricted	(175,948,058)	2,102,666	(173,845,392)
Total net position	<u>\$ (162,879,720)</u>	<u>\$ 2,350,339</u>	<u>\$ (160,529,381)</u>

The accompanying notes to the basic financial statements are an integral part of this financial statement.

RIDLEY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT							
Governmental Activities							
Instruction							
Regular programs	\$ 59,103,799	\$ 458,227	\$ 1,315,275	\$ -	\$ (57,330,297)	\$ -	\$ (57,330,297)
Special programs	26,131,545	-	6,599,307	-	(19,532,238)	-	(19,532,238)
Vocational education programs	1,329,117	-	-	-	(1,329,117)	-	(1,329,117)
Other instructional programs	2,740,274	-	15,638,523	-	12,898,249	-	12,898,249
Community/junior college programs	723,878	-	-	-	(723,878)	-	(723,878)
Support services							
Pupil personnel services	5,192,119	-	-	-	(5,192,119)	-	(5,192,119)
Instructional staff services	3,162,720	-	-	-	(3,162,720)	-	(3,162,720)
Administration services	7,038,230	-	-	-	(7,038,230)	-	(7,038,230)
Pupil health	2,127,062	-	-	-	(2,127,062)	-	(2,127,062)
Business services	1,101,776	-	-	-	(1,101,776)	-	(1,101,776)
Operation and maintenance of plant services	7,905,031	-	-	-	(7,905,031)	-	(7,905,031)
Student transportation services	3,908,520	-	865,224	-	(3,043,296)	-	(3,043,296)
Central services and other support services	3,127,183	-	-	-	(3,127,183)	-	(3,127,183)
Operation of noninstructional services							
Student activities	1,129,930	-	-	-	(1,129,930)	-	(1,129,930)
Community services	196,001	-	-	-	(196,001)	-	(196,001)
Interest and fees on long-term debt	3,396,945	-	-	-	(3,396,945)	-	(3,396,945)
Issuance costs	481,775	-	-	-	(481,775)	-	(481,775)
Amortization premiums/discounts and deferrals	334,179	-	-	-	(334,179)	-	(334,179)
Depreciation unallocated	5,270,915	-	-	-	(5,270,915)	-	(5,270,915)
Total governmental activities	134,400,998	458,227	24,418,329	-	(109,524,442)	-	(109,524,442)
Business Type Activities							
Food service	2,668,986	996,828	2,646,270	-	-	974,112	974,112
Total primary government	\$ 137,069,984	\$ 1,455,055	\$ 27,064,599	\$ -	(109,524,442)	974,112	(108,550,330)
GENERAL REVENUES							
Property taxes levied for general purposes, net					83,887,227	-	83,887,227
Taxes levied for specific purposes					1,090,970	-	1,090,970
Grants/entitlements not limited to specific programs					20,265,487	-	20,265,487
Investment earnings					2,000,011	177,666	2,177,677
Miscellaneous					387,946	-	387,946
Total general revenues					107,631,641	177,666	107,809,307
Changes in net position					(1,892,801)	1,151,778	(741,023)
Net position - beginning of year (restated)					(160,986,919)	1,198,561	(159,788,358)
Net position - end of year					\$ (162,879,720)	\$ 2,350,339	\$ (160,529,381)

The accompanying notes to the basic financial statements are an integral part of this financial statement

RIDLEY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2024

	General Fund	Capital Project Funds	Totals
ASSETS			
Cash and cash equivalents	\$ 10,621,252	\$ 49,485,966	\$ 60,107,218
Due from other governments	5,864,752	-	5,864,752
Due from other funds	-	1,000,000	1,000,000
Taxes receivable, net	5,339,533	-	5,339,533
Other receivables	4,256,205	-	4,256,205
Prepaid expenses	384,187	-	384,187
Total assets	26,465,929	50,485,966	76,951,895
DEFERRED OUTFLOWS OF RESOURCES			
Total assets and deferred outflows of resources	\$ 26,465,929	\$ 50,485,966	\$ 76,951,895
LIABILITIES			
Accounts payable	\$ 7,796,476	\$ 303,315	\$ 8,099,791
Accrued wages payable	7,198,187	-	7,198,187
Due to other funds	1,000,000	-	1,000,000
Accrued interest payable	422,032	-	422,032
Accrued vacation and sick pay payable	281,756	-	281,756
Unearned revenue	220,515	-	220,515
Total liabilities	16,918,966	303,315	17,222,281
DEFERRED INFLOWS OF RESOURCES			
Unavailable taxes	5,339,533	-	5,339,533
Total liabilities and deferred inflows of resources	22,258,499	303,315	22,561,814
FUND BALANCES			
Nonspendable	384,187	-	384,187
Restricted	-	-	-
Committed	-	50,182,651	50,182,651
Assigned to:			
Other purposes	-	-	-
Unassigned	3,823,243	-	3,823,243
Total fund balances	4,207,430	50,182,651	54,390,081
Total liabilities, deferred inflows of resources and fund balances	\$ 26,465,929	\$ 50,485,966	\$ 76,951,895

The accompanying notes to the basic financial statements are an integral part of this financial statement.

**RIDLEY SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

JUNE 30, 2024

TOTAL GOVERNMENT FUND BALANCES	\$ 54,390,081
Amounts reported for governmental activities on the statement of net assets are different because of the following:	
Inventories	76,293
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	126,453,372
Some of the school district's revenues will be collected after the year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds:	
Deferred inflow adjustment	5,339,533
Changes in other deferred outflows/inflows only reflected on government wide statements	32,490,046
Certain bond issue discounts and premiums are expensed in governmental funds but amortized over a period in the government wide financial statements (as shown as net)	
	(9,796,051)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Net pension liability	(175,813,699)
Pension plan deferred inflow	(2,839,262)
OPEB plan deferred inflow	(5,818,413)
Bonds payable	(139,390,000)
Notes payable	(23,481,000)
Capital leases payable	(3,039,222)
Post employment benefits and compensated absences	(21,451,398)
Net position of governmental activities	<u>\$ (162,879,720)</u>

The accompanying notes to the basic financial statements are an integral part of this financial statement.

**RIDLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES**

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Capital Projects Fund	Totals
Revenues			
Local sources	\$ 83,816,437	\$ 1,029,970	\$ 84,846,407
State sources	40,267,408	-	40,267,408
Federal sources	4,377,181	-	4,377,181
Total revenues	<u>128,461,026</u>	<u>1,029,970</u>	<u>129,490,996</u>
Expenditures			
Instruction	92,447,958	-	92,447,958
Support services	34,056,553	87,062	34,143,615
Noninstructional services	1,167,855	40,911	1,208,766
Debt service:			
Principal	13,143,000	-	13,143,000
Interest	3,396,945	-	3,396,945
Issuance costs	22,100	-	22,100
Capital outlay:			
Building and site improvements	141,091	35,946,046	36,087,137
Total expenditures	<u>144,375,502</u>	<u>36,074,019</u>	<u>180,449,521</u>
Excess (deficiency) of revenues under expenditures	<u>(15,914,476)</u>	<u>(35,044,049)</u>	<u>(50,958,525)</u>
Other financing sources (uses)			
Proceeds of debt	9,000,000	61,290,000	70,290,000
Issuance costs, net of premium	-	2,978,696	2,978,696
Operating transfers in/(out)	13,400,000	(13,400,000)	-
Total other financing sources	<u>22,400,000</u>	<u>50,868,696</u>	<u>73,268,696</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	6,485,524	15,824,647	22,310,171
Fund balances - beginning of year	(2,278,094)	30,237,428	27,959,334
Prior year adjustment - due to reclass accounts payable	-	4,120,576	4,120,576
Restated fund balance - beginning of year	<u>(2,278,094)</u>	<u>34,358,004</u>	<u>32,079,910</u>
Fund balances - end of year	<u>\$ 4,207,430</u>	<u>\$ 50,182,651</u>	<u>\$ 54,390,081</u>

The accompanying notes to the basic financial statements are an integral part of this financial statement.

**RIDLEY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2024

Net changes in fund balances - total governmental funds	\$ 22,310,171
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds	3,017,201
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation	
Depreciation	(5,270,915)
Capital outlay	36,087,137
Lease payments	1,339,542
	32,155,764
Pension plan contributions are not expenses on the government wide financial statements but are either a reduction of net pension liability or a deferred outflow if made subsequent to the Plan measurement date	21,237,720
School District incurs a proportionate share of pension plan expenses for the period as reported by the Public School Employees Retirement System	(20,008,047)
Proceeds of debt	(70,290,000)
Principal on bonds and notes	13,143,000
Premium on bonds for new issuance that has not yet been amortized	(3,438,371)
Bond discounts and premiums are amortized over the lives of the bonds in the government wide financial statements, but had previously been recorded as expenditures or revenue in the governmental funds	(334,179)
Compensated absence, early retirement incentive payments as well as accruals of post employment benefits do not require the use of current financial resources and consequently are not reported as expenditures in governmental funds	313,941
Change in net position of governmental activities	\$ (1,892,801)

The accompanying notes to the basic financial statements are an integral part of this financial statement.

**RIDLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION**

**PROPRIETARY FUND
(FOOD SERVICE)**

JUNE 30, 2024

Assets

Current assets	
Cash and cash equivalents	\$ 4,347,631
Accounts receivable	236,457
Subsidy receivable	59,631
Inventories	136,744
Total current assets	4,780,463
Property and equipment	
Depreciable capital assets	1,810,947
Accumulated depreciation	(1,575,054)
Total property and equipment, net	235,893

Deferred Outflows of Resources

Public School Employees' Retirement System and Other Post Employment Benefits	443,283
Total deferred outflows of resources	443,283
Total assets and deferred outflows of resources	\$ 5,459,639

Liabilities

Current liabilities	
Accounts payable	\$ 181,075
Payroll payable	6,066
Unearned revenue	137,526
Total current liabilities	324,667
Non-current liabilities	
Pension plan payable	2,398,739
Accrued compensated absences and other post employment benefits	267,772
Total non-current liabilities	2,666,511
Total liabilities	2,991,178

Deferred Inflows of Resources

Public School Employees' Retirement System and other post employment benefits	118,122
Total liabilities and deferred inflows of resources	3,109,300

Net position

Invested in capital assets, net of related debt	235,893
Unrestricted	2,114,446
Total net position	2,350,339
Total liabilities, deferred inflows of resources and net position	\$ 5,459,639

The accompanying notes to the basic financial statements are an integral part of this financial statement.

**RIDLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**PROPRIETARY FUND
(FOOD SERVICE)**

FOR THE YEAR ENDED JUNE 30, 2024

Operating revenue	
Food service revenue	\$ 996,828
State sources	218,212
Federal sources	2,428,058
Total operating revenue	<u>3,643,098</u>
 Operating expenses	
Salaries and wages	842,653
Employee benefits	289,078
Food purchases	1,023,564
Donated commodities	311,452
Professional services	5,840
Depreciation	39,236
Travel	3,063
Repairs and maintenance	37,998
General supplies	87,156
Administrative and small equipment purchases	28,946
Total operating expenses	<u>2,668,986</u>
Operating income	<u>974,112</u>
 Nonoperating revenues	
Transfer from General Fund	-
Interest earnings	177,666
Total nonoperating revenues	<u>177,666</u>
 Change in net assets	 1,151,778
Net position - beginning of year	<u>1,198,561</u>
Net position - end of year	<u><u>\$ 2,350,339</u></u>

The accompanying notes to the basic financial statements are an integral part of this financial statement.

**RIDLEY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS**

**PROPRIETARY FUND
(FOOD SERVICE)**

FOR THE YEAR ENDED JUNE 30, 2024

Cash flows from operating activities	
Cash received from customers	\$ 3,852,752
Payments to suppliers	(1,517,652)
Payments to and on behalf of employees	(1,132,332)
Net cash flows provided by operating activities	<u>1,202,768</u>
Cash flows from capital financing activities	
Purchase of capital assets	<u>(27,456)</u>
Net cash flows used by noncapital financing activities	<u>(27,456)</u>
Cash flows from noncapital financing activities	
Reimbursements to general fund	<u>(13,906)</u>
Cash flows from investing activities	
Interest earnings	<u>177,666</u>
Net cash flows provided by investing activities	<u>177,666</u>
Net increase in cash and cash equivalents	1,339,072
Cash and cash equivalents - beginning of year	<u>3,008,559</u>
Cash and cash equivalents - end of year	<u><u>\$ 4,347,631</u></u>
Reconciliation of operating income to net cash flows from operating activities	
Operating income	\$ 974,112
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	39,236
Donated commodities	
(Increase) decrease in assets:	
Subsidy receivable	260,119
Other receivables	(61,289)
Inventories	(4,347)
Increase (decrease) in liabilities:	
Unearned revenue	10,824
Accounts payable and accrued expenses	(15,887)
Differentials in pension and OPEB liabilities and deferrals	-
Net cash flows provided by operating activities	<u><u>\$ 1,202,768</u></u>
Noncash transactions	
Donated commodities	<u><u>\$ 311,452</u></u>

The accompanying notes to the basic financial statements are an integral part of this financial statement.

**RIDLEY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND**

JUNE 30, 2024

	<u>Student Activity Fund</u>	<u>Scholarship Fund</u>	<u>Total Fiduciary Funds</u>
Assets			
Cash and cash equivalents	\$ 812,404	\$ 168,283	\$ 980,687
Total assets	<u>\$ 812,404</u>	<u>\$ 168,283</u>	<u>\$ 980,687</u>
Liabilities			
Student activities	\$ 812,404	\$ -	\$ 812,404
Escrow liability	-	168,283	168,283
Total liabilities	<u>812,404</u>	<u>168,283</u>	<u>980,687</u>
Net position			
Net position	-	-	-
Total liabilities and net position	<u>\$ 812,404</u>	<u>\$ 168,283</u>	<u>\$ 980,687</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ridley School District (the "School District") operates seven elementary schools, one middle school, and one high school in Ridley Township and the Boroughs of Ridley Park and Eddystone, Pennsylvania. The School District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania. The School District operates under a locally elected nine-member Board form of government.

The Board has the power and responsibility to establish, equip, furnish and maintain the schools necessary to educate eligible students. In order to establish, equip, furnish, operate and maintain any schools, or to pay any school indebtedness that the district is required to pay, the Board is vested with all necessary authority and power annually to levy and collect the taxes required and granted by the Pennsylvania legislature, in addition to the annual state appropriation, and is vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949, as amended.

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

Other of the more significant of the School District's accounting policies are as follows:

Reporting Entity – In evaluating the School District as a reporting entity, management has addressed all potential component units for which the District may or may not be financially accountable, and, as such, be includable within the District's financial statements. In accordance with the Statements of the Governmental Accounting Standards Board (GASB) No. 14 and No. 39, the District is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization, or (2) there is a potential for the organization to provide specific financial benefits or to impose specific financial burden on the District. Additionally, the primary government (The School District) is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The following authority and joint venture/tax collectors are component units of the School District and are included in the School District's reporting entity.

Blended Component Unit

Ridley School District Authority (the "Authority") – is a municipal authority affiliated with the School District. The Authority was created pursuant to the resolution of the Board of School Directors of Ridley School District adopted on August 26, 2002 and incorporated under the Pennsylvania Municipal Authority Act on September 13, 2002. Although it is legally separate from the School District, the Authority, is reported as if it were part of the primary government because its sole purpose is to finance and construct the School District's buildings. The School District is involved in the purchase of its buildings and related improvements, by lease contract, from the Authority. The Authority operations consist of the issuance and repayment of debt and the improvements of buildings. The financial statements of the Authority are consolidated with the financial statements of the School District as follows:

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- The assets of the Authority held for payment of outstanding bond issues are reported in the capital fund.
- Fixed assets (construction in progress) and remaining amounts due on bonds issued by the Authority are reported in the governmental activities statement of net position.

Delaware County Vocational-Technical School Authority ("DCVTSA") – is a separate legal entity. The School District is also a member of DCVTSA. On April 1, 1967, DCVTSA entered into a lease agreement with the member school districts and the DCVTSA Board to provide for the acquisition, holding, constructing, improving, maintaining, operating and leasing public area vocational-technical school buildings and other school projects acquired, constructed or improved for public school purposes, and for such other purposes, as may be authorized by law.

Tax Collectors – are elected officers who collect taxes on behalf of the municipalities in the School District and for the School District in the county. The School District regards the tax collectors' offices as separate legal entities.

Fund Accounting – The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

Government-wide and Fund Financial Statements

Government-Wide Financial Statements – The statement of net position and statement of activities report information on all of the nonfiduciary activities of the School District. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the Proprietary Fund and the Fiduciary Fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net positions (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased the net assets. Depreciation is charged as an expense against current operations and accumulated depreciation is reported on the statement of net position.

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or activity. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Governmental Funds' financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers tax revenue 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 School District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as deferred revenues until earned. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

The emphasis is placed on major funds within the governmental categories. A fund for the purposes of these financial statements is considered major if it is the primary operating fund (General Fund) or it meets the following criteria:

1. Total assets, liabilities, revenues or expenditures of the fund are at least ten percent of the total for all funds of that category or type; and
2. Total assets, liabilities, revenues or expenditures of the fund are at least five percent of the total for all funds combined.
3. Other funds not necessarily meeting the above criteria are shown in these financial statements as major per the District's discretion.

The District reports the following major governmental funds:

Governmental Funds – include the following:

General Fund – The principal operating fund of the School District used to account for all financial resources except those required to be in another fund.

Capital Projects Fund – To account for the financial resources to be used for the acquisition and construction of capital equipment and improvements in accordance with the applicable general obligation bond and note agreements.

The School District does not have any non-major governmental funds.

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Fund – This is the fund that accounts for the operations of the School District that is financed and operated in a manner similar to those often found in the private sector. The fund included in this category is:

Food Service – Used to account for the operation of the cafeterias. This fund distinguishes 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 Fund's principal ongoing operations. The principal operating revenue of the School District's Proprietary Fund is food service charges and federal and state subsidy revenue. Operating expenses for the School District's Proprietary Fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds – These are the funds that account for the assets held by the School District as a trustee or agent for individuals, private organizations and/or governmental units and are, therefore, not available to support the School District's own programs. The funds included in this category include the Student Activity Fund and the Scholarship Fund. These funds are held by the School District as custodial in nature and do not present results of operations or have a measurement focus.

Budgets and Budgetary Accounting – An operating budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

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

The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.

The School District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within fifteen days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the School District.

Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when the Board takes final action on adoption.

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

Included in the General Fund budget are program budgets as prescribed by the federal and state agencies funding the programs. These budgets are approved on a program-by-program basis by the federal and state funding agencies.

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following presents those areas which incurred an excess of expenditures over appropriations for the year ended June 30, 2024 as follows:

General Fund	Excess Expenditure over Legally Adopted Budget
Regular Programs	\$ 4,691,770
Special Programs	\$ 5,970,498
Vocational Programs	\$ 135
Student Transportation Services	\$ 79,543
Student Activities	\$ 2,481
Community Services	\$ 22,275

The General Fund had sufficient revenue and/or fund balance to allow these additional expenditures. The significant overages in regular programs and special education programs and the related instructional staff services were the result of increases in enrollment, charter school and private school tuition and special education services.

Fund Balance –In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable - resources which cannot be spent because they are either a) not in spendable form) or; b) legally or contractually required to be maintained intact.

Restricted - resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; b) imposed by law through constitutional provisions or enabling legislation.

Committed - resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned - resources neither restricted nor committed for which a government has a stated intended use as established by the Board or an official to which the Board has delegated the authority to assign amounts for specific purposes.

Unassigned - resources which cannot be properly classified in one of the other four categories. The General fund and Capital Project Funds are the only funds that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

**RIDLEY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The General Fund had no assigned fund balance this period.

Net Position – Net position represents the difference between assets and the deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, construction or improvements of those assets. Outstanding debt which has not been expended is included in the same net position component as the unexpended proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. Unrestricted net position is the portion of net position which is not restricted as to use.

Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from/to other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Inventories – In the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used.

A physical inventory of the Food Service Fund’s food and supplies was taken as of June 30, 2024. The inventory consisted of both supplies purchased and government-donated commodities that were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method.

Prepaid Expenses – In both the government-wide and fund financial statements, prepaid expenses are reported as assets in the specific Funds in which future benefits will be derived.

Capital Assets – Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and building improvements	30-40
Site improvements	15-30
Furniture, equipment and books	5-20
Vehicles	5

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents – For purposes of the statement of cash flows for the Proprietary Fund, the School District considers all cash on hand and deposits with maturities of three months or less to be cash equivalents.

Deferred Inflows and Outflows of Resources

Deferred outflows of resources include such items as:

- Grants paid in advance to a grantee
- Deferred amounts from refunding of debt
- Decrease in value of derivative instruments
- Payments made to a pension fund after the actuarial year but before the end of the fiscal year

Deferred inflows of resources include such items as:

- Grants received in advance when time requirements are the only eligibility requirement that has not been met
- Resources received in advance that are related to an imposed nonexchange transaction such as prepaid taxes
- Assets recorded in governmental fund financial statements for which revenue is not available such as taxes receivable, previously reported as “deferred” revenue in the fund financial statements
- Current and advance refunding related items
- Increase in fair value of derivative instruments
- Service concession arrangements for up-front payments.

Long-Term Obligations – In the government-wide financial statements, and Proprietary Fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or Proprietary Fund type statement of net position. Bond premiums and discounts are deferred and amortized on a straight-line basis 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 and bond premiums are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Investments – Investments, if any, would be valued at fair value. Fair value is the amount reasonably expected to be received for an investment in a current sale between a willing seller and a willing buyer.

The deposit and investment policy of the School District adheres to state statutes and prudent business practices.

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Under Section 440.1 of the Public School Code of 1949, as amended, the School District is permitted to invest its monies as follows:

Obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less.

Cash and cash equivalents and investments consist of demand and time deposits at various financial institutions, money market mutual fund investments in Pennsylvania Local Government Investment Trust ("PLGIT"), the Pennsylvania School District Liquid Asset Fund ("PSDLAF") and cash on hand of \$4,867. The market value of deposits is equal to the cost of the deposits. Investments are stated at cost, including accrued interest, which approximates market value.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a. Uncollateralized
- b. Collateralized with securities held by the pledging financial institution
- c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

Checking, savings and money market accounts are covered by federal depository insurance or on a pooled basis under the provisions of Act 72 of 1971.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either:

- a. The counterparty, or
- b. The counterparty's trust department or agent but not in the government's name.

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Depository accounts, money market accounts and external investment pool accounts of all funds in the District, including Governmental, Proprietary and Fiduciary funds are as follows:

	Carrying Amount		Fair Value	
	Primary			
	Government	Fiduciary	Total	
Demand deposits	\$ 52,148,743	\$ 660,394	\$ 52,809,137	
PLGIT	11,861,474	163,907	12,025,381	
PSDLAF	439,765	156,386	596,151	
Petty cash	4,867	-	4,867	
	\$ 64,454,849	\$ 980,687	\$ 65,435,536	

Custodial risk is the risk that in the event of a failure, the government's deposits may not be returned to it. However, as noted above, deposits that are not FDIC insured are collateralized pursuant to Act 72.

The School District invests in the PLGIT and the PSDLAF, as authorized by the Board. PLGIT ensures that it will not place deposits with any single issuing institution if the largest participant's pro rata share of such deposits exceeds \$100,000, unless such deposits are collateralized as prescribed by Act 72 of the Commonwealth of Pennsylvania. PSDLAF was established to enable school districts to pool funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. These funds have the characteristics of open-end mutual funds and are not subject to credit risk classification.

NOTE 3. REAL ESTATE TAXES

The School District has three independently elected tax collectors who bill and collect the School District's property taxes based upon assessments provided by the County of Delaware. The School District's tax rate for the year ended June 30, 2024 was 26.110 mills (\$26.11 per \$1,000 of assessed valuation) as levied by the Board of School Directors. The schedule for real estate and per capita taxes levied for each fiscal year is as follows:

July 1	-Levy date
July 1 - August 31	-2% discount period
September 1 - October 31	-Face payment period
November 1 - December 30	-10% penalty period
December 31	-Lien date

All taxes, net of uncollectible amounts (as determined by the administration) are recognized in the period for which levied in the government-wide financial statements, regardless of when collected. In the governmental fund financial statements, a portion of the net amount estimated to be collectible which was measurable and available within 60 days was recognized as revenue and the balance deferred. Current tax collections for the District were approximately 94.29% of the total tax levy.

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3. REAL ESTATE TAXES (continued)

The balances as of June 30, 2024, are as follows:

Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible
\$5,448,503	\$108,970	\$5,339,533

NOTE 4. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the School District. As of June 30, 2024, the following amounts are due from other governmental units:

	General Fund	Food Service Fund	Totals
Federal	\$ 922,591	\$ 53,997	\$ 976,588
State	3,986,771	5,634	3,992,405
Local	955,390	-	955,390
	\$5,864,752	\$ 59,631	\$ 5,924,383

NOTE 5. DUE FROM/TO OTHER FUNDS AND TRANSFERS

Interfund receivables and payables arise from interfund transactions. Principally, these amounts result from operating subsidies or loans. Interfund receivables and payables are eliminated within the government-wide financial statements but are shown on the governmental fund statements. These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and payments between the funds are made.

At year end, there remained an interfund receivable and payable between General Fund and Capital in the amount of \$1,000,000.

	Due From other funds	Due to other funds
General Fund	\$ -	\$ 1,000,000
Capital project funds	1,000,000	-
	\$ 1,000,000	\$ 1,000,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts as debt service from the funds collecting the receipts as debt service payments become due, and (3) use unrestricted revenues collected to finance various programs accounted for in other funds pursuant to authorizations.

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5. DUE FROM/TO OTHER FUNDS AND TRANSFERS (continued)

Interfund transfers

	<u>Transfers to other funds</u>	<u>Transfers from other funds</u>
General Fund	\$ -	\$ 13,400,000
Capital Projects Fund	13,400,000	-
	<u>\$ 13,400,000</u>	<u>\$ 13,400,000</u>

NOTE 6. OTHER RECEIVABLES

Other governmental receivables include the following:

<i>Governmental Activities</i>	
Bus and caravan buy back	\$3,645,763
Health care benefits reimbursement and reconciliation	146,275
CVS rebate	279,736
Tuition	57,780
E-Rate committed funds	122,779
Other reimbursements and fees	3,872
	<u>\$4,256,205</u>

NOTE 7. CHANGES IN CAPITAL ASSETS

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

	<u>Balance 07/01/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/24</u>
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 2,219,570	\$ -	\$ -	\$ 2,219,570
Construction in progress	7,376,840	35,565,094	-	42,941,934
Total capital assets not being depreciated	<u>9,596,410</u>	<u>35,565,094</u>	<u>-</u>	<u>45,161,504</u>
Capital assets being depreciated				
Site improvements	8,264,355	18,000	-	8,282,355
Building and building improvements	129,645,292	344,188	-	129,989,480
Furniture, equipment and books	9,665,786	71,855	-	9,737,641
Vehicles	188,059	88,000	-	276,059
Capital leases	13,289,568	1,748,555	-	15,038,123
Total capital assets being depreciated	<u>161,053,060</u>	<u>2,270,598</u>	<u>-</u>	<u>163,323,658</u>
Total capital assets	170,649,470	37,835,692	-	208,485,162
Accumulated depreciation	<u>(76,760,875)</u>	<u>(5,270,915)</u>	<u>-</u>	<u>(82,031,790)</u>
Capital assets, net of depreciation	<u>\$ 93,888,595</u>	<u>\$ 32,564,777</u>	<u>\$ -</u>	<u>\$ 126,453,372</u>

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7. CHANGES IN CAPITAL ASSETS (continued)

Business Type Activities

Capital assets being depreciated				
Equipment	\$ 1,783,489	\$ 27,456	\$ -	\$ 1,810,945
Total capital assets being depreciated	1,783,489	27,456	-	1,810,945
Accumulated depreciation	(1,535,816)	(39,236)	-	(1,575,052)
Capital assets, net of depreciation	<u>\$ 247,673</u>	<u>\$ (11,780)</u>	<u>\$ -</u>	<u>\$ 235,893</u>

Governmental and Business Type Activities

Total capital assets	\$ 172,432,959	\$ 37,863,148	\$ -	\$ 210,296,107
Accumulated depreciation	(78,296,691)	(5,310,151)	-	(83,606,842)
Total capital assets, net of depreciation	<u>\$ 94,136,268</u>	<u>\$ 32,552,997</u>	<u>\$ -</u>	<u>\$ 126,689,265</u>

Depreciation and amortization expense were charged to function/programs of the primary government as follows:

Governmental activities

General government	
Total amortization expense - governmental activities	\$ 1,339,547
Total depreciation expense - governmental activities	3,931,368
	<u>\$ 5,270,915</u>

Business-type activities

Food service	\$ 39,236
Total depreciation expense - business-type activities	<u>\$ 39,236</u>

Construction in progress represents costs accumulated for projects not completed at year end. The School District has outstanding HVAC contract commitments for Eddystone, Grace Park and Lakeview Elementary schools in the amount of \$233,175.

Project Name	Total Contract	Spent to Date	Remaining Commitments
<i>Eddystone Elementary</i>			
Asbestos abatement	\$ 558,154	\$ 558,154	\$ -
HVAC	13,836,804	13,716,059	120,745
<i>Grace Park Elementary</i>			
Asbestos abatement	537,250	510,387	26,863
HVAC	15,767,361	15,707,850	59,511
<i>Lakeview Elementary</i>			
Asbestos abatement	444,363	418,307	26,056
HVAC	23,759,448	9,394,948	-
	<u>\$ 54,903,380</u>	<u>\$ 40,305,705</u>	<u>\$ 233,175</u>

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2024, the School District's long-term liabilities changed as follows:

	Balance			Amounts Due	
	July 1, 2023	Additions	Reductions	Balance June 30, 2024	Within One Year
General obligation bonds	\$ 78,535,000	\$ -	\$ 435,000	\$ 78,100,000	\$ 450,000
General obligation notes	27,189,000	-	3,708,000	23,481,000	3,747,000
School District Authority general obligation bonds	-	61,290,000	-	61,290,000	3,643,350
Tax Revenue Anticipation Note	-	9,000,000	9,000,000	-	-
Capital lease obligations	2,630,208	1,748,556	1,339,542	3,039,222	1,346,139
	<u>\$ 108,354,208</u>	<u>\$ 72,038,556</u>	<u>\$ 14,482,542</u>	<u>\$ 165,910,222</u>	<u>\$ 9,186,489</u>
Other Post Employment Benefits	\$ 16,282,933	\$ 405,773	\$ -	\$ 16,688,706	\$ -
Compensated absences	3,808,431	-	254,164	3,554,267	-
Early retirement incentive plan	1,562,730	-	86,533	1,476,197	-
	<u>\$ 21,654,094</u>	<u>\$ 405,773</u>	<u>\$ 340,697</u>	<u>\$ 21,719,170</u>	<u>\$ -</u>

General Obligation Bonds

General Obligation Bonds, Series of 2009, resulted from a refunding of a Series 1999 bonds in the amount of \$41,145,000, the refunding requiring School District funds of \$991,250 applied to the redemption of the prior bonds. The Series 1999 bonds were originally in the aggregate principal amount of \$44,530,000. The proceeds of the 1999 issue were used to pay a portion of the cost of constructing a new comprehensive high school, to pay the cost of constructing a twelve classroom addition to the middle school, to pay the cost of demolishing a building on the property on which the new high school was constructed, to pay the cost of capitalizing a portion of interest on the Bonds, and to pay the cost of issuing and insuring the Bonds. These bonds were refunded resulting in a general obligation note 2021 in the amount of \$27,660,000 as noted below.

During the year ended June 30, 2020, the District refunded the 2012 and 2013 bonds with general obligation notes in the amount of \$7,780,000 as noted below.

Also, during the year ended June 30, 2020, the District issued a variable rate bond in the amount of \$9,450,000 to fund various capital projects as well as the cost of issuance. The bond carried a variable rate of 1.35 to 4.0 percent, with maturity date of 2032.

In addition, the District further issued variable bonds in the amount of \$9,045,000 to fund various capital projects and the costs of issuance. The bonds carry a variable rate of .7 to 4 percent, maturing in 2033.

During the year ended June 30, 2022, the District issued bonds in the amount of \$21,305,000 to fund various capital projects and the costs of issuance with variable interest rates ranging from .3% to 4%, maturing in 2037.

During the year ended June 30, 2023, the District issued bonds in the amount of \$39,040,000 to fund various capital projects and the costs of issuance with variable interest rates ranging from 2.250% to 4.00%, maturing in 2044.

During this year ended June 30, 2024, the District was issued through its blended component unit, Ridley School District Authority, guaranteed school revenue bonds in the total amount of \$61,290,000 to assist with the anticipated budget deficits and cash flows shortages as well to provide funds to the school district with various capital projects.

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8. LONG-TERM LIABILITIES (continued)

General Obligation Notes

The District in 2007 authorized non-electoral debt in the amount of \$3,060,000 for the purpose of providing funds for and toward capital projects through the purchase of its General Obligation Note, Series of 2007 by Dauphin County General Authority at varying interest rate with maturity dates from 2008 through 2023. In 2009, the District issued a general obligation note in the amount of \$2,945,000 to refinance the existing and remaining debt of the 2007 General Obligation Note of the Dauphin County General Authority. This general obligation note carried a fixed rate of interest of 3.9% for two years, expiring December 1, 2012. The District refunded that Note in the remaining balance of \$2,702,000 with a General Obligation Note of 2012 in the amount of \$2,758,000. The term of the original note is not extended beyond the original term which went through May 25, 2023. Interest rates were variable from .96% through 2.883%.

As noted above, the District refunded the 2012 and 2013 bond issuances through a note in the amount of \$7,780,000. These general obligation notes were variable rate notes with a fixed rate conversion of .851 percent, maturing in 2033.

Also as noted above, the District refunded the 2009 bond issuances through a general obligation note in the amount of \$27,660,000. The term of the note was for nine years ending November 1, 2029 at the interest rate of 1.28%. Proceeds of the note issuance refunding the existing bonds and were utilized for the termination fee of an interest rate SWAP agreement related to the 2009 bonds.

The following schedule presents a summary of the School District's indebtedness at fiscal year-end:

	Principal Remaining	Maturity
General Obligation Note Series 2020	\$ 3,956,000	10/25/33
General Obligation Note Series	19,525,000	11/01/29
	<u>23,481,000</u>	
General Obligation Bond Series 2019	8,745,000	09/15/32
General Obligation Bond Series 2020	9,030,000	10/25/33
General Obligation Bond Series 2021A	21,290,000	05/15/38
General Obligation Bond Series 2022	39,035,000	11/15/43
General Obligation Bond Series 2024	61,290,000	12/31/50
	<u>139,390,000</u>	
Total General Obligation Notes and Bonds	<u>\$ 162,871,000</u>	

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8. LONG-TERM LIABILITIES (continued)

The following schedule represents the required debt service payments for the School District's general obligation bonds and notes through the year ending June 30, 2044. Interest costs for variable indebtedness are estimated within the information presented below:

Years Ending June 30	General Obligation Bonds and Notes		
	Principal	Interest	Total
2025	\$ 4,197,000	\$ 5,371,576	\$ 9,568,576
2026	4,380,000	6,270,514	10,650,514
2027	4,438,000	6,213,475	10,651,475
2028	4,496,000	6,155,282	10,651,282
2029	4,550,000	6,090,502	10,640,502
2030-2034	22,845,000	28,682,346	51,527,346
2035-2039	27,130,000	23,973,400	51,103,400
2040-2044	33,055,000	18,131,450	51,186,450
2045-2049	41,655,000	10,487,500	52,142,500
2050-2051	16,125,000	1,130,000	17,255,000
	<u>\$ 162,871,000</u>	<u>\$ 112,506,045</u>	<u>\$ 275,377,045</u>

Ridley School District Authority--The School District entered into an agreement with the Ridley School District Authority, dated March 7, 2024, acquiring certain of its properties and to finance the cost of acquisition and capital improvements to public school facilities. The Authority issued guaranteed school revenue bonds in the amount of \$61,290,000.

Capital Lease Obligations – The School District has entered into several capital leases. The remaining leases have a total remaining obligation of \$3,039,222 and are as follows:

Apple Financial Services for computers, laptops, servers, electronic devices and networking equipment with an historical cost of \$2,621,714 on April 15, 2021, for a period of 48 months with an annual payment of \$655,429.

Apple Financial Services for IPADS, Air Cases and AppleCare with an historical cost of \$1,748,556 on May 16, 2024, for a period of 36 months with an annual payment of \$582,852.

Ricoh copier leases with an historical cost of \$375,800, for a period of 60 months with an annual payment of \$79,471.

TD Equipment lease with an historical cost of \$855,000, for a period of 60 months with an annual payment of \$190,241.

Ford Explorer with a historical cost of \$42,365, for a period of 60 months with an annual payment of \$8,044.

The amortization expense on all capital leases, which is included as part of the depreciation, was \$1,339,547 for the year ended June 30, 2024.

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8. LONG-TERM LIABILITIES (continued)

Annual minimum future lease payments under the capital leases as of June 30, 2024, for each of the remaining years and in the aggregate are:

Years ending June 30,	
2025	\$ 1,372,549
2026	855,450
2027	857,293
2028	<u>3,725</u>
Total minimum lease payments	3,089,017
Less: Amount representing interest	<u>(49,795)</u>
Present value of minimum lease payments	<u>\$ 3,039,222</u>

DCVTSA Authority Lease Obligations – Remaining scheduled rental payments to be paid to DCVTSA under terms of executed lease agreements were satisfied in a prior school year. This amount was equivalent to the remainder of outstanding bond principal on the District’s share of the debt of the authority, which was issued to finance the leased projects. There were no Authority lease obligations pending at June 30, 2024. The lease agreements generally provide that in the event the individual authorities either retire all of their outstanding obligations that were issued to finance school facilities’ construction or acquisition, or accumulate sufficient reserves to cover such obligations prior to the expiration of the applicable schedules, no subsequently scheduled rental payments need be made.

Accumulated Compensated Absences – School District policies applicable to vacation and sick pay for employees are as follows:

Sick pay – Sick leave is granted as appropriate (medical evidence required) with budgetary provision being made annually for the estimated cost of substitute personnel. Contractual provisions with teachers require payment at the rate of \$115 per day not to exceed \$24,150 for accumulated unused sick leave days on retirement. Paraprofessional staff accumulates unused sick pay at a rate of \$50 per day; with five years of service (125 day maximum), \$60 per day with ten years of service (125 day maximum), \$70 per day with fifteen years of service (125 day maximum), \$80 per day with twenty years of service (125 day maximum), and \$90 per day with twenty-five years of service (125 day maximum) not to exceed a total of \$11,250. Other support personnel may accumulate 205 days not to exceed \$20,500 at the following rates: \$65 per day with five years of service; \$70 per day with ten years of service; \$80 per day with fifteen years of service; \$90 per day with twenty years of service; and \$100 per day with twenty-five years of service. Administrators accumulate sick pay at a rate of \$125 per day. The accrued cost of sick pay as of June 30, 2024, was \$3,511,698 for the governmental funds and \$29,502 for the business-type activity, for a total of \$3,541,200. Such amounts are included in compensated absences and other post employment benefits.

Early Retirement Incentive Plan – The School District has an Early Retirement Incentive Plan for health care benefits. For those participating in the plan, the estimated health care cost liability, which will be payable for retirees in fiscal years after 2024 was \$1,476,197 and was accrued as a liability as of June 30, 2024.

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9. VACATION PAY

Vacation pay – The accrued cost for vacation pay for both the governmental and business type activity (food service) as of June 30, 2024 was \$281,756. This is considered a short-term liability and is reflected as such in these financial statements.

NOTE 10. OPERATING LEASES

The School District has adopted GASB Statement 87 which requires the recognition of certain lease assets and liabilities previously classified as operating leases. The balance sheet reflects these assets and liabilities at net present value of lease payments. The School District has entered into leases for varying pieces of equipment and property for periods ending from July 2017 through August, 2025. Future operating lease payments as of June 30, 2024 are as follows:

Years ending June 30,		
2025	\$	37,373
2026		10,804
Total operating lease payments		48,177
Less: Amount representing interest		(6,569)
Present value of minimum lease payments		\$ 41,608

Operating lease expense inclusive of amortization of operating lease obligations and imputed interest totaled \$53,005.

NOTE 11. PENSION PLAN

Plan Description – School districts in the Commonwealth of Pennsylvania (Commonwealth) participate in the Public School Employees’ Retirement System (“PSERS”), a governmental cost sharing multiple-employer defined benefit plan that provides retirement benefits to public school employees of the Commonwealth. Members eligible to participate in the system include all full-time public school employees, hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. The control and management of PSERS, including the investment of its assets, is vested in the PSERS Board of Trustees, consisting of 15 members including the Secretary of Education, The Secretary of Banking and Securities, the State Treasurer, Executive Director of the Pennsylvania School Boards Association, one member appointed by the Governor, six elected members (three from the System’s certified members, one from among the System’s certified members, one from among the System’s noncertified members, one from among the System’s annuitants, and one from among school board members in Pennsylvania), two members from the Senate and two members from the House of Representatives. The chairman of the Board is elected by the Board members. Each ex-officio member of the Board and each legislative member of the Board may appoint a duly authorized designee to act in their stead.

Authority is established by the Public School Employees’ Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 PA. C.S. 8101- 8535). The Commonwealth’s General Assembly has the authority to amend the benefit terms by passing bills in the Senate and House of Representatives and sending them to the Governor for approval.

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11. PENSION PLAN (continued)

PSERS issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to the Office of Financial Management, Public School Employees' Retirement System, P.O. Box 125, Harrisburg, PA 17108-0125 or going to PSERS website at www.psers.state.pa.us.

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

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 preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E and Membership Class T-F. To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined by the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending on the membership class, of the member's final average salary (as defined by the code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Contributions – The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth. Active members who joined PSERS prior to July 22, 1983, contribute 5.25% (Membership Class T-C) or 6.50% (Membership Class T-D) of the member's qualifying compensation. For members joining PSERS on or after July 22, 1983 and before June 30, 2001, the contribution rate is 6.25% (Membership Class T-C) or 7.50% (Membership Class T-D) of qualifying compensation. Members who joined the System after June 30, 2001 and before July 1, 2011 contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership,

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11. PENSION PLAN (continued)

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 7.5% of qualifying compensation. All new hires after June 30, 2011 who elect T-F membership contribute at 10.3% of qualifying compensation. Beginning on or after July 1, 2019, new hires who elect T-G membership contribute 5.5% of qualifying compensation with 2.75% of defined contribution; those who elect Membership Class T-H contribute 4.5% with a 3% defined contribution. Membership Class T-E, Class T-F, Class T-G and T-H are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause Membership Class T-E contribution rate to fluctuate between 5.5% and 9.5%; membership Class T-F contribution rate to fluctuate between 8.3% and 12.3%; membership class T-G to fluctuate between 2.5% and 8.5%; and membership class T-H to fluctuate between 1.5% and 7.5%.

PSERS adopted a defined contribution component (Act 5) which allowed certain membership classes the option to elect prospectively into one of the new Act 5 membership classes that have a lower benefit but adds a defined contribution. Public school employees who became PSERS members before July 1, 2019 are not required to elect into one of the Act 5 membership classes. The two new hybrid membership Classes T-G and T-H and a separate contribution membership class DC were created with the act. Class T-G and Class T-H members must work until age 67 with a minimum of three years credited service. Class T-G members may also qualify for normal retirement by attaining a total combination of age and service equal to or greater than 97 with a minimum of 35 years credited service.

Contributions required of employers are based upon an actuarial valuation. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by PSERS members during the year, with an additional amount to finance a portion of any unfunded accrued liability. The School District's contractually required contribution for fiscal year ended June 30, 2024, was 33.09% of covered payroll for pension, .64% for healthcare insurance premium assistance, and .27% for Defined Contributions. The contributions to the pension plan inclusive of the health care portion and Act 5 contribution from the District were \$20,670,114 for the year ended June 30, 2023 which represented 100% of the required contribution. For the fiscal year ended June 30, 2023, the rate of employer's contribution was 35.26% of covered payroll. The 35.26% is comprised of a pension contribution rate of 34.31% for pension benefits and .75% for healthcare insurance premium assistance and .20% for the defined contribution portion. School District contributions to the plan inclusive of pension benefits for the two preceding years were \$21,305,702 and \$20,175,340 for the years ended June 30, 2023 and June 30, 2022, respectively. Covered payroll for the measurement period was \$61,373,631.

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11. PENSION PLAN (continued)

Pension liabilities, pension expense and deferred outflows and deferred inflows of resources related to pensions - At June 30, 2024, the School District reported a liability of \$178,212,438 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS total pension liability as of June 30, 2022 to June 30, 2023 (measurement date). The District's proportion of the net pension liability was calculated utilizing the employer's one year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023, the District's proportion was .40060% which was an increase from its proportion of .3953% measured as of June 30, 2022. For the year ended June 30, 2024, the District recognized pension expense in the government wide funds of \$18,648,132. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 40,000	\$ 2,440,000
Changes in assumptions	2,659,000	-
Net difference between projected and actual investment earnings	5,043,000	-
Changes in proportions	2,012,000	438,000
Difference between employer contributions and proportionate share of total contributions	-	-
Contributions subsequent to measurement date	<u>20,281,030</u>	<u>-</u>
	<u>\$ 30,035,030</u>	<u>\$ 2,878,000</u>

The \$20,281,030 reported within deferred outflows of resources related to pensions results from School District contributions made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2024	\$ 22,671,030
2025	\$ (3,137,000)
2026	\$ 5,940,000
2027	\$ 1,683,000

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11. PENSION PLAN (continued)

Actuarial assumptions—The total pension liability as of June 30, 2023 (the measurement date) was determined by rolling forward PSERS total pension liability as of June 30, 2022 to June 30, 2023. Assumptions and changes in assumptions used in measurement of the total pension liability are as follows:

- Actuarial cost method—Entry age normal—level % of pay
- Investment return— 7.00%, includes inflation at 2.50%
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and merit or seniority increases
- Mortality rates - Based on the blend of 50% Pub T-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale
- The discount rate used to measure the Total Pension Liability 7.00% as of June 30, 2022 and as of June 30, 2023

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

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

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

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.54%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11. PENSION PLAN (continued)

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

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate

The following presents the net pension liability (at the measurement date of June 30, 2023), calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<u>1% Decrease - 6.00%</u>	<u>Current Discount Rate - 7.00%</u>	<u>1% Increase - 8.00%</u>
Ridley School District's proportionate share of the net pension liability	\$ 231,012,452	\$ 178,212,438	\$ 133,665,025

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

NOTE 12. SELF-INSURANCE

The School District self-insures a prescription drug plan. Eligible participants of the plan are those employees who qualify for the School District's health plan. The prescription drug plan is administered by CVS Caremark. The School District pays the cost of the plan based on monthly invoices received from CVS Caremark. Participants of the plan are required to pay coinsurance of \$15 for generic, \$30 for preferred brand, and \$45 for non-preferred brand.

The School District self-insures a dental plan. Eligible participants of the plan are those employees who qualify for the School District's health plan. The dental plan is administered by United Concordia Companies, Inc. ("UCCI"). The School District pays the cost of the plan based on invoices received from UCCI.

NOTE 13. RELATED PARTY TRANSACTION

The School District entered into a lease agreement with Tony's Catering, Inc., whose owner is also a member of the Board of School Directors of Ridley School District, to lease a portion of the premises of the former Ridley High School containing 4,032 square feet of kitchen space and the kitchen equipment located and contained therein. A lease was established April 3, 2012 for one year for \$3,700 per month and was extended for a subsequent year at the same rate and is maintained on a month to month basis. Lease payments for the 2023-2024 year were \$44,400.

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 14. CONTINGENT LIABILITIES

Intergovernmental grants received by the School District are subject to audit and adjustment by the funding agencies or their representatives. If grant revenues are received for expenditures, which are subsequently disallowed, the School District may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements as of June 30, 2024.

NOTE 15. RISK MANAGEMENT

The nature of the public school education industry is such that, from time to time, claims will be presented against the School District on account of alleged negligence, acts of discrimination, breach of contract or disagreements arising from the interpretation of laws or regulations. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing public education. In addition, some of these claims may be covered by insurance. The School District's management does not expect that the resolution of any outstanding claims and litigation will have a material adverse effect on the financial statements of the School District.

NOTE 16. POST EMPLOYMENT BENEFITS

The School District pays certain post-employment health care benefits for certain retired administrators as well as retired individuals participating in the Early Retirement Incentive Plan (ERIP). In addition, the District participates in the Pennsylvania Public School Employees' Retirement System (PSERS) health insurance premium assistance program. The cost of these benefits and the District's individual program is recognized as expenditures as the claims are incurred. The PSERS program contribution at .75% of covered payroll totaled \$458,000 for the year ended June 30, 2023. The annual OPEB cost for PSERS was actuarially determined at \$211,874 at the measurement date of June 30, 2023.

The PSERS plan is a governmental cost-sharing multiple employer other post-employment benefit program for all eligible retirees who qualify and elect to participate. Employer contribution rates, as noted above, are established to provide reserves in a health Insurance account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either through Ridley School District or the PSERS Health Option Program. 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. Measurement date is June 30, 2023. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value and 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 as of June 30, 2023.

The PSERS OPEB Plan's policy in regard to the allocation of invested plan assets is established and may be amended by its 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. Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

**RIDLEY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2024**

NOTE 16. POST EMPLOYMENT BENEFITS (continued)

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

Eligibility criteria for Premium Assistance and actuarial assumptions of PSERS Plan

Retirees can participate if they meet the following criteria:

- Have 24 1/2 or more years of service. or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the Health Options Program or employer-sponsored health insurance program
- For class DC members to become eligible for premium assistance they must meet the following criteria:
 - Attain Medicare eligibility with 24 1/2 or more eligibility points, or
 - Have 15 or more eligibility points and terminated after age 67, and
 - Have received all or part of their distributions

Actuarial assumptions in creating the OPEB liability for the Premium Assistance program were as follows:

- Valuation date - June 30, 2022
- Actuarial cost method—entry age Normal-level percent of pay
- Investment return—4.13%--S&P 20 Year municipal bond rate
- Salary growth - Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Premium Assistance - Capped at \$1,200 per year.
- Mortality rates - Based on the blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale
- Participation rate - Eligible retirees can participate pre-age 65 at 50% and post age 65 at 70%

Determining the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 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 – actual data for retirees benefiting under the plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality rates - Based on the mortality tables for males and females, adjusted to reflect PSERS experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

**RIDLEY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2024**

NOTE 16. POST EMPLOYMENT BENEFITS (continued)

The net OPEB obligation liability of the school district for the District's portion of the PSERS plan totaled \$7,241,000 at June 30, 2023. Detailed information about PSERS' fiduciary net position relative to the OPEB plan is available in PSERS Comprehensive Annual Financial Report at www.psers.pa.gov.

The District's Plan

The District's Plan is unfunded and no financial report is prepared. The Plan is authorized and under the control, maintenance and operation of the School Board. The required contribution of the District is based on a pay-as-you-go financing requirement. The School District has the authority within contractual limitations to amend the plan including changing the obligation of plan members and the District to contribute to the Plan. Total OPEB liability as of June 30, 2023 are based on an actuarial valuation date of July 1, 2022 rolled forward to June 30, 2023.

Plan provisions are broken into two groups: administrators and all other employees covered under Act 110/43.

- Administrators are eligible upon retirement from the district. Coverage includes medical, prescription drug, dental, vision, and life for retiree and spouse for the cost of the base plan and life insurance equal to two times final salary until age 75. Medical coverage ends at retiree Medicare eligibility. Spouse coverage ends at the later of retiree Medicare eligibility and spouse Medicare eligibility.
- Other employees are eligible with 15 years of District service or the Act 110/43 eligibility: 30 years PSERS service or upon superannuation retirement (age 60 with 30 years of service, age 62 with one year service, or 35 years of service regardless of age). Coverage includes medical, prescription drug, dental, and vision for retiree and spouse. Life insurance is covered for non-professional retirees. Retired employees are allowed to continue coverage for themselves and dependents in the employer's group health plan until the retired employee reaches Medicare age. Spouse coverage ends at the earlier of spouse Medicare eligibility and retiree death.

Membership in the plan as of the most recent actuarial report is as follows:

Active participants	591
Retired participants	49
	640

Financial determinations as presented by the Actuary are reflected as of the actuarial date (July 1, 2022) and rolled forward accordingly through June 30, 2023. The net OPEB obligation liability of the school district for the District's plan totaled \$9,009,933 at June 30, 2023.

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 16. POST EMPLOYMENT BENEFITS (continued)

Actuarial assumptions in determining OPEB liabilities were as follows:

- Discount rate – 4.13% based on S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2023.
- Salary - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75 to 0%.
- Withdrawal - Rates of withdrawal vary by age, gender and years of service. Rates for new employees start at 25.93% for men and 27.46% for women and decrease with age and service.
- Mortality – PubT-2010 headcount-weighted mortality table is used including rates for contingent survivors for teachers; and PubG-2010 headcount weighted mortality table is used including rates for contingent survivors of all other employees.
- Disability – No disability was assumed.
- Retirement - Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.
- Percent of eligible retirees electing coverage in plan - 100% of Administrators, 60% of Teachers and 5% of all other employees are assumed to elect medical coverage. 100% of employees eligible for a life insurance benefit are assumed to elect coverage.
- Percent married at retirement - 50% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.
- Spouse age - Wives are assumed to be two years younger than their husbands.
- Per capita claims cost - Making use of weighted averages for various plan designs, the per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender.
- Retiree contributions – Retiree contributions are assumed to increase at the same rate as Health Care Cost Trend Rate.
- Health care cost trend rate – 7.0% in 2023 with .5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Life insurance - It is assumed that the annual cost to provide life insurance varies by age. The assumed cost is equal to the amount of coverage times the applicable mortality factor contained in the valuation mortality table.
- Actuarial value of assets – Equal to the Market Value of Assets.
- Actuarial cost method – entry age normal. Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.
- Participant data - Based on census information as of July, 2022. Due to the timing of school district turnover, the data is believed to be representative of the population for the 2022-2023 school year.

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 16. POST EMPLOYMENT BENEFITS (continued)

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

The annual OPEB cost for the year ended June 30, 2023 as reported in the government-wide statements was \$906,341 net of amortization and changes in actuarial assumption.

At June 30, 2024, the District reported a combined OPEB liability (the District's and its proportionate share of the total PSERS net OPEB liability pursuant to the respective measurement dates) of \$16,688,706. As noted above, for the PSERS portion, the 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 of June 30, 2022 to June 30, 2023. The District's proportion of the PSERS reported net OPEB liability was calculated utilizing the District's one-year reported covered payroll as it related to the total PSERS system one-year reported covered payroll. At June 30, 2023, the District's proportion was .4002%, an increase of .0051%.

At June 30, 2024, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

The amounts reported as deferred outflows related to OPEB resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in expense as follows:

	RSD		PSERS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 135,770	\$ 1,802,704	\$ 47,000	\$ 72,000	\$ 182,770	\$ 1,874,704
Changes in assumptions	997,677	2,585,093	626,000	1,370,000	1,623,677	3,955,093
Net difference between projected and actual investment earnings	-	-	16,000	-	16,000	-
Changes in proportions	-	-	293,000	68,000	293,000	68,000
Difference between employer contributions and proportionate share of total contributions	-	-	-	-	-	-
Contributions subsequent to measurement date	393,768	-	389,084	-	782,852	-
	<u>\$ 1,527,215</u>	<u>\$ 4,387,797</u>	<u>\$ 1,371,084</u>	<u>\$ 1,510,000</u>	<u>\$ 2,898,299</u>	<u>\$ 5,897,797</u>

For the year ending June 30,	Ridley School District		PSERS	
2025	\$	(329,016)	\$	(74,000)
2026	\$	(329,016)	\$	(158,000)
2027	\$	(329,016)	\$	(217,000)
2028	\$	(329,016)	\$	3,000
2029	\$	(329,016)	\$	-
Thereafter	\$	(908,418)	\$	-

**RIDLEY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 16. POST EMPLOYMENT BENEFITS (continued)

Sensitivity of the District's OPEB Liability to changes in the Discount Rate

The following presents the net OPEB liability, calculated using the discount rate of 2.18% for the PSERS plan and 2.18% for the District Plan, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.18% and 1.28%) or 1-percentage point higher (3.18% and 3.28%) than the current rate.

	1% Decrease	Current Rate	1% Increase
RSD	3.13%	4.13%	5.13%
RSD Portion of PSERS	3.13%	4.13%	5.13%
Net RSD OPEB liability	\$ 10,227,834	\$ 9,490,274	\$ 8,791,782
RSD portion PSERS OPEB liability	8,186,000	7,241,000	6,449,000
	<u>\$ 18,413,834</u>	<u>\$ 16,731,274</u>	<u>\$ 15,240,782</u>

Following also presents the District's liability as it responds to the sensitivity to changes in health care trends:

	1% Decrease	Current Rate	1% Increase
Net RSD Sensitivity to health care trends	\$ 8,500,020	\$ 9,490,274	\$ 10,652,112
RSD portion PSERS Sensitivity to health care trends	7,240,000	7,241,000	7,241,000
	<u>\$ 15,740,020</u>	<u>\$ 16,731,274</u>	<u>\$ 17,893,112</u>

NOTE 17. RISKS AND UNCERTAINTIES

Since balance sheet date, various economic factors subsequent to year end, uncertainties have arisen including the volatility of the stock market. The ultimate financial impact of the economic and market conditions is unknown at this time.

NOTE 18. PRIOR PERIOD ADJUSTMENT

Expenditures in the prior year were overstated in the Capital Projects Fund by \$4,120,576 resulting in duplication of expenditures in both the governmental funds and the government wide financial statements. A prior period adjustment was made to the beginning fund balance and to the beginning net position.

NOTE 19. SUBSEQUENT EVENTS

Management of the School District has evaluated subsequent events through February 27, 2025, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTAL INFORMATION

**RIDLEY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE**

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2024

	(Unaudited) Budgeted Amounts - Original	(Unaudited) Budgeted Amounts - Final	(Audited) Actual	Variance With Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Local sources	\$ 85,200,532	\$ 85,200,532	\$ 83,816,437	\$ (1,384,095)
State sources	35,110,317	35,110,317	40,267,408	5,157,091
Federal sources	5,954,170	5,954,170	4,377,181	(1,576,989)
Total revenues	<u>126,265,019</u>	<u>126,265,019</u>	<u>128,461,026</u>	<u>2,196,007</u>
Other financing sources:				
Operating transfers	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>126,265,019</u>	<u>126,265,019</u>	<u>128,461,026</u>	<u>2,196,007</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Instruction:				
Regular programs	56,602,857	56,826,222	61,315,991	(4,489,769)
Special programs	20,366,923	20,347,361	26,317,859	(5,970,498)
Vocational programs	1,267,850	1,329,117	1,329,117	-
Other instructional programs	3,289,732	2,930,318	2,761,113	169,205
Community college programs	723,878	723,878	723,878	-
Total instruction	<u>82,251,240</u>	<u>82,156,896</u>	<u>92,447,958</u>	<u>(10,291,062)</u>
Support services:				
Pupil personnel services	5,409,550	5,478,924	5,260,809	218,115
Instructional staff services	4,566,771	3,521,643	3,164,681	356,962
Administrative services	7,184,686	7,194,587	7,133,780	60,807
Pupil health	2,053,064	2,156,369	2,155,464	905
Business services	1,290,873	1,272,875	1,129,252	143,623
Operation and maintenance of plant services	8,247,330	8,292,026	8,074,985	217,041
Student transportation services	3,900,910	4,010,057	3,980,453	29,604
Central and other support services	3,217,185	3,217,185	3,100,599	116,586
Other support services	56,877	56,877	56,530	347
Total support services	<u>35,927,246</u>	<u>35,200,543</u>	<u>34,056,553</u>	<u>1,143,990</u>
Noninstructional services:				
Student activities	1,110,464	1,112,946	1,112,945	1
Community services	173,726	173,726	196,001	(22,275)
Total noninstructional services	<u>1,284,190</u>	<u>1,286,672</u>	<u>1,308,946</u>	<u>(22,274)</u>
Debt service	6,802,343	7,620,908	16,562,045	(8,941,137)
Total expenditures	<u>126,265,019</u>	<u>126,265,019</u>	<u>144,375,502</u>	<u>(18,110,483)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(15,914,476)</u>	<u>(15,914,476)</u>
Other financing sources:				
Proceeds of debt	-	-	9,000,000	9,000,000
Operating transfers in	-	-	13,400,000	(13,400,000)
Total other financing sources	<u>-</u>	<u>-</u>	<u>22,400,000</u>	<u>(22,400,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>6,485,524</u>	<u>6,485,524</u>
Fund balances - beginning of year	215,280	215,280	(2,278,094)	(2,493,374)
Fund balances - end of year	<u>\$ 215,280</u>	<u>\$ 215,280</u>	<u>\$ 4,207,430</u>	<u>\$ 3,992,150</u>

**REQUIRED SUPPLEMENTARY INFORMATION
RIDLEY SCHOOL DISTRICT
(UNAUDITED)
COMPONENTS OF OPEB COST**

	RSD Specific Activity	PSERS Allocated Proportion	Total
Total OPEB expense	\$ 415,255	\$ 212,000	\$ 627,255
Amortization	-	64,000	64,000
Experience differentials and assumptions	65,086	150,000	215,086
Annual OPEB cost	480,341	426,000	906,341
Contributions made	-	(458,000)	(458,000)
Increase (decrease) in OPEB obligation	480,341	(32,000)	448,341
Total OPEB liability - beginning of year	9,009,933	7,273,000	16,282,933
Total OPEB liability - end of year	<u>\$ 9,490,274</u>	<u>\$ 7,241,000</u>	<u>\$ 16,731,274</u>
Total OPEB liability	9,490,274	7,803,668	17,293,942
Less PSERS fiduciary net position	-	562,667	562,667
PSERS net OPEB liability	<u>\$ 9,490,274</u>	<u>\$ 7,241,000</u>	<u>\$ 16,731,274</u>

Net OPEB liability as a % of covered employee payroll for the District Plan is 18.93%.
Net OPEB liability as a % of covered employee payroll for the PSERS Plan is 12.52%.

Ridley School District portion:

Annual Report Date	Actuarial Value of Assets	Total OPEB Liability	Unfunded OPEB Liability	Funded Ratio %	Covered Payroll	Net OPEB Liability as a Percentage of Covered Payroll
3/1/2008	\$ -	\$ 6,832,646	\$ 6,832,646	0.00%	\$ 38,260,919	17.86%
3/1/2010	\$ -	\$ 8,661,092	\$ 8,661,092	0.00%	\$ 44,295,303	19.60%
3/1/2012	\$ -	\$ 8,628,246	\$ 8,628,246	0.00%	\$ 42,176,283	20.46%
3/1/2014	\$ -	\$ 9,194,311	\$ 9,194,311	0.00%	\$ 41,687,001	22.06%
7/1/2016	\$ -	\$ 8,922,584	\$ 8,922,584	0.00%	\$ 43,588,420	20.47%
7/1/2018	\$ -	\$ 11,557,165	\$ 11,557,165	0.00%	\$ 45,651,532	25.32%
7/1/2019	\$ -	\$ 11,686,586	\$ 11,686,586	0.00%	\$ 45,651,532	25.60%
7/1/2020	\$ -	\$ 12,226,983	\$ 12,226,983	0.00%	\$ 46,159,755	26.49%
7/1/2021	\$ -	\$ 12,242,900	\$ 12,242,900	0.00%	\$ 46,159,755	26.52%
7/1/2022	\$ -	\$ 9,009,933	\$ 9,009,933	0.00%	\$ 50,131,591	17.97%
7/1/2023	\$ -	\$ 9,490,274	\$ 9,490,274	0.00%	\$ 50,130,591	18.93%

**REQUIRED SUPPLEMENTARY INFORMATION
RIDLEY SCHOOL DISTRICT
(UNAUDITED)
COMPONENTS OF OPEB COST**

OPEB Plan Expense

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost/Expense</u>	<u>Percentage of Annual OPEB Cost/Expense Contributed</u>
June 30, 2013	\$ 880,440	73%
June 30, 2014	\$ 866,789	78%
June 30, 2015	\$ 921,444	67%
June 30, 2016	\$ 899,956	73%
June 30, 2017	\$ 944,995	50%
June 30, 2018	\$ 851,962	40%
June 30, 2019	\$ 953,490	43%
June 30, 2020	\$ 866,254	51%
June 30, 2021	\$ 884,297	48%
June 30, 2022	\$ 877,727	57%
June 30, 2023	\$ 824,870	116.52%

REQUIRED SUPPLEMENTARY INFORMATION
RIDLEY SCHOOL DISTRICT

(UNAUDITED)

SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of net pension liability	0.4006%	0.3953%	0.3972%	0.3951%	0.3862%	0.3690%	0.3821%	0.3791%	0.3779%	0.3659%	0.3661%
District's proportionate share of the net pension liability	\$ 178,212,438	\$ 175,745,000	\$ 163,077,332	\$ 194,543,351	\$ 180,674,000	\$ 177,138,000	\$ 188,713,000	\$ 187,870,000	\$ 163,688,000	\$ 144,826,000	\$ 149,868,000
District's covered employee payroll	\$ 61,373,631	\$ 58,126,272	\$ 56,307,457	\$ 55,456,259	\$ 53,264,542	\$ 49,689,620	\$ 50,878,682	\$ 49,095,879	\$ 48,618,670	\$ 46,695,150	\$ 46,984,158
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	290.37%	302.35%	289.62%	350.81%	339.20%	356.49%	370.91%	382.66%	336.68%	310.15%	318.98%
Plan fiduciary net position as a percentage of total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	54.49%	57.23%

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contributions in relation to the contractually required contribution	\$ 20,976,147	\$ 19,702,701	\$ 18,875,618	\$ 18,459,785	\$ 17,716,649	\$ 16,188,711	\$ 14,937,930	\$ 11,981,839	\$ 9,758,000	\$ 7,289,000	\$ 5,403,178
Ridley School District's covered employee payroll	\$ 61,373,631	\$ 58,126,272	\$ 56,307,457	\$ 55,456,260	\$ 53,264,542	\$ 49,689,620	\$ 50,878,682	\$ 48,082,755	\$ 48,618,670	\$ 46,695,150	\$ 46,984,158
Contributions as a percentage of covered - employee payroll	34.18%	33.90%	33.52%	33.29%	33.26%	32.52%	29.36%	25.00%	20.05%	15.61%	11.50%

SCHEDULE OF INVESTMENT RETURNS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	7.00%	2.40%	24.57%	1.14%	6.58%	9.30%	10.15%	1.11%	3.08%	14.98%	-

REQUIRED SUPPLEMENTARY INFORMATION
RIDLEY SCHOOL DISTRICT

(UNAUDITED)

SCHEDULE OF CHANGES IN RIDLEY SCHOOL DISTRICT
NET PENSION LIABILITY AND RELATED RATIOS
(As reported by PSERS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	\$ 7,302,009	\$ 7,220,917	\$ 7,799,598	\$ 7,702,186	\$ 7,420,512	\$ 6,977,443	\$ 7,159,958	\$ 7,325,732	\$ 7,280,391
Interest	31,710,831	30,793,657	30,598,163	29,815,696	28,830,711	27,064,246	27,171,081	26,644,255	25,914,481
Changes in benefit terms	-	-	-	-	-	-	(1,716)	-	-
Differences between expected and actual experience	(2,186,769)	(1,578,769)	160,159	(1,343,218)	(5,706,723)	(2,750,179)	2,460,919	(1,320,894)	(844,220)
Changes in assumptions	-	-	12,810,087	9,390,956	17,951,425	(13,433,230)	2,981,666	9,616,170	-
Benefit payments	(30,369,418)	(28,676,533)	(28,337,567)	(27,169,111)	(26,111,646)	(24,557,489)	(24,735,545)	(24,111,992)	(23,507,651)
Net change in total pension liability	6,456,653	7,759,272	23,030,440	18,396,509	22,384,279	(6,599,209)	15,036,363	18,153,271	8,843,000
Total pension liability - beginning restated	460,637,778	446,784,196	425,901,213	407,504,704	385,120,425	391,819,634	376,783,271	358,630,000	349,787,000
Total pension liability - ending	\$ 467,094,431	\$ 454,543,468	\$ 448,931,653	\$ 425,901,213	\$ 407,504,704	\$ 385,120,425	\$ 391,819,634	\$ 376,783,271	\$ 358,630,000
Plan Fiduciary Net Position									
Contributions - employer	\$ 20,976,147	\$ 19,702,701	\$ 18,875,618	\$ 18,476,508	\$ 17,330,802	\$ 15,681,065	\$ 14,645,026	\$ 12,091,432	\$ 9,813,046
Contributions - employee	4,705,367	4,482,904	4,292,544	4,219,498	4,109,334	3,787,324	3,873,909	3,750,307	3,720,932
Net investment income	11,197,957	(1,056,439)	58,605,367	3,958,295	14,014,078	17,395,243	19,087,278	1,793,924	5,020,462
Benefit payments	(30,369,418)	(28,676,533)	(28,337,567)	(27,169,111)	(26,111,646)	(24,557,489)	(24,735,545)	(24,111,992)	(23,507,651)
Administrative expenses	(215,615)	(195,480)	(197,076)	(184,903)	(188,528)	(171,747)	(166,424)	(171,042)	(159,969)
Net change in plan fiduciary net position	6,294,438	(5,742,847)	53,238,886	(699,714)	9,154,041	12,134,396	12,704,244	(6,647,371)	(5,113,180)
Plan fiduciary net position - beginning restated	282,587,555	284,541,315	232,615,435	232,057,576	217,676,663	195,848,030	190,402,295	195,560,710	200,673,890
Plan fiduciary net position - ending	\$ 288,881,993	\$ 278,798,468	\$ 285,854,321	\$ 231,357,862	\$ 226,830,704	\$ 207,982,426	\$ 203,106,539	\$ 188,913,339	\$ 195,560,710
Net pension liability	\$ 178,212,438	\$ 175,745,000	\$ 163,077,332	\$ 194,543,351	\$ 180,674,000	\$ 177,138,000	\$ 188,713,095	\$ 187,870,000	\$ 163,688,000